2012

REGISTRATION DOCUMENT

ANNUAL FINANCIAL REPORT

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REGISTRATION DOCUMENT 2012

AND ANNUAL FINANCIAL REPORT

AUTORITÉ DES MARCHÉS FINANCIERS

AMF

The French version of the Annual Report was filed by the "Autorité des Marchés Financiers" (AMF – French stock exchange commission) on March 13, 2013, in accordance with the article 212-13 of the General Regulation of the AMF.

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PROFILE

TF1 is France's **leading** mainstream television channel. It is also an **integrated media group** that has built up a range of activities in high-growth segments alongside its core business. Its corporate mission is to **inform and entertain.**

In **freeview television**, the Group is present with four free-to-air channels:

- TF1, the channel for major events, ranked no. 1 in France;
- TMC, the leading digital terrestrial channel and fifth nationwide;
- NT1, the young-adults channel that confirmed its momentum in 2012;
- HD1, the Group's new digital terrestrial television channel launched on 12 December 2012 and focused on all forms of storytelling (film, drama, comedy, etc.).

It is also present in **pay TV**, with:

- Eurosport, the leading pan-European sports broadcasting platform, received by 132 million households and available in 20 languages in 54 countries;
- TV Breizh, the no. 1 cable/satellite channel;
- the Discovery Division (Ushuaïa TV, Histoire, Stylía), which sets the standard for multi-channel offerings in France;
- LCI, a news and current event analysis channel;
- TF6 and Série Club, owned 50% with M6.

Since 1987, when it was privatised and became part of the Bouygues Group, TF1 has created new, high value-added activities in its main business of producing and broadcasting TV programmes.

The TF1 group's activities now span the entire value chain in the broadcasting industry:

- **upstream in:**
  - audiovisual and film production,
  - the acquisition and trading of audiovisual rights,
  - movie distribution;
- **downstream in**:
  - the sale of commercials,
  - DVD and music CD publishing.

TF1 has also created a broad range of **merchandising spin-offs from its main channel**, covering home shopping and e-commerce, catch-up TV and video-on-demand content, licences, musicals and board games.

The TF1 group is also active in the free press sector, with the free newspaper Metro.

TF1 formed a strategic alliance with Discovery Communications in December 2012 aimed at strengthening the activities of the Group in pay TV and in content publication.

Harnessing the growth of the Internet and new technologies, TF1 produces, develops and publishes **new interactive content and services for the Web**, smartphones, tablets, internet TV and free press. In 2012 TF1 was voted the TV channel with the best digital footprint*, thanks to the power of its MYTF1 brand, its cross-cutting digital approach and its ability to bring together a community of over 15 million fans.

Going forward, the TF1 group's strategy will be to combine the broad and effective reach of mass media with the closeness of digital media, offering compelling content and seizing opportunities to reach audiences everywhere thanks to the onward march of technology.

* *NPA Social Media Awards prize.*

MESSAGE FROM THE CHAIRMAN AND CHIEF EXECUTIVE

Looking further

Ladies and Gentlemen, Dear Shareholders,

Two observations can be made about 2012.

The first is not new. The advertising market failed to improve last year, in line with the overall economic trend. Caution, then, is the keyword in 2013, given that the offer continues to fragment and the economic outlook remains uncertain.

The second observation concerns our achievements. TF1 group channels and the other activities put in strong performances. We showed daring in our programmes, products and services, which met with emphatic success. We improved our processes, revamped our organisation structures and strengthened our expertise. And we set in motion the second phase in our optimisation plan with determination, the success of which will play a decisive role in Group development going forward.

These efforts were reflected in robust financial results in 2012. Group revenues held steady, as did current operating profit.

We have shown that our teams are talented and know how to manage tight budgets with no detriment to quality, and also that the risks we have taken are paying off.

This should make us feel confident about the future.

HD1 stands as a symbol in this respect. In a few months we started broadcasting a fresh and innovative channel that takes the number of the Group's free-to-air channels to four. We have come a long way since 2007, when TF1 competed alone against 18 rival channels!

Another promising move came with the signature on 21 December 2012 of a strategic alliance with Discovery. That this television giant should approach us to form a long-term partnership demonstrates the highly positive light in which international players see our Group. This is a major agreement that brings new development prospects to Eurosport, our pay theme channels and TF1 Production.

To address today's lacklustre economy, we have to harness the commitment of our employees, our powers of innovation and execution, our rigour and our expertise to continue developing our activity portfolio.

But we need to look further. We are backed by shareholders who trust us, and I would like to thank them. Our accomplishments over the last five years in television, digital technology and diversification provide the TF1 group with all the strengths it needs to face the future with confidence.

The uncertainties of the day must never make us forget that.

Boulogne-Billancourt, February 19, 2013
Nonce Paolini, Chairman and Chief Executive Officer of TF1

1

PRESENTATION OF THE TF1 GROUP

1.1 THE MANAGEMENT TEAM

February 2013

Executive Committee, TF1 group

Nonce Paolini, Chairman and Chief Executive, TF1 group

Arnaud Bosom, Executive Vice President, Human Relations and Organisation

Jean-Michel Counillon, General Counsel

Philippe Denery, Executive Vice President, Group Purchasing and Finance

Martine Hollinger, Chairman of TF1 Publicité

Jean-François Lancelier, Chief Executive, Broadcasting, Programmes and Production, TF1 group

Catherine Nayl, Executive Vice President, News and Information, TF1 group

Régis Ravanas, Executive Vice President, Diversifications (Chairman of TF1 Entreprises, Téléshopping, e-TF1 and TF1 Vidéo)

Senior Management Committee, TF1 group

The TF1 group Senior Management Committee is composed of the Executive Committee members and the following senior managers:

Philippe Balland, Vice President, Advisor to the Executive Vice President, Broadcasting, Programmes and Production, TF1 group, and Chairman of TF1 Production

Édouard Boccon-Gibod, Chairman of Metro France

Frédéric Ivernel, Executive Vice President, Communication and Marketing

Laurent-Éric Le Lay, Chairman and Chief Executive, Eurosport; Managing Director for Sports Rights Purchasing

Benoît Louvet, Executive Vice President, Acquisition and Negotiation of Audiovisual Rights, Chairman of TF1 Droits Audiovisuels and TF1 Films Production

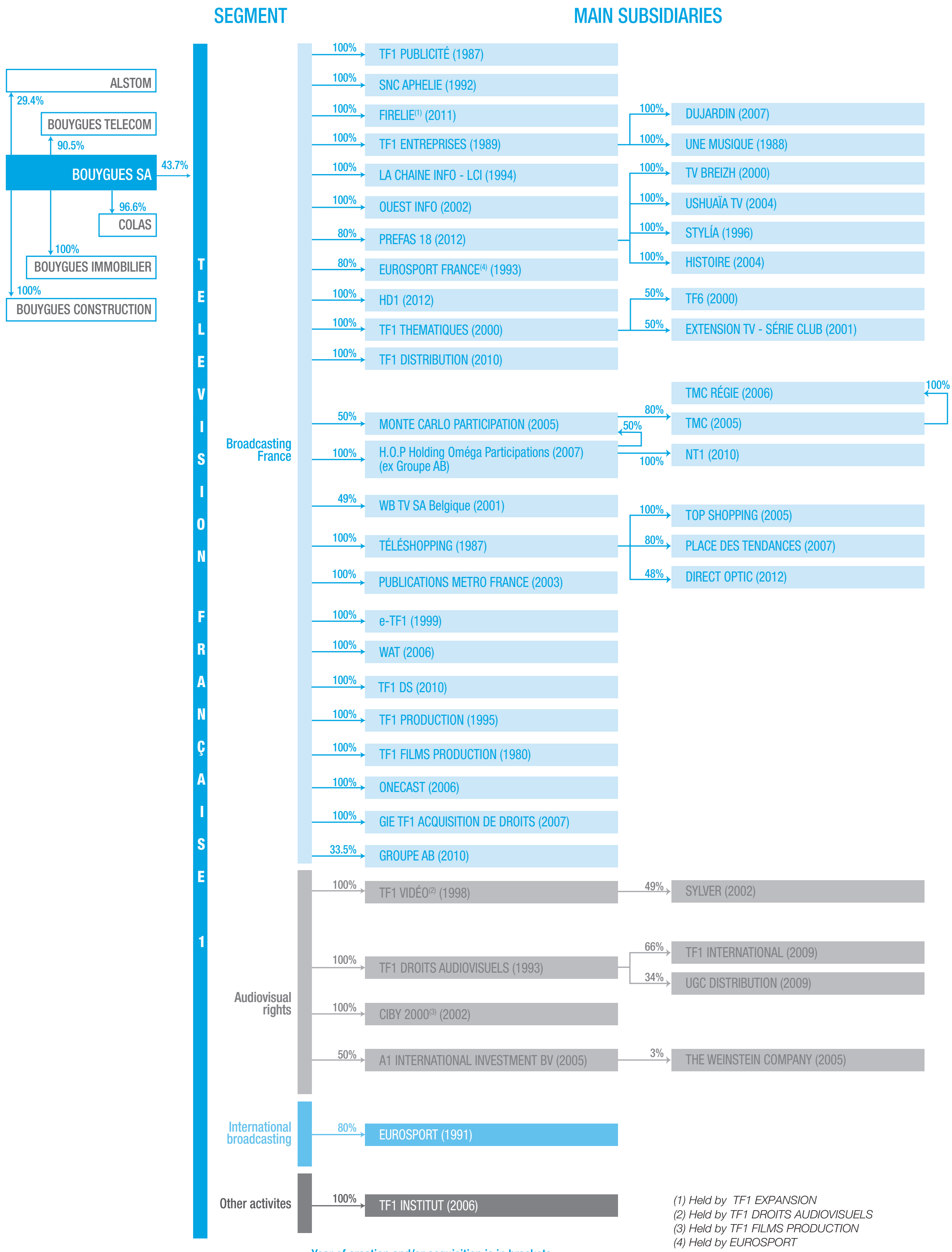
Gilles Maugars, Executive Vice President, Technologies, Information Systems, Internal Resources and Corporate Social Responsibility

Jean-Pierre Paoli, Managing Director, International Affairs and Development

Éric Revel, Chief Executive of LCI

Laurent Solly, Chief Executive of TF1 Publicité

1.2 SIMPLIFIED ORGANISATION CHART AS AT 19/02/2013



(1) Held by TF1 EXPANSION
(2) Held by TF1 DROITS AUDIOVISUELS
(3) Held by TF1 FILMS PRODUCTION
(4) Held by EUROSPORT

Year of creation and/or acquisition is in brackets

1.3 GROUP ACTIVITIES

The TF1 group is a television company with four free-to-air channels and twelve pay channels. While continuing to build on its core business – television – with freeview and pay channels, the Group has diversified into many other areas, including the Web, audiovisual rights, production, home shopping, e-commerce, licences, games and free newspapers. The purpose of the TF1 group is to use all its channels to inform and entertain.

1.3.1 Broadcasting in France

TF1 BROADCASTING

TF1 CHANNEL(1)

The TF1 channel offers family-oriented, event-based programming addressing major themes that attract a broad audience, ranging from news, light entertainment, drama and sports to feature films, youth programmes, magazines and documentaries. TF1 programmes are based on unifying and recognisable concepts that are constantly renewed to meet viewers' expectations.

In 2012, in a highly competitive environment that consisted of 25 freeview channels at the end of the year, TF1 remained the clear leader in terms of overall ratings, with a 22.7% audience share, and in ratings for women under 50 purchase decision makers, with a 25.5% share. TF1 once again demonstrated its dynamic programming approach by scoring 88 of the year's top 100 audiences and being the only channel to rank all programme types in its top 100. TF1 scored the top audience rating of the year with *Le Bal des Enfoirés*, which drew 13.3 million viewers on March 16, 2012.

TF1 PUBLICITÉ – ADVERTISING

TF1 Publicité is a standard-setter in multi-audiovisual advertising, drawing on its diverse range of advertising media to bring advertisers bespoke communications solutions. Innovation remains a core component in TF1 Publicité strategy, based on new media consumption behaviour including second screens and multi-tasking.

With the rapid development of all forms of audiovisual technology and the fragmentation of the offering, the advertising power of TF1 assures advertisers of maximum exposure of their products with all audiences, enabling them to rapidly expand brand awareness and sales. By becoming a sponsor, advertisers can associate their brand with the most prestigious programmes shown on TF1 and with the values conveyed by these programmes.

In 2012 TF1 Publicité expanded its freeview television offer with advertising responsibilities for HD1 (the Group's fourth freeview channel) and Numéro 23, two of the six new HD DTT channels. This development enables TF1 Publicité to achieve a complementary targeting fit with TF1.

In addition, the pay theme channels marketed by TF1 Publicité provide targeted and qualified communication outlets that strengthen the affinity of the national offer.

In 2012 TF1 Publicité confirmed its success in the radio market by selling advertising space on the 125 local stations run by the economic interest grouping, Indés Radios. This offering combines power with local presence to promote effective advertising and makes TF1 Publicité a major player in this market(2). TF1 Publicité extended its radio offering with the arrival of MFM Radio in January 2013.

With *Metro France*, TF1 Publicité is present in the dynamic free press segment. Metro was fully redesigned in 2012 with a new layout, print and format, and distribution was extended to 20 new cities.

TF1 implemented its four-screen digital strategy through a single brand, MYTF1. TF1 Publicité supported its publishers as they rolled out content for PCs, mobiles, tablets and connected TV (IPTV). TF1 Publicité established itself as a leading player in video advertising through its multi-screen offering (based on programmes such as *The Mentalist*, *House*, *The Voice*, *Koh-Lanta* and *Danse avec les Stars*). TF1 Publicité reinforced its positions in the mobile market with an offering combining operator portals (Bouygues Telecom) and apps for media brands (MYTF1, Eurosport, TFou, TF1News).

In 2012 TF1 Publicité launched "La Place Média" with Amaury Médias, Le Figaro Médias and Lagardère Publicité. This 100% media ad exchange platform is the leader in the premium category in France in display inventories.

TF1 Publicité continues to enhance its offering through stronger presence in the social networks and by taking advantage of the specific characteristics of each screen. The partnership launched by TF1 with Shazam in 2012 is part of the advertising check-in approach that fosters interactivity between viewers and advertising.

To take things further, TF1 Publicité is contributing to the creation of new synchronised communications opportunities with live programmes and advertising screens through MYTF1 Connect.

TF1 Publicité designs tailored plurimedia communication systems that bring different media (including *Metro*) together around exclusive content

(1) Source: Médiamétrie-Médiamat.
(2) Source: 126,000 Radio – Nov/Dec 2012 – Monday-Friday – 5am-midnight – Target: 13+.

or themes, adapted to the objectives of each advertiser and to new consumer uses. TF1 Publicité also adapts to advertisers' changing requirements by forging a link between the media and sales outlets *via* TF1 Conso, a large-scale promotion campaign advertised and carried on the TF1 channel.

And to meet the requirements of the growing number of customers looking for more creativity and special customised operations, the TF1 361 Department develops pertinent multimedia communication solutions combining a number of media for a single theme or exclusive content, based on the requirements of each advertiser.

e-TF1

The main role of e-TF1 is to develop TF1 group activities across all digital media.

As part of its multi-screen strategy, e-TF1 handles the digital distribution of TF1 channel products through the MYTF1 brand. The offer features an extended range of catch-up programmes available *via* the web, smartphones and tablets and included in the TV offers of the main internet service providers in France.

With more than 1.2 billion premium videos watched in 2012, e-TF1 brings audiences and advertisers a unique and powerful video offering.

e-TF1 is present on the web with theme sites (including the plurielles.fr women's focus site and TF1 News, etc.) and a games offer (notably with TF1 channel-based games), and also through its interactive agency that develops bespoke internet products.

In addition, e-TF1 manages interactive systems for the TF1 channel (Audiotel, text messages) in the shape of games and votes.

WAT is the third-ranked video platform in France, bringing web users a high-performance content-sharing service.

Source: Panel vidéo Médiamétrie/NetRatings

THEME CHANNELS IN FRANCE[1]

Drawing on all its television expertise, the TF1 group has developed a broad offering of complementary and special-interest channels. Following the launch of Eurosport in 1991 and LCI in 1994, the Group today operates 15 channels other than TF1: TMC, NT1, HD1, LCI, TV Breizh, Ushuaïa TV, Histoire, Stylía, TF6, Série Club and the five Eurosport channels (Eurosport France, Eurosport International, Eurosport News, Eurosport 2 and Eurosport Asia-Pacific).

The theme channels cover the areas of sport, news, feature films, entertainment and documentaries. Viewers applaud the high-quality content of the channels, which form a complementary fit with the programmes shown on TF1 and provide an extended service in news and entertainment. The TF1 group now boasts a broad range of channels able to satisfy the expectations of all audiences and all its customers, be they subscribers or advertisers.

On December 21, 2012 TF1 and the US group Discovery Communications signed a major strategic partnership agreement aimed notably at developing the publishing businesses of pay TV channels in France. Discovery has taken a 20% share of several TF1 group theme channels (Eurosport France, TV Breizh, Ushuaïa TV, Histoire and Stylía) with TF1 now holding an 80% share.

TMC

TMC was France's fifth-ranked TV channel for the third consecutive year in 2012. It is the long-standing leader in freeview digital terrestrial television (DTT) thanks to its unique positioning as a general-interest, family-oriented entertainment channel with four key offerings: magazines, French drama, movies and entertainment. TMC was the leading DTT channel in magazines, cinema and entertainment in 2012. It is also the first DTT channel to invest in the production of a long-format French drama show. In 2012 TMC posted a 3.6% audience share of individuals aged 4 and over, up 3% on 2011.

TMC is owned 20% by the Principality of Monaco and 80% by TF1 since July 1, 2010.

NT1

NT1 is a general-interest freeview DTT channel targeting young adults with a strong offer of first-air US series, entertaining magazine shows, film, French drama, and sport. NT1 confirmed its momentum in 2012 by scoring the biggest increase for a general-interest channel, with an 11% year-on-year increase in audience share to 2.1% of the 4-and-over demographic in 2012.

The NT1 channel has been 100% owned by the Group since July 1, 2010.

HD1

HD1, launched on December 12, 2012, strengthens the Group's offer with a fourth freeview television channel. HD1 is a theme channel dedicated entirely to French drama and storytelling programming. The grid includes an ambitious range of films (nearly 250 a year), the best in French drama (such as *Flics* and *Dolto*) and a strong selection of original and all-new international series (including *Pan Am* and *Gossip Girl*). HD1 will be airing its first in-house productions in 2013, with daily comedy shows followed by a daily soap opera, once the channel covers the entire French territory. HD1 is a four-screen channel available on the web, mobiles and tablets.

EUROSPORT FRANCE

Eurosport France is a general-interest sports channel with mass appeal and recognised as a leader in its segment. On the strength of diverse programming and prestigious consultants, Eurosport France had 8.8 million paying subscriber households in 2012.

Making a complementary fit with Eurosport, Eurosport 2, launched in 2005, is the new-generation sports channel.

(1) *Source: Médiamétrie – Médiamat or Médiamat'Thématik.*

On the leading edge of technology, Eurosport France has been broadcast in High Definition since 2008.

Since December 21, 2012 Eurosport France has been owned 80% by the TF1 group and 20% by the US group Discovery Communications.

TV BREIZH

Dedicated to series, drama and film, TV Breizh brings viewers a chance to unwind with a range of well-known brands. The channel broadcasts 180 movies a year. It is the leading channel in the pay-to-view offer in France.

TV Breizh has been available through the majority of internet service providers since January 2012, ensuring extensive coverage across France in addition to satellite and cable. The channel's top content is available in catch-up for subscribers from their main distributors.

Since December 21, 2012 TV Breizh has been owned 80% by the TF1 group and 20% by the US group Discovery Communications.

LCI

LCI, launched in 1994, is a 24-hour French news channel. It covers all the main news events live, setting itself apart from the competition through a strong focus on explanation and analysis. It creates special-edition programmes for major current affairs events featuring its numerous specialists.

The pace of digital development increased in 2009 with the coming together of the TF1 and LCI news teams and the launch of TF1 News (formerly LCI.fr), which became the news website of the TF1 group. With a dedicated news team, TF1 News proposes its own content as well as the best of the news from TF1 and LCI through a powerful video offer.

In 2010 LCI moved significantly upmarket, overhauling its programme grid and creating live news segments from strategic locations and prestige talk shows focused on political and economic news.

DISCOVERY DIVISION

The Discovery Division comprises the TF1 group's pay-to-view documentary channels.

Histoire broadcasts history documentaries and cultural debates examining current events.

Ushuaïa TV explores the planet and takes a close-up look at the wonders of nature. In 2012 it upgraded its visual identity and reinforced its offer of programmes on adventure and the peoples of the world. The channel is also available in High Definition.

Stylía, the lifestyle channel, extended its editorial scope in 2012 with strong focuses on fashion, decoration and gastronomy.

The three channels lead an active production policy, especially regarding magazines.

Since 2012 they have been available *via* the majority of internet service providers, which alongside satellite and cable brings them extensive coverage. They propose their top content in catch-up for subscribers from their main distributors.

Since December 21, 2012 the three channels have been owned 80% by the TF1 group and 20% by the US group Discovery Communications.

SERIE CLUB

Co-owned 50/50 by TF1 and M6, Serie Club focuses on effective TV series that are or are set to become leaders. It concentrates on new programming with series and seasons making their debut broadcasts in France. The channel is broadcast *via* CanalSat (satellite and ADSL), Numéricâble and the main independent networks. Most of the channel's programmes are available in multilingual versions.

TF6

At TF6, also co-owned 50/50 by TF1 and M6, the keyword is entertainment. The channel creates buzz both through its original and exclusive productions and through its all-new series. TF6 programmes all share the same promise of helping viewers to take time out from the world.

TF6 is broadcast in the packages of CanalSat (satellite and ADSL) and Numéricâble, in the main independent networks, and in the pay-to-view DTT offers of Canal+ Distribution.

DELIVERY METHODS FOR THE TF1 GROUP'S THEME CHANNELS IN FRANCE(*)

		Freeview DTT**	Pay DTT**	CABLE	SATELLITE	ADSL	MOBILE
Freeview channels	TF1	X		X	X	X	X
	TMC	X		X	X	X	X
	NT1	X		X	X	X	X
	HD1	X		X	X	X	X
Pay channels	Eurosport		X	X	X	X	X
	Eurosport 2			X	X	X	X
	TV Breizh			X	X	X	X
	LCI		X	X	X	X	X
	Stylía			X	X	X	X
	Ushuaïa TV			X	X	X	X
	Histoire			X	X	X	X
	Serie club			X	X	X	X
	TF6		X	X	X	X	X

* Of the16 channels owned by the TF1 group, 13 are broadcast in France
** DTT: digital terrestrial television

(*) Of the16 channels owned by the TF1 group, 13 are broadcast in France.

(**) DTT: digital terrestrial television.

SUMMARY OF ADDITIONAL SERVICES OFFERED BY THE TF1 GROUP'S THEME CHANNELS IN FRANCE

	Website	Catch-up	VOD or SVOD	Smartphone	Social Networks
TF1	www.mytf1.fr	X	www.mytf1vod.fr/	X	X
TMC	www.tmc.tv	X		X	X
NT1	www.nt1.tv	X		X	X
HD1	www.hd1.fr	X		X	X
Eurosport	www.eurosport.fr	X	http://www.eurosportplayer.fr/	X	X
Eurosport 2					
tvbreizh	www.tvbreizh.fr				
LCI	http://lci.tf1.fr/	X			
Stylía	www.stylia.fr	X			X
Ushuaïa TV	www.ushuaiatv.fr	X			X
histoire	www.histoire.fr	X			X
serieclub	www.serieclub.fr				
TF6	www.tf6.fr				

PRODUCTION

TF1 FILMS PRODUCTION

TF1 Films Production co-produces and buys feature films. It acquires broadcasting rights for the TF1 channel as well as co-producer shares, through which it is entitled to a share of the income generated by the films.

Through these investments, TF1 is honouring its commitment to dedicate 3.2% of advertising income to co-producing European films, of which 2.5% for works produced in French.

TF1 PRODUCTION

TF1 Production covers the Group's internal production activities, TF1 Production covers the Group's internal production activities, excluding television news and programmes. The subsidiary is made up of a number of specialist departments, each headed by experienced producers:

- the Magazines Department produces magazine programmes *(50mn Inside, Appels d'urgence, Confessions Intimes, 90' Enquêtes, etc.)* for the Group's channels;
- the Entertainment, Games and Reality TV Department is responsible for entertainment programming *(NRJ Music Awards, Danse avec les Stars, Après le 20h c'est Canteloup, etc.)* and real-TV *(Bachelor, Coup de foudre au prochain village, etc.)*
- the Drama and Animation Department develops and produces standalone dramas and series *(RIS, police scientifique, Crossing Lines)*, and animation programmes *(Mini Ninjas)*;
- the Sports Department produces sporting events for which TF1 holds the rights as well as sports round-ups aired on Sundays, such as Automoto and Téléfoot;
- the Short Format and Trailer Department manages the production of all the trailers for the TF1 channel and HD1, designs and shoots adverts, and oversees promotional operations, billboards and short programmes for television *(Du Côté de chez Vous)*, and for the web *(Yves Rocher)*.

The subsidiary also implements production processes that meet the quality requirements of Group channels while optimising costs. Equipped with an international monitoring and development unit, the company, relying on its editorial teams, contributes to the Group's content and brand management strategy by acquiring and developing formats *(Coup de foudre au prochain village, Splash, Le grand plongeon, etc.)*.

TÉLÉSHOPPING

Téléshopping is a leading home shopping player in France. The subsidiary pursues its two main activities – telesales and e-commerce – through programmes broadcast on TF1, catalogues and sales websites, notably www.placedestendances.com *(Place des Tendances)*.

In parallel, Téléshopping owns shops and operates an infomercial activity under the Euroshopping brand on a number of freeview DTT, cable and satellite channels (RTL9, NT1, TMC, Direct 8, Eurosport, etc.).

TF1 ENTREPRISES

TF1 Entreprises is a diversification and development subsidiary that operates as a brand publisher and agent. It has four main businesses:

- **TF1 Musique** produces or coproduces recording projects *(Les Prêtres, Les Stentors, Zaz, Nolwenn Leroy,* original soundtrack from the film *The Intouchables, etc.)* and blockbuster shows *(1789, Mozart,l'Opéra Rock, the Tutankhamun exhibition, etc.)*. It also manages numerous partnerships *(Céline Dion, Patrick Bruel, Johnny Hallyday, Coldplay, etc.)* and designs and distributes merchandising spin-offs linked to shows and events. Une Musique, a subsidiary of TF1 Entreprises, publishes and produces music for television programmes and feature films;
- **TF1 Games/Dujardin**, France's number-one board game producer, develops games based on TV programmes *(Money Drop, La Roue de la Fortune, Les 12 coups de midi, Qui Veut Gagner des Millions, etc.)* together with the *Mille Bornes* and *Le Cochon qui rit* ranges. It has more than 200 games in its catalogue;
- **TF1 Publishing** publishes product-and-book or DVD sets sold at newsagents and by subscription. The first launch was the Tintin figurine collection in 2011, followed by the Barbapapa collection in 2012;
- **TF1 Licences** sells brand licences *(Ushuaïa, MasterChef, Koh Lanta, Barbapapa, Babar, Hello Kitty, etc.)* to manufacturers and seeks to optimise the development of the properties it manages.

METRO FRANCE

Metro is the second-ranked national daily in France. Available in 36 large towns, the newspaper reaches 2,923,000 young professional and urban readers every day. *Metro* is also available on the Internet, mobile apps and tablets. A total 8.7 million people use a *Metro* media every month. *Metro France* has been owned 100% by TF1 since July 28, 2011.

Sources: ONE 2011/2012, LNM 15+ Brand Regular.

1.3.2 Audiovisual rights

TF1 DROITS AUDIOVISUELS

Founded in 1995, the subsidiary TF1 Droits Audiovisuels acquires and distributes audiovisual rights in France and other countries. Its subsidiary, TF1 International, 34% owned by UGC Images, is one of France's main sellers of international rights. It is present in all the main marketplaces, including Los Angeles, Cannes, Berlin, Venice and Toronto, etc.

In France, TF1 Droits Audiovisuels is a distributor of films for the cinema, through its 34% stake in UGC Distribution.

TF1 Droits Audiovisuels has a substantial portfolio of audiovisual rights, which it markets through its catalogue of films and TV drama as part of second-cycle sales.

TF1 VIDÉO

TF1 Vidéo, created in 1989, is the video publishing subsidiary of the TF1 group. With an editorial line focused on event-based content and strong brands, TF1 Vidéo works successfully across all genres, from French and international cinema to the biggest comedy stars, youth programming and TV series.

TF1 Vidéo demonstrated its ability to innovate and anticipate new consumer uses by creating its video-on-demand service, MYTF1VOD, in 2005. MYTF1VOD today is the most distributed VOD service in France, available across all IPTV services, on the web with www.mytf1vod.fr, and on Samsung connected TVs and the VOD portals of the Playstation and X-Box game consoles. With an emphasis on innovation and new uses, MYTF1VOD, a pioneer in digital copy and social VOD *via* Facebook, continuously enhances the consumer experience from basic streaming through to definitive multi-screen downloads. MYTF1VOD boasts a catalogue of over 4,000 programmes, comprising the biggest movies, top series, major comedy events, youth programmes and documentaries. It also created the "Premium VOD" concept with *"En Direct des USA"*, consisting of broadcasts of the leading US series the day after their debut in the United States.

Harnessing its singular expertise in multimedia publishing, TF1 Vidéo organised major simultaneous physical and digital launches in 2012, including the films *The Intouchables* and *Polisse*, and Florence Foresti's comedy show, *Foresti Party*.

1.3.3 International broadcasting

EUROSPORT INTERNATIONAL

The Eurosport group is the number one in sports entertainment in Europe.

The leading pan-European television channel, Eurosport is available in 25 languages and received in 132 million households in 54 European countries. Eurosport HD is the High Definition simulcast of Eurosport.

Eurosport 2 programmes are available in 18 languages and broadcast in 63 million households across 47 countries. Eurosport 2 HD was launched in August 2009.

Eurosport Asia-Pacific covers 17 countries in the region and launched a HD channel in September 2011. Subscriber numbers increased 16.8% year on year to 5.8 million.

Eurosportnews is a sports news channel airing worldwide.

Eurosport.com, Europe's leading online sports platform, attracts 22 million unique visitors a month through an international network of sports websites in 11 languages, including the co-branded *Yahoo!* sites in Germany, Spain, Italy and the UK. Eurosport.com free mobile apps exist in ten languages.

Eurosport Player, Eurosport's web TV service, broadcasts live sports content on demand *via* the computers of web users in 52 countries. The mobile player app is available in 34 countries.

The Eurosport Events subsidiary manages and promotes international sports events.

TF1 and Discovery Communications signed a major strategic partnership agreement on December 21, 2012 aimed at developing Eurosport business internationally. Under the agreement, Discovery has acquired a 20% share in Eurosport International, with TF1 now holding an 80% share.

1.3.4 Real Estate

The TF1 group mainly operates in several buildings listed below. TF1 owns two of them for 35,167 Sqm located in Boulogne-Billancourt.

Main buildings	Localisation	Surface area	Environmental label	Owned by TF1
TF1	1, quai du point du jour, 92100 Boulogne-Billancourt	27,852 Sqm	Ns	Yes
	54, avenue de la voie lactée, 92100 Boulogne-Billancourt	7,315 Sqm	Ns	Yes
	6, place Abel Gance, 92100 Boulogne-Billancourt	20,220 Sqm	Ns	No
	4, quai du point du jour, 92100 Boulogne-Billancourt	6,451 Sqm	HQE EXPLOITATION	No
EUROSPORT	3, rue Gaston et René Caudron, 92130 Issy-les-Moulineaux	10,593 Sqm	Ns	No

1.4 2012 KEY EVENTS

JANUARY

January 10, 2012:
TF1 files three bids with the CSA (French audiovisual regulator) in response to the call for tenders relating to the award of six new frequencies.

January 10, 2012:
the TF1 group signs the "Good Practices Charter governing the quality of customer/supplier relations". A total of 235 large French companies have now signed up to the Charter, demonstrating a commitment to ethical purchasing and to fair dealing with suppliers.

January 17, 2012:
Metro France unveils the new foundations for expansion: a fresh layout, broader geographical reach, new applications, and news reorganisation.

January 18, 2012:
TFou.fr launches its new website.

January 25, 2012:
TF1 Publicité takes the Best Digital Strategy prize at the 2012 E-Marketing awards, organised by E-Business.

January 31, 2012:
record viewing figures for the Eurosport channel as an average of 373,000 subscribers watch the final of the Australian Open, the highest rating for a tennis match since Jo-Wilfried Tsonga reached the final of the Australian Open in 2008.

FEBRUARY

February 9, 2012:
at the 14th QualiWeb Trophies, organised by the Cocedal Conseil market research institute, TF1 is awarded first place in the Information and Media category for the quality of its relations with viewers and web users *via* the "TF1&vous" platform.

February 14, 2012:
TMC attracts record audience figures for the screening of *Bodyguard*, with over 2 million viewers (7.5% audience share of people aged 4 and over).

February 20, 2012:
TF1 collects two awards ("Grand Reporter" and "Kids") at the 17th annual "Lauriers de la radio et de la télévision" ceremony, which rewards programmes for their contribution to culture.

February 21, 2012:
TF1 implements a Group-wide agreement to ensure equality of treatment among all employees.

February 24, 2012:
films co-produced by TF1 group subsidiaries receive 9 awards at the 37th annual César ceremony.

February 25, 2012:
9.3 million people watch the launch of *The Voice*, TF1's new music show.

MARCH

March 13, 2012:
TV Breizh attracts its biggest audience share among people aged 4 and over since its launch(1) and confirms its status as the nº 1 pay-TV channel among "women aged under 50 purchase decision-makers"(2) with 1.5% and 1.7% audience shares respectively.

March 14, 2012:
the TF1 employees elect their representatives on the TF1 SA Board of Directors, with a turnout of 71%.

March 16, 2012:
TF1 screens *Les Enfoirés* and attracts 13.3 million viewers, an all-time high for this show.

March 26, 2012:
two teams from TF1 receive "Reporters d'Espoirs" awards, which recognise news stories that "offer solutions" in various fields: the economy, the environment, society, solidarity, peace, and humanitarian efforts.

March 27, 2012:
HD1, a new TF1 channel dedicated to creativity in all forms, is one of six free-to-air channels selected by the CSA for high-definition digital terrestrial television (DTT).

March 28, 2012:
TF1 launches the TF1 challenge, offering students the opportunity to devise the TV programmes of tomorrow, across all genres.

March 30, 2012:
the advertising space-selling agencies TF1 Publicité, Amaury Médias, FigaroMédias and Lagardère Publicité get together to set up France's first-ever dedicated private media market place, creating a platform where unsold space on their websites will be auctioned off in real time.

APRIL

April 4, 2012:
Sur la piste du Marsupilami, a TF1 Films Production co-production, is released.

(1) Since the Médiamat'Thématik/MédiaCabSat ratings started (2001).
(2) Source: Médiamat'Thématik – wave 22 – pay-TV universe (August 29, 2011 to February 12, 2012).

April 11, 2012:
Ecoprod, an initiative co-founded by TF1, is a partner of the first international festival of corporate films on ecology and sustainable development, held in Deauville.

April 12, 2012:
TF1 Publicité is chosen to act as advertising airtime sales agent for beIN SPORT 1, beIN SPORT 2, and their digital offshoots. This move is part of a commercial strategy that aims to strengthen TF1 Publicité's sport offering.

MAY

May 5, 2012[(1)]:
Eurosport remains the best-known sport channel in France with 75% overall brand recognition, representing an increase of 3 points over 12 months and 9 points over 24 months.

May 12, 2012:
TF1 Entreprises is joint operator of the Tutankhamen Tomb and Treasures exhibition in Paris.

May 19, 2012:
TF1 Publicité launches "Oz!", a new visual recognition technology which allows smartphone or tablet users to tag an advert being screened on TF1 and simultaneously view extra content about the advertiser on their device.

TF1 Entreprises launches Recycler.fr, a mobile phone recycling service, in line with the Group's commitment to ecological issues.

May 23, 2012:
Eurosport confirms its status as the leading pan-European multimedia platform[(2)], thanks to a dynamic mobile application and solid audience ratings in Eastern Europe.

JUNE

June 1, 2012:
launch of *The Voice Tour 2012*, bringing together the top 8 performers flom The Voice for a series of 17 unmissable concerts, co-produced by the Shows Division of TF1 Musique.

June 3, 2012:
TF1 Publicité pioneers the world's first real-time interactive advertising experience. By simply clicking on their remote, viewers with an HbbTV-compatible connected TV set were able to access a minisite dedicated to the advertiser.

June 4, 2012:
Gilles Bouleau takes over as weekday presenter of the flagship evening news bulletin, *Journal de 20h*.

TF1 launches *Nos chers voisins*, a daily sitcom.

June 9, 2012:
TF1 screens Germany vs. Portugal, its first match in the UEFA Euro 2012 football tournament. In all, TF1 broadcasts nine matches (including the final on July 1, 2012), attracting an average of 8.3 million viewers, a 34% market share among individuals aged 4 and over.

JULY

July 5, 2012:
the TF1 group signs an agreement with the CSA relating to the HD1 channel.

July 12, 2012:
TF1 Vidéo and Paramount Home Media Distribution France announce the signature of an agreement on the commercial distribution of DVDs and Blu-ray™ products in France. From September 1, 2012, Paramount Home Media Distribution France will distribute TF1 Vidéo content on DVD and Blu-ray™ *via* major supermarket chains, specialist retailers and e-commerce.

AUGUST

August 23, 2012:
eTF1 signs an exclusive agreement with ProSiebenSat.1 Games to make the German group's online games offer available on MYTF1.fr.

SEPTEMBER

September 3, 2012:
the TF1 group and ESSEC Business School announce a 4-year partnership with the aim of fostering expert debate about media issues among a broad range of participants (from students and researchers to teaching staff and decision-makers).

September 14, 2012:
the Paris court of first instance orders Dailymotion to pay TF1 €270,000 in damages and legal costs for failing to meet its obligation to withdraw 549 items of illegal content.

OCTOBER

October 23, 2012:
Metro France and the web portal MeltyNetwork, a media group targeting the 18-30 age bracket, announce the launch of Meltycampus liked by Metro, a free magazine aimed at students in and around Paris.

(1) Source: Theme channel brand recognition survey conducted by the Institut CSA on a nationwide representative sample of 2,002 individuals aged 15 and over.

(2) Source: 2012 EMS Summer Survey.

October 25, 2012:
the advertising slots on MFM Radio, which attracts over 4.4 million listeners a week in France, will be sold by TF1 Publicité starting January 1, 2013. This further enhances the appeal of Les Indés Radio, TF1 Publicité's market-leading offering in the 25-49 age bracket.

October 26, 2012:
TF1 Licences clinches a major partnership deal with Sanrio, being appointed as exclusive agent for the Hello Kitty brand and for the other Sanrio characters.

NOVEMBER

November 12, 2012:
following the success of the must-have first edition of *Mille Bornes*® scratch-cards, FDJ® renews its partnership with Dujardin, a TF1 Entreprises subsidiary and owner of the *Mille Bornes*® brand.

November 14, 2012:
the TF1 channel's flagship evening news bulletin, *Le Journal de 20h*, wins 1st prize at the Media Tenor Global TV Awards. This international prize is awarded for diversity of issues covered and representativeness of news-makers, in terms of both individuals and social, economic and political groups.

November 18, 2012:
the TF1 group gears up for the 6th *La Semaine pour l'Emploi* (Jobs Week). Since the initiative was launched in 2009, it has helped over 10,000 people find a job.

November 19, 2012:
TF1 Publicité teams up with Yves Rocher, French n°. 1 in natural cosmetics, to roll out Miss Beauté by Yves Rocher on MYTF1. This first-ever brand channel solely devoted to beauty and wellness is accessible to all the 10.6 million IPTV-enabled households in France.

DECEMBER

December 12, 2012:
launch of HD1, the TF1 group's fourth free-to-air channel, on DTT station 20. HD1 offers quality programming in High Definition, available through four different media. The HD1 schedule is built around the biggest offering of feature films on free-to-air TV with nearly 250 films a year, plus French and foreign drama with a high proportion of first runs and a focus on comedy, featuring series, sitcoms and short programmes.

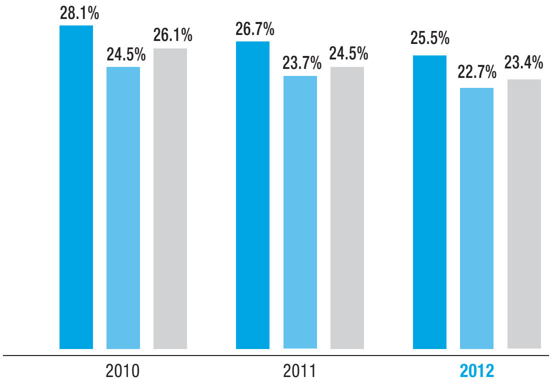
December 18, 2012:
at the Social Media Awards organised by NPA Conseil, TF1 is named as the channel with the best digital footprint, and TF1 presenter Nikos Aliagas as digital personality of the year.

December 21, 2012:
TF1 and the Discovery Communications group announce a strategic alliance designed to create value in the two groups' complementary businesses.

1.5 GROUP INDICATORS

1.5.1 Management Indicators

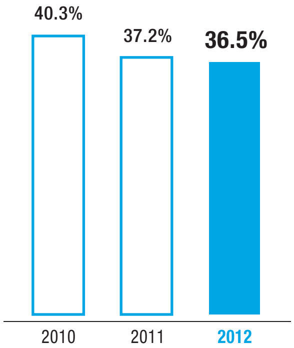
TF1 CHANNEL AUDIENCE SHARE



- Women under 50, purchase decision maker
- Individuals aged 4 and over
- Individuals aged 25-49

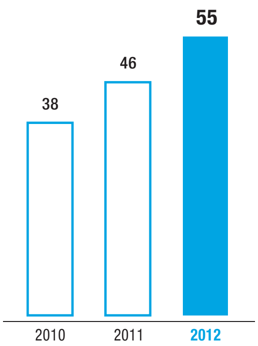
Source: Médiamétrie Médiamat

ADVERTISING MARKET SHARE OF TF1 CHANNEL AMONG ALL TV



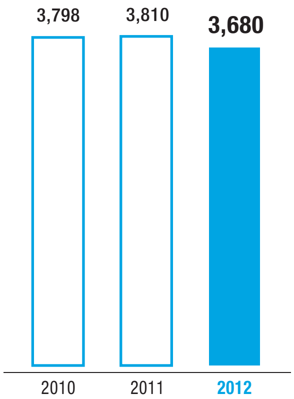
Source: gross data Kantar Média-France

NUMBER OF FREE CATCH-UP VIDEOS SEEN ON AVERAGE PER MONTH
(in million)



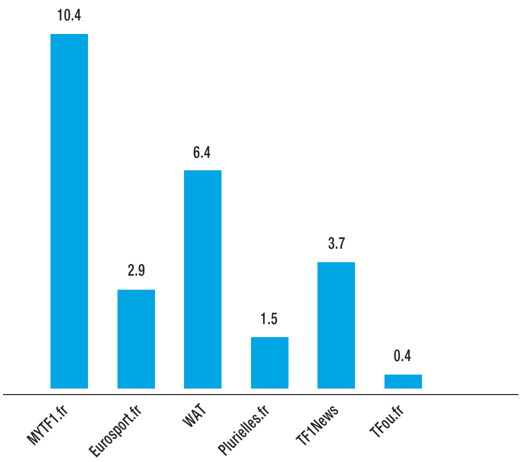
Source: eStat Streaming TV

NUMBER OF EMPLOYEES IN THE GROUP (OPEN-ENDED)



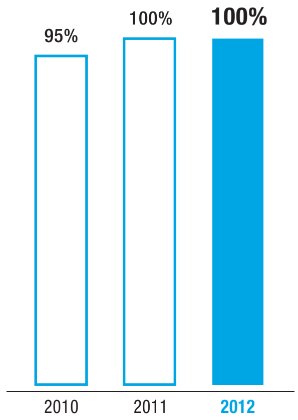
PERFORMANCE OF TF1 GROUP WEBSITE

(million of unique visitors)



Source: Panel NNR Médiamétrie-December 2012

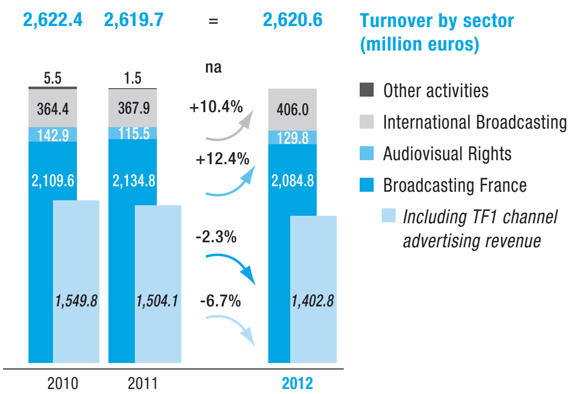
PROPORTION OF SUB-TITLED PROGRAMMING HOURS



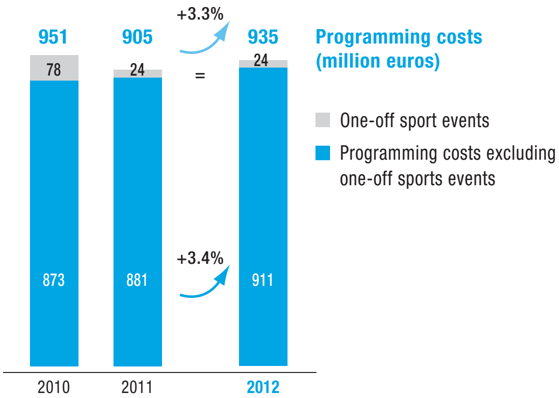
1.5.2 Key financial figures

These key figures are taken from consolidated financial information of TF1.

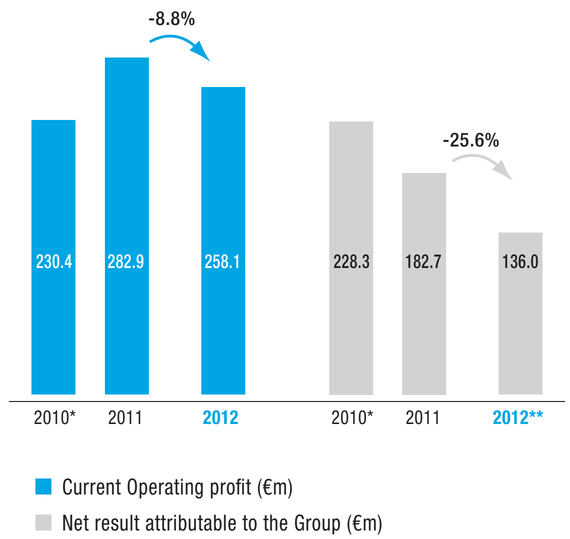
TURNOVER BY SECTOR



PROGRAMMING COSTS OF TF1 CHANNEL



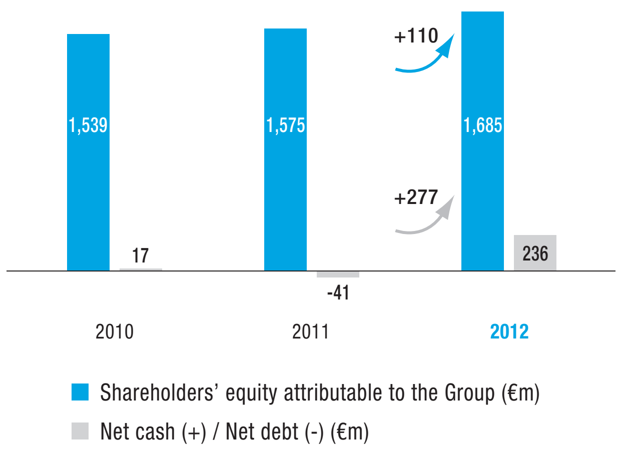
CURRENT OPERATING PROFIT NET RESULT ATTRIBUTABLE TO THE GROUP



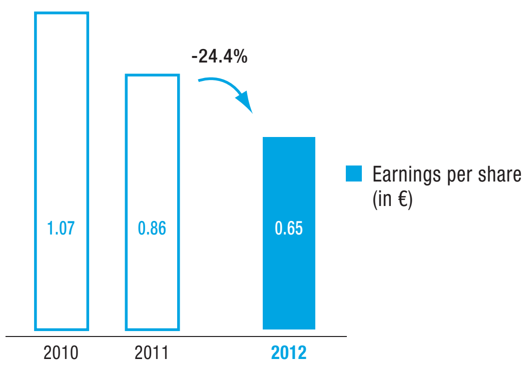
* Result includes a net non-current operating income of €82.8m due to the remasurement of previously-held equity interest in TMC and NT1, reduced by goodwill impairement.

** Net result attributable to the Group includes €47.7m of non-recurring expense which consists of the costs incurred on Phase II of the optimisation plan, and various other adaptation measures introduced during the year.

SHAREHOLDERS'EQUITY ATTRIBUTABLE TO THE GROUP NET DEBT/NET CASH

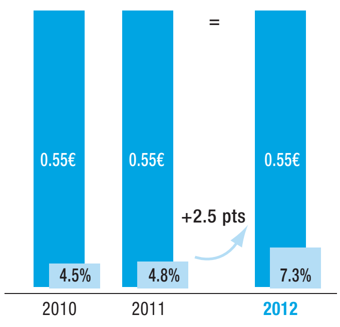


EARNINGS PER SHARE



1.5.3 Key trading figures

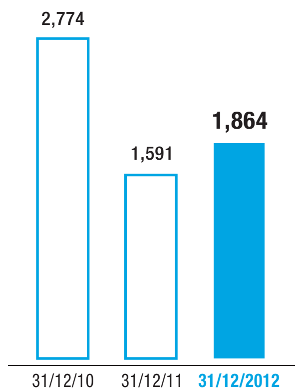
DIVIDEND PER SHARE



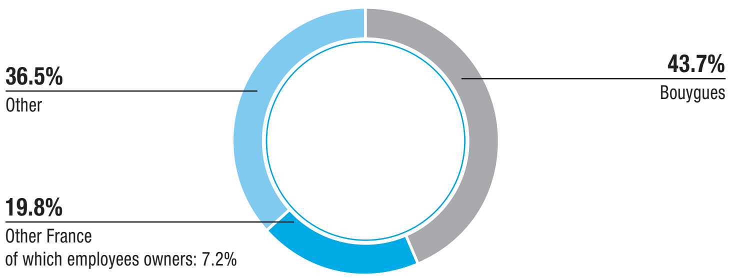
*Based on the average market price of TF1 shared on the year.

MARKET CAPITALISATION

(in million euros)

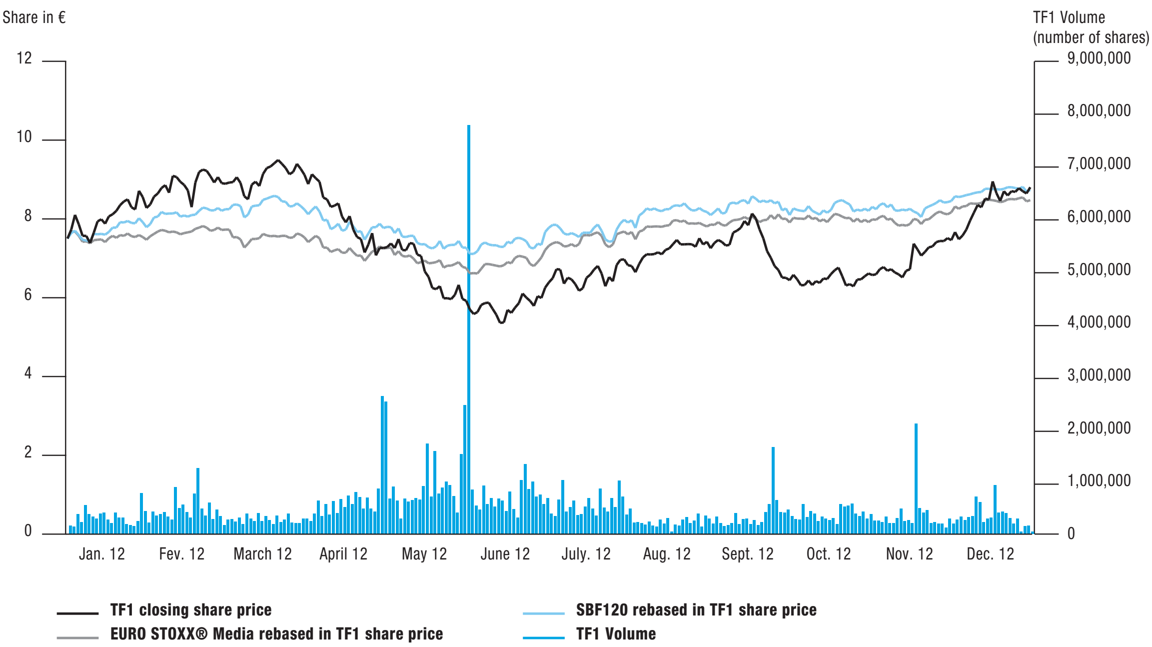


STOCK OWNERSHIP AS OF 31/12/2012 (1)



(1) Euroclear estimates at 31/12/2012, including non-identified holders.

SHARE PRICE OF THE TF1 STOCK



1.6 RESEARCH AND DEVELOPMENT EXPENDITURE

Research and Development (R&D) activities at TF1 derive mainly from experimental development. Most R&D expenditure is incurred with a view to marketing a new product or service, or broadcasting a new programme.

In parallel, TF1 develops software and systems designed to make gains in performance.

In 2012 the TF1 group spent a total €5.4 million on R&D.

The new products, services and programmes on which R&D expenditure was incurred are described below.

R&D expenditure on programmes

Our activities call for substantial investment in creativity and innovation, both in entertainment and drama programmes and in film production, the results of which may be uncertain. The creative process involved in developing new programme concepts includes the following stages:

- buying in a programme format or concept, or screen rights to literary works;
- sociological research of new programmes with viewers;
- consultancy services;
- location scouting, casting, set design and production of a pilot episode.

Consequently, R&D expenditure on programmes includes:

- expenditure incurred on new drama and entertainment formats never previously broadcast in that form on the TF1 channel, whether or not they are available for broadcast, as recognised in profit or loss for the period (written off or expensed on transmission);
- the cost of buying screen rights for new concepts that are never broadcast and are written off during the year.

R&D expenditure on technological innovation projects

The success of the MYTF1 multi-screen digital offering was confirmed in 2012. Two years after launch, MYTF1 is now identified by 70% of catch-up users. Some 658 million videos were watched in catch-up on MYTF1.fr in 2012, up 20.6% year on year, while the MYTF1 app topped the mark of four million downloads. The MYTF1.fr site counted 8.0 million unique visitors in December 2012, an increase of 1.3% on December 2011.

MYTF1 also developed its “second screen” offering, by focusing as a priority on social TV (Twitter accounts, “Tweet Replay”, i-like, Facebook share and fan page, channel content), and is preparing contextual and synchronised services (“Connect”) for early 2013.

TF1 Publicité, extremely proactive in the digital sector alongside MYTF1, has launched check-in, a new technology whereby smartphones and tablets recognise advertising live and bring TV viewers additional content on a brand, including through special competitions. Several synchronised advertising campaigns were organised in 2012 with highly promising results, using either the MYTF1 app with integrated check-in or the Shazam audio recognition app as part of an exclusive partnership signed by TF1 Publicité in September 2012.

Last year also saw trial runs of synchronised services on connected TVs using the HbbTV standard. These included interactive advertising with Amaguiz, *Cover it Live* for the presidential election in France, and voting (using Internet+ as a means of payment) on the *Secret Story* show.

MYTF1VOD posted strong growth in 2012 (with a 100% rise in value in the first nine months) and is focused on extending its multi-screen offering, with the launch of MYTF1VOD on X-Box in October and continued work on apps (iOS and Android) and HbbTV connected TV in early 2013.

Metro France launched a new website format and new apps in early 2012.

The Eurosport group continued its dynamic web activity policy, recording strong increases for the site and apps (Eurosport.com, Eurosport Player, Eurosport Live Sport).

In response to the digital revolution, the annual Innovation Days event, involving all staff, provided an opportunity to review the latest tech trends and new uses at the beginning of December, and to set out guidelines on the digital strategy of the TF1 group.

In-house software development

In 2012 TF1 launched the two-year "Media Factory" plan to modernise its channel broadcasting tools. The plan consists in grouping the general-interest and theme channels at head office in Boulogne and pooling technical services while selecting the highest-performance technological solutions.

To that end, the technical facility for the new HD1 channel, launched on December 12, 2012 on DTT, were developed by the broadcasting services of the TF1 channel, with an upgraded digital file format and redesigned workflows. The TF1 group also decided to group the broadcasting of theme channels sent out from Lorient at the same facility by fostering synergies. The facilities will come online in first-half 2013. The use of digital files (pre-broadcast use of cassettes has been discontinued) is now a reality for the majority of advertising and has been initiated for previews. Rollout for programmes is planned for 2013. Lastly, a plan to pool the trailers activity at the same unit has been launched. All these initiatives are unlocking strong synergies and harmonising decision-making at TF1, HD1, TV Breizh, Ushuaïa, Histoire and Stylia, broadcast from Boulogne, and TMC and NT1, from Monaco.

Taking account of new consumption behaviour by TV viewers has given rise to new developments in the production of catch-up TV files and in solutions for the synchronisation of broadcast flows and for tablets used as "companion" screens.

A plan concerning inter-site video links and grouped broadcasts has been implemented to improve productivity, secure transmissions and equipment, and enhance pooling through the use of an "IP highway" specific to the TF1 group.

TF1 made the first television-specific shoot in 4K in April 2012 for the *The Voice* programme and then filmed sequences for *Danse avec les Stars* in November 2012 with a view to increasing understanding of the various aspects of a technology set for gradual rollout in the coming years.

TF1 stepped up its policy on introducing mobile apps for laptops, smartphones and tablets across a range of fields, including Human Resources, News and Broadcasting, etc.

TF1 pursued its efforts on reducing energy use, by improving the quality of measures and identifying consumption units with the company EMBIX and by forging ahead with its policy on controlling the energy consumption of office equipment.

2

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE

2.1 COMPOSITION OF THE BOARD OF DIRECTORS AND BOARD COMMITTEES

2.1.1 Composition of the Board of Directors

TERMS OF OFFICE AND FUNCTIONS OF THE BOARD MEMBERS AT 19 FEBRUARY 2013

Listed below are the terms of office and functions exercised by the Directors of TF1 in any company, in 2012 and over the past five years.

NONCE PAOLINI Born April 1, 1949 – French citizenship

Nonce Paolini holds a Master of Arts degree and is a graduate of Sciences Po Paris (1972). He began his career at EDF-GDF, where he worked first in operational positions (customer relations/sales), and then in senior management (organisation, training, human resources, corporate communications). He joined the Bouygues Group in 1988 as Human Resources Development Director, and became the Group Corporate Communications Director in 1990. He joined TF1 in 1993 as Human Resources Director, and became Deputy CEO of the TF1 group in 1999. In January 2002 he was appointed Senior Vice President of Bouygues Telecom in charge of sales and marketing, customer relations, and human resources. He became Deputy CEO and Director in April 2005.

CEO of TF1 since May 22, 2007

Chairman and CEO of TF1 since July 31, 2008

Director of TF1 since May 22, 2007

Most recent renewal: April 14, 2011, expiring 2013

Holds 100 shares in TF1

Business address: 1, Quai du Point du Jour – 92100 Boulogne-Billancourt

Current appointments within the TF1 group

In France: Chairman and Director of TF1 Fondation d'Entreprise and Monte Carlo Participation; Chairman of HOP-Holding Omega Participations; Standing Representative of TF1, Director of Groupe AB, GIE TF1 Acquisitions de Droits, TF6 Gestion and Extension TV

Outside France: Vice Chairman – Director of Télé Monte Carlo (TMC) (Monaco)

Appointments held outside the TF1 group

In France: Chairman of the Association des Chaînes Privées (ACP); Director of Bouygues* and Bouygues Telecom

Other appointments held within the last five years

2012 – Chairman of TF1 Management and HD1; Representative of TF1 Management, manager of La Chaîne Info

2010 - Chairman of TF1 Publicité; Director of TF1 Thématiques; Representative of TF1 Management, Manager of TF1 Distribution

2009 - Member and Vice Chairman of the Supervisory Board of France 24; Representative of TF1, Director of Médiamétrie; Representative of TF1, Director of WB Télévision (Belgium)

2008 - CEO of TF1; Standing Representative of TF1, member of the Board of Directors of Monte Carlo Participation, Director of Télé Monte Carlo

PATRICIA BARBIZET Born April 17, 1955 – French citizenship

Patricia Barbizet is a graduate of École International de Commerce de Paris (ESCP Europe). She is currently the Chief Executive Officer of Artémis, Vice Chair of PPR and Chair of Christie's International. She began her career with the Renault Group as treasurer of Renault Véhicules Industriels, then Finance Director of Renault Crédit International. She joined the Pinault group in 1989 as Finance Director and became Chief Executive Officer of Artémis in 1992. Patricia Barbizet also is the Chairman of the Investment Commitee of *Fonds Stratégique d'Investissement* and sits on the Boards of Director of Bouygues*, Total* and Air France*.

Director of TF1 since July 12, 2000 – independent

Most recent renewal: April 14, 2011, expiring 2013

Chairman and member of the Audit Committee of TF1

Chairman and member of the Remuneration Committee of TF1

Holds 100 shares in TF1

Business address: 12, rue François-Ier – 75008 Paris

Appointments held outside the TF1 group

In France: CEO and Director of Artémis; CEO (non-proxy) and member of the supervisory Board of Financière Pinault; Director and Vice Chairman of the Board of Directors of PPR*; Director of Société Nouvelle du Théâtre Marigny; standing representative of Artémis, Director of Agefi, Sebdo le Point; Member of the supervisory Board of Yves Saint Laurent; Member of the Management Board of Société Civile du Vignoble de Château Latour; Director of Bouygues*, Fonds Stratégique d'Investissement, Total*, Air France – KLM*

Outside France: Chairman and Board Member of Christies International (UK); Member of the Board of Gucci (Netherlands); Amministratore Delegatore and Amministratore de Palazzo Grassi (Italy)

Other appointments held within the last five years

2012 - Deputy CEO of Société Nouvelle du Théâtre Marigny; Non-Executive Director of Tawa PLC (UK)

2011 - Director of Fnac

2008 - Chairman of the Board of Directors and Director of Piasa

* *Listed company.*

CLAUDE BERDA Born February 3, 1947 – French citizenship

Claude Berda founded the independent record label AB Productions in 1977. In 1987 he decided to diversify into audiovisual production. His group quickly became market leader and added a new business: the distribution of TV programme rights. In 1996 Claude Berda floated Groupe AB on the New York Stock Exchange to finance growth in the new market for satellite-borne digital TV in France. He then positioned the Group to benefit from the creation of freeview Digital Terrestrial Television by founding NT1 in 2002 and acquiring TMC, alongside TF1, in 2005. In parallel, Claude Berda diversified his wealth management business, moving into real estate. In 2007 he sold 33.5% of Groupe AB to TF1. In 2010 he finalised an agreement for the sale of NT1 and TMC to TF1, thus refocusing Groupe AB on its catalogue and pay-TV channels.

Director of TF1 since February 17, 2010

Most recent renewal: April 14, 2011, expiring 2013

Holds 492,815 shares in TF1

Business address: 132, avenue du Président Wilson – 93210 La Plaine Saint Denis

Appointments held outside the TF1 group

In France: Chairman and non-Executive Director of Groupe AB; Manager of Port Noir Investment; Chairman and CEO of RTL 9; Director of WB Télévision

Other appointments held within the last five years

2010 -Chairman of Monte Carlo Participation (MCP); Executive Vice President and Director of Télé Monte Carlo (TMC); Member of the supervisory Board of Groupe Lucien Barrière (SAS); Chairman and non-Executive Director of HOP - Holding Omega Participations (formerly Groupe AB)

MARTIN BOUYGUES Born May 3, 1952 – French citizenship

Martin Bouygues joined the Bouygues group in 1974 as works supervisor. In 1978 he founded Maison Bouygues, a company specialising in the sale of catalogue single-family homes. A Director of Bouygues since 1982, Martin Bouygues was appointed Vice Chairman in 1987. On September 5, 1989 he succeeded Francis Bouygues as Chairman and CEO of Bouygues. Under his direction, the Group pursued its development in construction and the media (TF1), and launched Bouygues Telecom in 1996. In 2006 Bouygues acquired a stake in Alstom and thus positioned itself in two new high-growth business lines: transportation and energy.

Director of TF1 since September 1, 1987

Most recent renewal: April 14, 2011, expiring 2013

Chairman and member of the Selection Committee of TF1

Holds 100 shares in TF1

Business address: 32, avenue Hoche – 75008 Paris

Appointments held outside the TF1 group

In France: Chairman and CEO Director of Bouygues SA*; Member of the supervisory Board of Paris Orléans (SADCS)*, Chairman of SCDM; Permanent Representative of SCDM, Chairman of ACTIBY, SCDM Participations and SCDM Invest – 3; Member of the Board of Directors of the Francis Bouygues Foundation and the Skolkovo Foundation

Other appointments held within the last five years

2010 - Representative of SCDM; Chairman of F1 Participations; Director of SODECI* (Côte d'Ivoire); Director of Compagnie Ivoirienne d'Électricité (CIE)

2009 - Representative of SCDM, Chairman of Investaq Energie

* *Listed company.*

OLIVIER BOUYGUES Born September 14, 1950 – French citizenship

Olivier Bouygues, a graduate of École Nationale Supérieure du Pétrole (ENSPM), joined the Bouygues group in 1974. He began his career in the Group civil works branch. From 1983 to 1988 at Bouygues Offshore, he held the posts of Director of Boscam, a Cameroon subsidiary, then Director of the France Works and Special Projects Division. From 1988 to 1992 he was Chairman and CEO of Maison Bouygues. In 1992 he became Group Executive Vice President of Utilities Management, which grouped the international and French activities of Saur. In 2002 Olivier Bouygues was appointed Deputy CEO of Bouygues.

Director of TF1 since April 12, 2005

Most recent renewal: April 14, 2011 expiring in 2013

Holds 100 shares in TF1

Business address: 32, avenue Hoche – 75008 Paris

Other appointments within the TF1 group

In France: Director of Eurosport

Other appointments outside the TF1 group

In France: Deputy CEO of Bouygues*; Standing Representative of SCDM, Director of Bouygues*; CEO of SCDM; Director of Colas*, Bouygues Telecom, Bouygues Construction, Alstom*, Finagestion; Chairman of SAGRI-E and SAGRI-F; Chairman of SCDM Énergie; Manager (non-partner) of SIB and SIR

Outside France: Chairman of the Board and Director of Bouygues Europe (Belgium); Chairman and CEO and Director of SECI (Côte d'Ivoire); Director of Sénégalaise des Eaux (SDE) (Senegal), Société de Distribution d'Eau de la Côte d'Ivoire* (SODECI) (Côte d'Ivoire), and Compagnie Ivoirienne d'Électricité* (CIE) (Côte d'Ivoire)

Other appointments held within the last five years

2011 - Representative of SCDM, Chairman of SCDM Energie

2010 - Member of the Management Committee of Cefina; Representative of SCDM, Chairman of SCDM Investur, and SCDM Investcan

2009 - Chairman of the Board of Finagestion

FANNY CHABIRAND Born September 14, 1976 – French citizenship

Holder of a Masters in Sciences and Techniques in Tourism, Fanny Chabirand joined TF1 on January 1, 2007 and since then has acted as Commercial Assistant of the TF1 Works Council.

Staff representative director of TF1 since March 13, 2012

Next renewal: 2014

Holds 10 shares in TF1

Business address: 1, Quai du Point du Jour – 92100 Boulogne-Billancourt

Appointments held outside the TF1 group

None

Other appointments held within the last five years

None

* *Listed company.*

LAURENCE DANON Born January 6, 1956 – French citizenship

A graduate of École Normale Supérieure (Ulm) and of the Corps des Mines, Laurence Danon holds a teaching qualification in physics and a post-graduate diploma in organic chemistry. She began her career in 1984 at the French Ministry of Industry as head of the Industrial Development Division working in industry and research for the Picardy region. In 1987 she joined the Hydrocarbons Division of the Ministry of Industry, as head of the Exploration-Production Department.

In 1989 she joined the Elf Group, where she exercised commercial responsibilities within the Polymers Division. In 1991 she became Director of the Industrial Specialties Division, and in 1994 Director of the Global Division of Functional Polymers. In 1996 she became CEO of Ato Findley Adhesives, which became Bostik following the merger with Total in 1999. Bostik is world no. 2 in adhesives.

In 2001 she was appointed Chairman and CEO of Printemps. Following the successful sale of Printemps in October 2006, she left her job in February 2007.

Laurence Danon then joined Edmond de Rothschild Corporate Finance in 2007, as member of the Executive Committee, and then became Chairman of the Executive Committee.

Since January 1, 2013, she is co-Chairman of the Executive Committee of the investment bank Leonardo & Co.

Laurence Danon also chairs the “Prospective” (outlook) commission of the MEDEF.

Director of TF1 since July 22, 2010 - independent

Most recent renewal: April 14, 2011, expiring 2013

Member of the TF1 Audit Committee

Holds 100 shares in TF1

Business address: 47, rue du Faubourg Saint-Honoré - 75008 Paris

Appointments held outside the TF1 group

In France: Co-Chair of the Board of Directors of Leonardo & Co; Member of the Supervisory Board and Chairman of the Appointments and Remuneration Committee of BPCE (Banques Populaires – Caisse d’Épargne)

Outside France: Director of Diageo plc (UK)

Other appointments held within the last five years

2012 - Chair of the Board of Edmond de Rothschild Corporate Finance

2011 - Director of Rhodia

2010 - Director of Plastic Omnium

2009 - Director of Experian

2008 - Director of Lafuma

JANINE LANGLOIS-GLANDIER Born May 16, 1939 – French citizenship

Janine Langlois-Glandier is a graduate of Institut d'Études Politiques de Paris, holds a post-graduate diploma in private law and is a qualified lawyer with the Paris bar.

She joined ORTF en 1967, working at the Management Control and Finance Department and then at the Staff Department, where she managed art and production employees.

In 1975 she joined Radio France, and then Société Française de Production (SFP), where she was named Corporate Secretary in 1981.

She became Managing Director of Société Française de Production and SFPC, the film subsidiary of SFP, in 1983.

She was appointed Chair of FR3 in 1985 and Chair of La Sept (later ARTE) in 1986.

From 1987 to 1990 she chaired the National Audiovisual Institute (INA).

She is also a Director of Agence France-Presse (AFP) and Comité de Conservation des Archives Audiovisuelles.

She served as Managing Director of Pathé Cinéma and Chair of Pathé Télévision and Pathé Interactive (a Pathé/Philips subsidiary) from 1991 to 1997.

She also sits on the Boards of the newspaper *Libération* and Cinémathèque Française.

From 1997 to 2002 she worked for Conseil Supérieur de l'Audiovisuel (CSA), in charge of cinema, advertising and sport.

She has chaired Forum des Médias Mobiles since 2005.

Director of TF1 since April 19, 2012 - independent

Next renewal: 2014

Holds 100 shares in TF1

Business address: 17, rue Hamelin - 75016 Paris

Appointments held outside the TF1 group

In France: Chair of Forum des Medias Mobiles; Vice Chair of Fonds d'action de la Société des Auteurs Compositeurs et Éditeurs de Musique (SACEM); Director of Fransat; member of Conseil Culturel de la Monnaie de Paris.

Other appointments held within the last five years

None

SFPG - SOCIÉTÉ FRANÇAISE DE PARTICIPATION ET DE GESTION

RCS Paris 332 888 916

Director of TF1, represented by Olivier Roussat since July 31, 2007

Most recent renewal: April 14,2011, expiring 2013

Holds 100 shares in TF1

Business address: 16/18 Impasse d'Antin – 75008 Paris

Appointments held outside the TF1 group

None

Other appointments held within the last five years

None

OLIVIER ROUSSAT Born October 13, 1964 – French citizenship

A graduate of INSA in Lyon, Olivier Roussat began his career in 1988 at IBM, where he occupied a number of positions in data network services, service delivery, and pre-sales. He joined Bouygues Telecom in 1995 to set up the network management centre and network processes. He then became head of network operations and telecoms and IT service delivery.

In May 2003 he was appointed network manager and became a member of the Executive Committee. In January 2007 Olivier Roussat took charge of the performance and technology unit which combines Bouygues Telecom's cross-functional technical and IT Departments, including networks, information systems, process engineering, purchasing, corporate services and property development. He was also given responsibility for Bouygues Telecom's new headquarters and technical centre.

Olivier Roussat became Deputy Chief Executive Officer on February 20, 2007. He was appointed Chief Executive Officer on November 29, 2007.

Standing representative of Société Française de Participation et de Gestion (SFPG), Director of TF1 since April 9, 2009

Most recent renewal: April 14, 2011 expiring 2013

Member of the Selection Committee of TF1

Business address: 32, avenue Hoche – 75008 Paris

Appointments held outside the TF1 group

In France: CEO and Director of Bouygues Telecom; Director of ETDE.

Other appointments held within the last five years

2012 - Director of Extenso Telecom and Réseau Clubs Bouygues Telecom (RCBT)

2008 - Director of Stock com

BOUYGUES

RCS Paris 572 015 246

Director of TF1, represented by Philippe Marien since February 20, 2008

Most recent renewal: April 14,2011, expiring 2013

Holds 91,946,297 shares in TF1

Business address: 32, avenue Hoche – 75008 Paris

Appointments held outside the TF1 group

Director of Bouygues Telecom, Colas*, Alstom*, Bouygues Immobilier, GIE 32 Hoche, C2S, Bouygues Construction; Associate Member of Organisme Gestionnaire du Centre Gustave Eiffel (Association Loi 1901 – not-for-profit organisation); Member of the Board of Directors of Organisme Gestionnaire du Centre Gustave Eiffel (Association Loi 1901) and of the Fondation Dauphine.

Other appointments held within the last five years

2008 - Director of Bouygues Bâtiment International, SOTEGI, Bouygues Travaux Publics, Bouygues Bâtiment Île-de-France, CATC

* *Listed company.*

PHILIPPE MARIEN Born June 18, 1956 – French citizenship

A graduate of École des Hautes Études Commerciales (HEC), Philippe Marien joined the Bouygues group in 1980 as international finance manager. He was special advisor in 1984 for the takeover of the AMREP oil services Group before being named Finance Director of Technigaz, a liquefied gas engineering contractor, in 1985.

In 1986 he joined the Group's Finance Division to take responsibility for the financial aspects of the takeover of Screg. He was successively head of finance and cash management of Screg in 1987 and Finance Director of Bouygues Offshore in 1991.

He was appointed Senior Vice President for Finance and Administration of Bouygues Offshore in 1998, before moving to Bouygues Bâtiment in 2000 as Chief Financial Officer.

In March 2003 Philippe Marien became Chief Financial Officer of the Saur Group. He managed the sale of Saur by Bouygues to PAI partners, then by PAI partners to a new Group of shareholders led by Caisse des Dépôts et Consignations. He was named Chief Financial Officer of the Bouygues group in September 2007. On February 18, 2009 Philippe Marien was appointed Chairman of Bouygues Telecom's Board of Directors, replacing Philippe Montagner.

Standing representative of Bouygues – Director of TF1 since February 20, 2008

Most recent renewal: April 14, 2011, expiring 2013

Member of the Audit Committee of TF1

Member of the Remuneration Committee of TF1

Business address: 32, avenue Hoche – 75008 Paris

Appointments held outside the TF1 group

In France: Chairman of the Board of Directors of Bouygues Telecom; Standing Representative of Bouygues*, Director of Colas*, Alstom*, Bouygues Construction, Bouygues Immobilier; CEO of SCDM; Liquidator of Finamag

Outside France: Director of Bouygues Europe (Belgium)

Other appointments held within the last five years

2009 - Representative of Bouygues, Director of Bouygues Telecom

GILLES PÉLISSON Born May 26, 1957 – French citizenship

A graduate of ESSEC and holder of an MBA from the Harvard Business School, Gilles Pélisson started his career in 1983 with the Accor Group, first in the United States and then in Asia-Pacific. At Accor he served as the co-Chairman of the Novotel hotel chain. He was named CEO of Euro Disney in 1995 and Chairman and CEO in 1997. He moved to the Suez Group in 2000 and then to Bouygues Telecom, where he served as CEO before being appointed as Chairman and CEO in February 2004. He was appointed CEO of Accor in January 2006, then Chairman and CEO up to December 2010.

Director of TF1 since February 18, 2009 - independent

Most recent renewal: April 14, 2011, expiring 2013

Holds 3,000 shares in TF1

Business address: avenue Molière 143, 1190 Brussels, Belgium

Appointments held outside the TF1 group

In France: Director of BIC and Groupe Lucien Barrière

Outside France: Director and Member of Global Advisory Board de NH Hoteles (Madrid); Director of Accenture PLC (USA); Director of Sun Resorts International (Maurice); Jefferies Inc NY bank (USA)

Other appointments held within the last five years

2012 - Director of the Global Business Coalition on HIV/AIDS, Turberculosis and Malaria, Inc. (USA)

2011 - Chairman of the Board of Directors of Accor*; Representative of Accor on the Supervisory Board of Lenôtre.

2010 - Chairman and CEO of Accor*; Chairman of la Fondation Accor; Vice Chairman and member of the Supervisory Board of Groupe Lucien Barrière; Chairman of the Supervisory Board of Lenôtre; Representative of Accor on the Board of Directors of ASM; Director of Accor Partecipazione Italia (Italy), Sofitel Italia (Italy), and Accor Hospitality Italia (Italy)

2009 - Chief Executive Officer of Accor*; Chairman of the Supervisory Board of Essec

* *Listed company.*

JEAN-PIERRE PERNAUT Born April 8, 1950 – French citizenship

A graduate of École Supérieure de Journalisme in Lille, Jean-Pierre Pernaut joined the ORTF in 1972 as a reporter and newscaster. In 1975 he became the editor-in-chief and presenter of TF1's late-night news broadcast, 23h.

From 1978 to 1980 he co-anchored the midday news programme, *Journal de 13h*, with Yves Mourousi. He rejoined the show in February 1988 and continues to present the news today, more than 25 years later.

For the past 24 years Jean-Pierre Pernaut has also been the Deputy Director for Information and a Director of the TF1 group.

He presented the programme *Combien Ça Coûte* on TF1 between July 1991 and June 2010 and has hosted the *Paroles de Français* programmes with the French President in 2010 and 2011.

Jean-Pierre Pernaut has received five "Sept d'Or" awards for his presentation of the *Journal de 13h*. In 1999 he was awarded the Roland Dorgelès prize, which recognises broadcast professionals who best respect the French language.

Director of TF1, representing the staff, since February 23, 1988

Most recent renewal: March 13, 2012, expiring 2014

Holds 49,402 shares in TF1

Business address: 1, Quai du Point du Jour – 92100 Boulogne-Billancourt

Appointments held outside the TF1 group

None

Other appointments held within the last five years

None

2.1.2 Composition of Board Committees

Each of the Committees is governed by the Board's rules of procedure. The members of the Committees are appointed by the Board of Directors and are chosen both for their experience and for the specific skills needed to carry out the duties of each Committee.

AUDIT COMMITTEE

The Audit Committee was strengthened on April 14, 2011 by the appointment of Laurence Danon, independent Director, alongside Patricia Barbizet, Chair and independent Director, and Philippe Marien.

These individuals were chosen for their extensive experience in accounting and finance and for their training and functions.

The Board will be called on to review the composition of the Audit Committee following the General Meeting of April 18, 2013, as Patricia Barbizet has not requested the renewal of her term of office.

REMUNERATION COMMITTEE

Since April 14, 2011, the Remuneration Committee has been composed of Patricia Barbizet, Chair and independent Director, and Philippe Marien.

The Board will be called on to review the composition of the Remuneration Committee following the General Meeting of April 18, 2013, as Patricia Barbizet has not requested the renewal of her term of office.

SELECTION COMMITTEE

Since April 19, 2012 the Selection Committee has been composed of Martin Bouygues, Chairman, and Olivier Roussat, non-independent Directors.

2.2 CHAIRMAN'S REPORT

In addition to the management report of the Board of Directors and in compliance with prevailing law and regulation, this report consists of a review by the Board Chairman, as approved by the Board at its February 19, 2013 Meeting, of the composition of the Board and the application of the principle of gender equality on the Board, the conditions in which the work of the TF1 Board is prepared and organised, the procedures concerning corporate governance, the principles and rules adopted by the Board to decide on the remuneration and benefits in kind granted to executives, the procedures concerning the participation of shareholders at the company's General Meetings, and the company's internal control and risk management procedures.

2.2.1 Chairman's report on corporate governance

GENERAL PRINCIPLES OF CORPORATE GOVERNANCE

GOVERNANCE SYSTEM

The Board of Directors is responsible for the administration of the company. The general management of the company has been the responsibility of the Chairman of the Board since 1988[(1)].

The Directors deliberate the governance of the company while ensuring that essential requirements are met, *i.e.* equal treatment of shareholders and Board efficiency.

When TF1 was privatised in 1987, to protect the interests of its shareholders, TF1 and its Directors set up a Remuneration Committee and limited the term of office for Directors and the Chairman and CEO to two years.

In 2003 the Directors strengthened their resources to enhance management transparency by:

- adopting the rules of procedure of the Board of Directors which, for example, impose new obligations on Directors as well as a number of ethics rules (holding Directors' shares in registered form, reporting dealings in TF1 shares, regular attendance at Board Meetings, attendance at the General Meeting, disclosure of conflicts of interest, etc.);
- creating an Audit Committee and a Selection Committee;
- appointing an independent Director.

In 2007 the Directors took account of the recommendations on the remuneration of executives of listed companies issued on January 9, 2007 by MEDEF and AFEP. The Board decided to comply with these recommendations by adding new provisions to its own rules of procedure and to those of the Selection Committee.

In early 2008 the Directors again added to the rules of procedure by:

- arranging for the Board to determine the number of bonus shares or option shares that the Chairman of the Board and the CEO are required to hold throughout their term in office;
- adding provisions prohibiting grants of options or bonus shares on the departure of an executive and the use of risk hedging for the purpose of exercising options or selling bonus shares;
- incorporating the recommendations of the Corporate Governance Code resulting from the consolidation of the co-reports of AFEP and MEDEF of October 2003, January 2007 and October 2008.

In 2010 the Directors updated the rules of procedure relating to the Audit Committee.

In late 2010 TF1 harmonised its black-out schedule for insiders to comply with the recommendations published by the AMF on November 3, 2010 in its "Guide to preventing insider misconduct by senior executives of listed companies". Black-out periods begin 30 calendar days before the publication of annual, half-yearly and quarterly accounts and run until the day of publication.

In July 2011 the Directors voted to revise the rules of procedure. The new text takes account of the most recent provisions on equal opportunities and pay, which the Board voted on for the first time at its Meeting on November 10, 2011. The new text also takes account of the most recent provisions on social and environmental information and the functioning of the Audit Committee, together with AMF recommendations on the prevention of insider misconduct. The Board of Directors approved the Code of Ethics text, included in the appendix of the rules of procedure of the Board of Directors and containing provisions on compliance, which previously were included in the Articles of the rules of procedure.

(1) *Apart from the period from May 2007 to July 2008, when the functions of Chairman and Chief Executive Officer were separated to enable a natural and operational transition of the executive management of the company between Patrick Le Lay and Nonce Paolini.*

To comply with AMF recommendations, the Board of Directors has appointed Sébastien Frapier, Group Legal and Business Affairs Director and Board Secretary, as compliance officer. Directors seeking to make a trade in TF1 shares have the option of using a regulated trading mandate, which enables them to benefit from a rebuttable presumption that they have not committed insider misconduct or to consult the compliance officer in order to ensure that they are not acting as insiders. Under the revised rules of procedure, this consultation is obligatory for Executive Directors and salaried Directors.

REFERENCE TO AFEP/MEDEF CODE

Most of the recommendations of Association Française des Entreprises Privées (AFEP) and Mouvement des Entreprises de France (MEDEF) have long been implemented at TF1.

In February 2009 the AFEP/MEDEF Code recommendations were included in TF1's corporate governance policy. The Board of Directors decided that the company would refer on a voluntary basis to the AFEP/MEDEF Code. These recommendations are listed in the appendix of the Board's rules of procedure text. The Code is available on the MEDEF website at www.medef.com.

However, some of the Code's provisions may be set aside or judged inappropriate for the functioning of the company given its particular circumstances. Under the Privatisation Act of September 30, 1986, a Group of investors led by the Bouygues group was assigned 50% of the capital of TF1 on April 4, 1987; and since January 27, 2006 Bouygues has been the sole participant in the privatisation of TF1. In that capacity it is responsible for honouring the commitments made by the Group of investors, particularly with regard to the continuity of operations.

The table on page 35 of the present registration document and annual financial report includes the provisions in the AFEP/MEDEF Code that have been set aside and the reasons why.

BOARD OF DIRECTORS RULES OF PROCEDURE

The rules of procedure of the Board of Directors, setting forth the rights and duties of Directors and the operating mode of the Board, were adopted at the Board Meeting of February 24, 2003, initiating an Audit Committee and a Selection Committee and extending the responsibilities of the Remuneration Committee, in place since 1987.

The rules of procedure were subsequently regularly modified to take account of the best governance practices.

The main provisions in the rules of procedure of the Board of Directors concern the powers, duties and tasks of the Board and its committees. The rules also set out the principles for the annual assessment of the functioning of the Board.

The rules of procedure may be accessed at the company website: www.groupe-tf1.fr.

GENERAL RULES ON THE COMPOSITION OF THE BOARD OF DIRECTORS AND THE APPOINTMENT OF DIRECTORS

The Articles of Incorporation state that the company is managed by a Board of Directors of twelve members, of whom ten are appointed by the Combined Annual General Meeting.

Two are selected by electoral colleges of employees in compliance with Article 66 of Act 86-1067 of September 30, 1986 on freedom of communication, according to which at least one-sixth of the Board should be made up of employee representatives and one seat should be reserved for engineers, executives and those in a similar category.

The term of office of Board members is two years.

The company complies with the entire AFEP/MEDEF Code, excluding the provisions listed in the following table, which also explains why these provisions were set aside.

AFEP/MEDEF Code provisions set aside	Reason
Article 8.4: The criteria used by the committee and the board when qualifying an independent director: ▪ Not be an employee or an officer of TF1 or an employee or Director of its parent company or of one of its consolidated subsidiaries, and not have been one within the last five years ▪ Not be a director of the company for more than 12 years	According to Article 8.3 of the AFEP/MEDEF Code, the Board may consider that a director not fulfilling all the independence criteria set forth in the Code is nevertheless independent given his or her particular situation or that of the company, in respect of its shareholders or for any other reason. In application of this provision, the Board reviews the situation of directors exercising or having exercised the functions of director at the Bouygues group, with a view to determining whether the importance or the nature of such functions is likely to affect the independence of their judgment or place them in a real or potential situation of conflict of interest. As such, the Board considers that the personality, qualities and freedom of judgment of Patricia Barbizet ensure the independence required for her to exercise her functions. Patricia Barbizet thus has the status of independent Director. In addition, the Board considers that holding a directorship for 12 years does not diminish the quality of independence of the Board member concerned. The effective contribution of each Director in the work of the Board and the experience acquired on the Board enhances the individual's knowledge of regulatory and legal aspects in the audiovisual sector, which is being reorganised in response to the difficult economic environment.
Article 9.2: The assessment shall in particular measure the effective contribution of each director to the work of the board through his or her skills and involvement in debate	Given the collegial character of the Board favoured by TF1, the assessment questionnaire focuses on the collective contribution of the directors to the functioning of the Board.
Article 12: Directorships shall be staggered so as to avoid the change of an excessive number of directors at the same time and to foster the harmonious renewal of directors	The company has thus far been in favour of the frequent appointment of directors for a set two-year term and is reviewing the principle of the harmonious renewal of directors.
Article 15.1 (referring to Article 16.1): The Selection Committee shall be composed as a majority of independent directors	The composition of the committee takes account of the fact that under the privatisation law Bouygues became the main player in the privatisation of TF1 and as such is responsible for respecting the requirements undertaken by the group of investors, in particular the requirement concerning business continuity. Since January 2006 Bouygues has been the only shareholder remaining from the original investor group.

RULES ON THE INDEPENDENCE OF MEMBERS OF THE BOARD OF DIRECTORS

The AFEP/MEDEF Code considers that a Director is independent when "he or she has no relationship of any kind with the company, its Group or its Management that could compromise the independence of his or her judgement" and sets forth the following independence criteria:

- not be an employee or an officer of TF1 or an employee or Director of its parent company or of one of its consolidated subsidiaries, and not have been one within the last five years;
- not be a corporate officer of a company in which TF1 holds a directorship, directly or indirectly, or in which an employee appointed as such or a corporate officer of the company (currently in office or having held such office going back five years) is a Director;
- not be a customer, supplier, investment banker or commercial banker with material importance for the company or its Group, or for which TF1 or its Group generates a material portion of business;
- not be related by close family ties to a corporate officer;
- not have been an auditor of TF1 within the last five years;
- not have been a Director of TF1 for at least 12 years.

REVIEWING THE INDEPENDENCE OF DIRECTORS

The Board of Directors reviews annually and on an individual basis, following the opinion of its Selection Committee, the situation of each Director in respect of all the independence rules of the AFEP/MEDEF Code. The Board of Directors, following the opinion of the Selection Committee, proposes the appointment and/or renewal of directors at the Shareholders' Annual Meeting.

Under Article 8.3 of AFEP/MEDEF Code, the Board of Directors may consider that a Director not fulfilling all the independence criteria in the Code may nevertheless be independent, given his or her particular situation or that of his or her company, in respect of its shareholders, or for any other reason.

The Board paid particular attention to Directors holding or having held directorships in the Bouygues group to ascertain whether these duties were such, either because of their importance or nature, that the Director's independent judgement might be affected or that he or she might face a real or potential conflict of interest.

Apart from Nonce Paolini, the non-independent Directors are Martin Bouygues, Olivier Bouygues, Philippe Marien, a standing representative of Bouygues, and Olivier Roussat, a standing representative of Société Française de Participation et de Gestion – SFPG.

The company considers that Patricia Barbizet is a person exterior to the Bouygues group, whose qualities and freedom of judgment are not called into question, even if she does not qualify as an independent director under AFEP/MEDEF Code criteria.

Claude Berda is a non-independent Director. The Directors considered that the arrival of Claude Berda, co-opted on February 17, 2010, would increase the Board's competencies because of his extensive knowledge of the TV industry.

The Directors want to continue opening up the Board to other independent Directors besides Gilles Pélisson, fully independent, and increasing the presence of women on the Board.

When co-opting Laurence Danon on July 22, 2010, the Directors considered that, according to the principles in the AFEP/MEDEF Code, she was fully independent.

The appointment as Director of Janine Langlois-Glandier at the General Meeting of April 19, 2012 strengthened the independence and gender equality of the Board. According to the principles in the AFEP/MEDEF Code, the Selection Committee indeed observed that Janine Langlois-Glandier was fully independent.

The independent Directors are Patricia Barbizet, Laurence Danon, Janine Langlois-Glandier and Gilles Pélisson.

As at February 19, 2013, the TF1 Board of Directors had 12 Directors, of whom 4 were women, including:

- 4 Directors representing the sole remaining shareholder of the Group of acquirers and responsible for meeting the obligations agreed to by that Group;
- 1 Director representing senior management;
- 4 independent Directors;
- 1 non-independent Director;
- 2 Directors representing employees, elected in compliance with Article 10 of the Articles of Incorporation by the electoral colleges of employees under Article 66 of Act 86-1067 of September 30, 1986.

DUTIES OF DIRECTORS – CONFLICTS OF INTEREST – CODE OF ETHICS – CONVICTIONS - OTHER INFORMATION

To the knowledge of TF1, in the last five years no member of a Board body has been:

- convicted of fraud; associated with a bankruptcy, compulsory administration or liquidation;
- incriminated or publicly sanctioned by any statutory or regulatory authority, including professional organisations;
- prevented by a court from acting as a member of a Board of Directors, a Management Board or a Supervisory Board of a publicly listed company or from running such a company.

No restrictions are imposed on the members of the Board of Directors concerning the disposal of their holdings of the issuer's shares, with two exceptions:

- the Chairman and CEO is required to hold a minimum number of bonus shares or option shares throughout his or her term of office;
- each Director is required to own at least one share in the company. The rules of procedure of the Board of Directors recommend that each Director not representing employees should own at least 100 shares for the duration of his or her term in office and respect the rules to prevent insider dealing.

Directors are regularly reminded of the obligation placed upon them to declare any dealings in TF1 shares undertaken by themselves or by persons with close personal ties to them. Such dealings must be reported within five days of the trade in accordance with Article 223-22 of the General Regulation of the French securities regulator, *Autorité des Marchés Financiers* (AMF). TF1 reports this information, which includes the individual's name, to the AMF and makes it public in a press release.

Article 5 of the Code of Ethics contains detailed provisions aimed at preventing conflicts of interest. The company is currently aware of the following potential conflicts of interest:

- Bouygues, the majority shareholder, is represented on the Board of Directors by Martin Bouygues, Olivier Bouygues, Philippe Marien and Olivier Roussat. Nonce Paolini has a relation with Bouygues through an employment contract. He is also a Director of Bouygues;
- Claude Berda is a shareholder of WBTV, a company 49% owned by TF1, and Chairman of Groupe AB, a company 33.5% owned by TF1;
- Fanny Chabirand and Jean-Pierre Pernaut are linked to the company by work contracts.

To the company's knowledge, none of the members of the Board of Directors (who are natural persons) is linked to TF1 or to any of its subsidiaries by a service contract that provides for the granting of benefits.

To the company's knowledge, no potential conflicts of interest currently exist between the duties toward the company of the members of the Board of Directors and their private interest or other duties.

The Statutory Auditors' special report dealing with regulated agreements and undertakings (see page 188) assesses the agreements and undertakings submitted to the approval of the Board and concerning which the Directors refrained from voting for given the existence of real or potential conflicts of interest.

In July 2011 the Board revised its rules of procedure, grouping all compliance-related obligations placed on Directors in a Directors Charter, which was appended to the rules of procedure and is available on the website at www.groupe-tf1.fr.

FUNCTIONING AND MISSIONS OF THE BOARD COMMITTEES

ORGANISATION OF THE BOARD OF DIRECTORS

The administration of the company is entrusted to a Board of Directors. Directorships are renewed every two years.

The TF1 Board of Directors operates in a manner that complies with legal and regulatory provisions, the rules set out in the company's Articles of Incorporation, the Board's regularly updated rules of procedure, and the recommendations of the AFEP/MEDEF Code of Corporate Governance.

All the Directors have the same powers and duties. Decisions are taken collectively.

As part of its assessment, the Board of Directors places particular emphasis on the training, skills and experience of each of its members, as well as their knowledge of the Group's business lines, which will enable them to make an effective contribution to the work of the Board and to that of the three committees that assist it: the Audit Committee, the Remuneration Committee and the Selection Committee.

The Board aims to improve governance in terms of independence and increasing the presence of women.

Since the appointment of Janine Langlois-Glandier in 2012, the Board has included four independent Directors. The independence of the Audit Committee was strengthened by the arrival of Laurence Danon in this Committee.

Including Fanny Chabirand, staff representative Director, the TF1 Board of Directors includes four women, accounting for 30% of members. The Board will reach the 40% threshold within the scheduled deadline, i.e at the latest in 2017.

The expertise of the Directors, based on their experience, ability to understand the challenges and risks facing Group businesses, diverse and complementary backgrounds and training, as well as their involvement, ensure a high standard of debate and deliberation within the Board. The Board of Directors is balanced, diversified, experienced and accountable.

The Board has not appointed any non-voting Directors.

BOARD ASSESSMENT

Each year, in accordance with the AFEP/MEDEF Code, the Directors scrutinise Board practices particularly with regard to composition, organisation and operation. They assess the Board's role and whether the Board is appropriately organised; and they do the same for its committees. The rules of procedure stipulate that the Selection Committee should periodically address issues relating to Board membership, organisation and operation with a view to making proposals to the Board.

The objectives of the annual assessment are to review the Board's operating methods, ensure that key questions are adequately prepared and debated, and measure the effective contribution of the Directors to the Board's work.

The assessment looks at the schedule and length of Board Meetings, the agenda, the quality of discussions, the work of the committees and the information provided to Directors.

To debate the organisation and functioning of the Board, a detailed questionnaire is sent in advance to the Directors. Given TF1's attachment to the collegial character of the Board of Directors, the questionnaires are focused on the collective contribution of the Directors and the Committee members to the functioning of the Board.

As a whole, the Directors' responses expressed a positive or very positive assessment of the composition, organisation and operation of the Board and his Committees. The Directors noted that their wish, expressed in November 2011, to strengthen the Board through the appointment of independent Directors had been taken into account with the arrival of Janine Langlois-Glandier in April 2012.

The information received on most issues was judged satisfactory to very satisfactory. Some Directors said that information could be improved in some areas, including competition, strategy and long-term development.

The assessment served to verify that important issues are correctly prepared for and debated and that the Directors are efficient and dedicated. The Directors appreciate having the opportunity to bring together the Board's *ad hoc* committees to discuss acquisition and development topics.

The Committees were positively or very positively appraised. Members considered debates high level and answers clear.

The Directors' remuneration system through Directors' fees was deemed satisfactory.

The need to increase the presence of women (currently 30%) on the Board is another priority that will guide future discussions on enhancing TF1 governance.

PROPOSAL ON THE COMPOSITION OF THE BOARD SUBMITTED AT THE GENERAL MEETING OF APRIL 18, 2013 – RENEWAL OF THE TERMS OF SEVEN DIRECTORS – APPOINTMENT OF TWO NEW DIRECTORS

The Board of Directors meeting of February 19, 2013 reviewed the directorships coming to an end at the next General Meeting, taking into account the expertise of the current Directors and the need to respect the increased presence of women Directors, in line with Act 2011-103 of January 27, 2011 on the balanced representation of women in Boards of Directors and Supervisory Boards and on professional gender equality.

After receiving the opinion of the Selection Committee, the Board of Directors proposed the following to shareholders at the General Meeting:

- the appointment as a new Director of Catherine Dussart, a producer of long-format films, replacing Patricia Barbizet, who has not requested a renewal of her directorship. The Board of Directors reviewed Catherine Dussart's directorship candidacy in the light of the independence rules of the AFEP/MEDEF Code. It concluded that Ms Dussart should be considered as an independent Director as she meets all the criteria set out in the Code.

After studying management, Catherine Dussart began her career as a press officer and then became a producer.

She started out with short films, before moving naturally on to feature films and long-format documentaries for the cinema and television with the creation of Les Productions Dussart in 1992 and CDP in 1994. She is currently a member of the Club of European Producers, a consultant for Ateliers du Cinéma Européen (ACE), a member of the Board of Directors of the Franco-Russian Cinema Academy and a member of the Committee on aid to world cinema organised by Centre National de la Cinématographie (CBC). She was a member of the CNC's committee on advances on takings for two years and Vice Chair in 2004, as well as a member of the CNC's distribution aid committee;

- the appointment as a new Director of Olivier Roussat, CEO of Bouygues Telecom, previously standing representative of Société Française de Participation et de Gestion – SFPG, which has not requested a renewal of its directorship. The Board notes that Olivier Roussat will not be independent according to the criteria of the AFEP/MEDEF Code;
- the renewal of the directorships of Claude Berda, Martin Bouygues, Olivier Bouygues, Laurence Danon, Nonce Paolini, Gilles Pélisson and the Bouygues company.

If voted, these appointment and renewal proposals would maintain at 4 out of 12 the number of independent persons and the number of women on the Board of Directors.

The Board has committed to pursuing the improvement of its governance in terms of independence, the presence of women and the diversity of its composition.

BOARD MISSION

The Board plays a key role in determining the strategy and key policies of the company and the Group and in monitoring the implementation of these policies.

The mission of the Board of Directors is thus to:

- determine the strategy and policies of the company and the Group;
- conduct major operations, undertake major investments and carry out internal restructuring;
- monitor execution of the above operations;
- report to shareholders and financial markets;
- carry out any checks and verifications that it considers appropriate;
- set the remuneration of corporate officers.

A review is made at each Board Meeting of the operations and events having occurred since the previous meeting and of the main projects underway and likely to be completed before the next meeting. The Board of Directors is informed at least once every quarter by the Executive Committee of the financial situation, cash situation and commitments of the company.

Between Board Meetings, the Directors receive all the useful information on significant Group events and operations. More generally speaking, they may at any moment receive from the Chairman all the information and documents they consider useful to the achievement of their duties.

BOARD OF DIRECTORS RESPONSIBLITIES AND ACTIVITIES IN 2012

Board Meetings are in principle held quarterly, and additional Meetings may be convened for special presentations or to examine exceptional issues.

The TF1 Board of Directors met seven times in 2012 and constituted two *ad hoc* committees, in May and September.

The following table details the Board's main decisions and attendance rates for 2012.

Board Meeting	Main decisions	Attendance
February 15th (1)	Review of activity in 2011 and the outlook for 2012; approval of individual and consolidated annual financial statements in 2011 and the proposed allocation of earnings, submitted to Annual General Meeting; approval of accounting and forward-looking documents; information on projects underway, notably the registration of three bids by TF1 in response to the CSA's call for tender concerning six new HD channels and the renewal of the agreement between TF1 Droits Audiovisuels and UGC; consideration of legal and regulatory changes in the audiovisual sector and current litigation; review of reports from the Selection and Remuneration Committees; observation of the increase in company capital through the issue of TF1 shares subscribed as part of the option subscription plan; proposal of the appointment of Janine Langlois-Glandier as a new Director at the Annual General Meeting; financial authorisations, approval of reports and resolutions presented at the Annual General Meeting.	92%
April 19th Before AGM	Results of staff representative director elections; appointment of Olivier Roussat as a member of the Selection Committee; review of written questions from shareholders; review of current developments, notably the selection by the CSA of the HD1 channel for national DTT and HD unscrambled broadcasts, and current litigation; authorisation to negotiate a new profit-sharing scheme for employees of the TF1 group	75%
May 14th (1)	Review of consolidated financial statements for first-quarter 2012 and strategic focuses; update of plan; examination of risk mapping; review of legal environment and cases underway; creation of an *ad hoc* concerning the TF1 bid for the TV broadcast rights for the matches of the next two Rugby World Cups in 2015 and 2019 and the qualifying matches for Euro 2016 and the 2018 Soccer World Cup; authorisation for new stock option plan.	75%
June 4th	Authorisation of project to acquire TV broadcast rights for UK Premier League and new distribution agreements for British Eurosport 2.	83%
July 25th (1)	Review of first-half 2012 financial statements; update of accounting and forward-looking documents; outlook and strategic focuses; follow-up on current files; report by May 24th *ad hoc* committee; creation of an *ad hoc* committee to draw up the conditions for submitting the TF1 bid for the broadcast rights of the 2013-2015 seasons of the Formula One World Championship.	75%
November 13th (1)	Review of financial statements for third-quarter 2012; analysis of activity and estimated results for 2012, the three-year plan, development and strategy; review of current files, legal and regulatory changes in the audiovisual sector and current litigation, review of specifications; analysis of TF1 capital decrease; Group policy on professional and pay equality; assessment of Board of Directors.	83%
December 12th	Authorisation of partnership with Discovery including Discovery's acquisition of 20% of Eurosport and the pay-TV channels (TV Breizh, Histoire, Ushuaïa TV et Stylía) and the development of production activities in France through TF1 Production.	75%

(1) The Board reviewed the report of the Audit Committee.

On average, the attendance rate of Directors in 2012 was 80%.

For major projects, the Board may ask some of its members to form an *ad hoc* committee in order to approve projects and assess the impact they have on the Group's accounts and financial position.

An *ad hoc* committee of the Board of Directors was set up for (i) the IRB call for tender to draw up the bid for the TV broadcast rights for the matches in the next two Rugby World Cups, in 2015 in the UK and in 2019 in Japan, and (ii) the UEFA call for tender to draw up the bid for the TV broadcast rights of the qualifying matches for Euro 2016 (France) and the 2018 Soccer World Cup (Russia). Meeting on May 24, 2012 the committee, composed of Nonce Paolini, Laurence Danon, Philippe Marien, Janine Langlois-Glandier and Olivier Roussat, consulted the operational and functional heads concerned at TF1.

A second *ad hoc* committee met on September 5, 2012 to iron out the conditions for the bid for the broadcast rights for the 2013 to 2015 season as part of the call for tender launched by the Formula One World Championship. Committee members were also informed on advances in the negotiations with IRB concerning the TV broadcast rights for the next two Rugby World Cups, in 2015 and 2019, following the *ad hoc* committee meeting on May 24, 2012. Meeting on September 5, 2012, the committee was composed of Nonce Paolini, Patricia Barbizet and Philippe Marien. It was also attended by the operational and functional heads concerned at TF1.

INFORMATION

In general, the Directors get the information ahead of time that they need to make decisions. Recommendations are made after due deliberation and decisions are taken on a collegial basis.

Each Director has one vote. In the case of a tie, the Chairman of the Meeting has the casting vote. The employee representatives designated by the Works Council, the General Counsel, the Executive Vice President, Group Purchasing and Finance Director, the Director of Human Resources, and the Group Legal and Business Affairs Director, who is in charge of secretariat duties, all attend Board Meetings. The Statutory Auditors are invited to all Board Meetings convened to examine the financial statements. Group senior executives regularly participate in Board Meetings to help Directors understand the situation in the Group's market and businesses and provide information about developments and strategy.

The role of the Board Secretary is to ensure that the Board operates smoothly. The Secretary draws up the Board's Meetings schedule, prepares the agendas and organises Meetings with the Chairman and CEO. The Secretary also prepares the draft minutes that are submitted for Directors' approval at the following Meeting. The Secretary organises the Board assessment process, helps to prepare the documents provided to shareholders ahead of the General Meeting and looks after relations with individual shareholders. The Secretary also acts as the Board's compliance officer.

Directors receive a Notice of Meeting around two weeks before each scheduled Meeting, together with the minutes of the previous Meeting. During the Meeting, Directors are provided with all relevant documents and information, together with a list of any risks that have been identified, in accordance with regulatory constraints and in the interest of the company. They also receive the minutes of the Meetings of the Audit, Compensation and Selection Committees.

Directors periodically receive information about the company and the Group, including strategic and business plans, information for monitoring businesses and their revenues, the financial position, cash flow and liabilities of the company, events affecting or likely to significantly affect the Group's consolidated profits, and the main events pertaining to human resources and staffing levels.

TRAINING

On being appointed to the Board, each TF1 Director is given a presentation on the company, its business lines and sectors of activity and meets with the heads of the Group's main divisions. And during their terms of office, Directors can obtain additional training from key managers of TF1 and its subsidiaries.

Each Director may also seek supplementary information on his or her own initiative and the Chairman and CEO is permanently available to the Board to provide explanations and substantive information.

TASKS OF THE COMMITTEES – INTERACTION WITH THE BOARD

The Board of Directors may decide to set up one or more specialised committees. It rules on the composition and attributions of these committees, which work under its responsibility. The committees are made up solely of Directors and serve to back up the work of the Board.

Each committee produces proposals, recommendations and opinions, and reports on its work to the Board of Directors.

The Board has three specialised committees: the Audit Committee, the Compensation Committee and the Selection Committee. It determines the composition and powers of the committees, which carry out their activities under the Board's responsibility, and the Board appoints their members from among the Directors.

The committees are chaired by persons who are not members of the company's management bodies and who have a casting vote. The committees are composed of two or three Directors. Any individual serving as Chairman, CEO or Deputy CEO of TF1 is not entitled to sit on the Audit Committee or the Remuneration Committee. The Directors consider that these provisions guarantee the committees' independence and efficiency.

The three committees meet at the initiative of their respective chairmen or at the request of the Chairman of the Board of Directors and can deliberate provided two of their members are present. Decisions are made by simple majority of the members, who report on their work at the next following Meeting of the Board of Directors.

If the Board is to discuss an issue within the jurisdiction of one of the committees, it first refers the matter to the committee in question. The discussion takes place after a report from that committee.

AUDIT COMMITTEE

Composition of Audit Committee

The Audit Committee was created on February 24, 2003 as the Accounts Committee. Two thirds of its members are independent Directors and have advanced skills in finance or accounting, in compliance with the AFEP/MEDEF Code.

At February 19, 2013, the committee consisted of Patricia Barbizet, Chair, independent Director, Laurence Danon, independent Director, and Philippe Marien. The members were chosen for their extensive accounting and finance expertise acquired through training and in their professional functions. The arrival of Laurence Danon on the Committee in April 2011 strengthened its independence. The biographies of the members can be found in Chapter 2.1.1 of this document.

The composition of the Audit Committee will be changed after the Annual General Meeting of April 18, 2013, as Patricia Barbizet has not requested the renewal of her term of office as Director.

Rules of procedure of the Audit Committee

The Audit Committee is governed by rules of procedure that set forth its tasks and duties. The rules of procedure are regularly modified by the Board of Directors.

During each of the four meetings planned every year, the Audit Committee reviews the quarterly, half-yearly and annual financial statements, the cash situation and the conclusions of the Internal Audit and Internal Control Departments before they are submitted to the Board.

The Committee is tasked with follow-up on issues concerning the elaboration and monitoring of accounting and financial information. It is notably responsible for:

- the process for preparing financial disclosures. As such, it:
  - examines the parent company accounts and consolidated financial statements at least two days before they are presented to the Board,
  - ensures the appropriateness and consistency of the accounting methods adopted to prepare the accounts,
  - examines the internal control procedures for the preparation of the financial statements, with the assistance of internal departments and competent advisors,
  - examines changes that may have a material impact of the financial statements,
  - examines the principal estimates and judgments and options for closing the accounts, as well as the main changes in the scope of consolidation;
- the effectiveness of the internal control and risk management systems;
- the audit of the consolidated and parent company accounts by the Statutory Auditors;
- the independence of the Statutory Auditors. As such, it;
  - examines in detail the fees paid by the company and its Group to the Statutory Auditors and checks that the proportion of these fees in the revenues of each audit firm will not affect its independence,
  - directs the procedure for selecting and reappointing the Statutory Auditors,
  - makes a recommendation on the Statutory Auditors proposed to the General Meeting for commitment;
- issuing reports and recommendations to the Board of Directors on the foregoing matters, not only on a periodic basis and at the balance sheet date, but whenever a noteworthy event occurs.

Audit Committee activity in 2012

The committee met four times in 2012 and once in the first two months of 2013. Each meeting was attended by the Executive Vice President, Group Purchasing and Finance, the Director of Accounting, Tax and Finance Information Systems, the head of Financing, Treasury and Investor Relations, the head of Internal Audit, the head of Internal Control, and the Statutory Auditors. The attendance rate was 83%. Minutes were taken of each Meeting and subsequently sent to the Directors.

To carry out its duties, the committee has access to all the accounting and financial documents it deems useful. It can also consult, without the presence of the executives, the employees of the company responsible for financial statements, cash flow and Internal Audit, as well as external auditors. As provided for in the AFEP/MEDEF Code, the Committee can also call on the services of external experts. The Committee may take note of the observations of Statutory Auditors, without the presence of company representatives, so as to ensure that they have access to all the information and that they are in possession of all the resources necessary to the exercise of their functions. The Statutory Auditors present the Committee with a summary of their work and the accounting options selected for the financial statements.

When examining the accounts, the Statutory Auditors provide the Committee with a memo underlining key aspects in the consolidation scope, results and accounting options selected. The Chief Financial Officer also submits a memo describing risk exposure and the company's major off-balance sheet commitments. The main recommendations of the Statutory Auditors give rise to an action plan and a monitoring procedure.

The Committee reports on its work at the next following meeting of the Board of Directors and informs the Board without delay of any problems it may encounter. The deliberations of the Audit Committee and the information communicated to it are extremely confidential and may not be included in any communication pieces external to the Board of Directors. However, this rule does not constitute an obstacle to the mandatory financial informant requirements of listed companies.

The Audit Committee has recommended the renewal, for six financial years, of the mandate of Mazars as Statutory Auditor and Thierry Colin as alternate Auditor.

The Committee measures the effective contribution of each Director to the work of the Board through his or her skills and involvement.

Minutes were taken of each Meeting and sent to the Directors.

REMUNERATION COMMITTEE

Composition of the Remuneration Committee

The Remuneration Committee, set up in 1989, was at February 19, 2013 composed of Patricia Barbizet, Chair, independent Director, and Philippe Marien. Their biographies can be found in Chapter 2.1.1 of this document.

The composition of the Remuneration Committee will be changed after the Annual General Meeting of April 18, 2013, as Patricia Barbizet has not requested the renewal of her directorship.

Rules of procedure of the Remuneration Committee

The Remuneration Committee is governed by rules of procedure that set forth its tasks and duties. The rules of procedure are regularly modified by the Board of Directors.

The Committee's remit is to:

- propose to the Board of Directors the compensation for corporate officers and the benefits of whatever kind made available to them;
- examine stock option plans for corporate officers and employees;
- make proposals for remuneration and incentive systems for Group executives;

- submit to the Board of Directors the draft report required under the French Commercial Code on:
  - compensation and benefits of all kinds granted to the corporate officers by the company and controlled companies,
  - stock options granted to and exercised by the corporate officers and the ten company employees receiving the highest grants,
  - options granted to and exercised by employees of companies that are majority controlled by TF1.

Remuneration Committee activity in 2012

The Remuneration Committee met twice in 2012 and once during the first two months of 2013. The attendance rate was 100%. The Committee met to review the launch of a new TF1 stock option plan for Group management, which was presented to the Board of Directors on May 14, 2012. The Committee also provided the Board with an opinion on setting the compensation of TF1's Executive Director. Minutes were taken of each Meeting and sent to the Directors.

SELECTION COMMITTEE

Composition of the Selection Committee

The Selection Committee was set up on February 24, 2003. Since April 19, 2012 it has been composed of Martin Bouygues, Chairman, and Olivier Roussat, both non-independent Directors. Their biographies can be found in Chapter 2.1.1 of this document.

Rules of procedure of the Selection Committee

The Selection Committee is governed by rules of procedure that set forth its tasks and duties. The rules of procedure are regularly modified by the Board of Directors.

The Committee's remit is to:

- periodically examine questions concerning the composition, organisation and operation of the Board of Directors and to make recommendations to the Board;
- examine:
  - possible candidates for directorships, ensuring that independent persons sit on the Board of Directors,
  - plans to create Board Committees and proposals concerning their responsibilities and members,
  - all measures to be taken to fill any executive posts that become vacant.

Selection Committee activity in 2012

The committee met twice in 2012 and once in the first two months of 2013, with a 100% attendance rate. It gave its position on the composition of the Board and recommended the appointment of Catherine Dussart, replacing Patricia Barbizet, who has not requested the renewal of her directorship, and that of Olivier Roussat, CEO of Bouygues Telecom, hitherto standing representative of Société Française de Participation et de Gestion – SFPG, which has not requested the renewal of its term. Minutes of each Meeting were sent to the Directors.

GENERAL MANAGEMENT

In accordance with the law, the Board elects from among its members a Chairman (a natural person) who organises and guides its work and ensures that each component of the company is in correct working order. The Board entrusts the general management of the company to the Chair of the Board or to another natural person, Director or not, who takes the title of Chief Executive Officer.

At its meeting on July 31, 2008, the Board put an end to the separation of the functions of Chair of the Board and Chief Executive Officer and appointed Nonce Paolini as Chairman and Chief Executive Officer. The Board confirmed the non-separation at its meeting on April 14, 2011.

This decision is a factor of efficient governance, especially given the organisation of the TF1 group, which relies on an Executive Committee, which comprises the seven senior executives of the TF1 group and meets weekly, as well as the Senior Management Committee, which brings together the directors of each Group division and functional directors and meets once a month. These Committees coordinate the implementation of strategic policies and monitor the achievement of objectives.

Limits on the powers of the Chief Executive Officer

In accordance with the law, the Chief Executive Officer is vested with the widest powers to act on behalf of the company in all circumstances. He exercises these powers within the limits of the corporate purpose and subject to the powers expressly accorded to Shareholders' Meetings and the Board of Directors.

The rules of procedure of the Board list the decisions that must be taken by the Board. These include the initiation of strategic focuses, business plans and policy on financing the business units and the Group; the approval of large and truly strategic transactions; the authorisation of investments, organic growth transactions, external acquisitions, disposals and internal restructurings that are considered as significant at Group level, particularly if the transaction does not correspond to the company's announced strategy; the authorisation of major financing operations through public offers; and the authorisation of the main guarantees and major commitments.

In 2012 the Board of Directors approved the strategic investment projects and all transactions, notably acquisitions and disposals, likely to significantly affect the Group's results, balance-sheet structure or risk profile.

The Board of Directors meeting of February 15, 2012 authorised the CEO for 1 year to give guarantees and endorsements in the name of the company up to a total amount of €50 million. At the same meeting, the Board authorised the CEO for 1 year to give guarantees and endorsements in the name of the company to tax and customs administrations in an unlimited amount. Both these authorisations are valid for one year.

PROCEDURES FOR THE PARTICIPATION OF SHAREHOLDERS IN THE GENERAL MEETING

Detailed procedures for the participation of shareholders in the General Meeting are provided in Chapter 8.1, page 284 of this registration document and annual financial report.

MATTERS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFER

Matters likely to have an impact in the event of a public offer are addressed in Chapter 6.1.8 on page 203 of this document.

2.2.2 Chairman's report on internal control procedures

INTRODUCTION

BACKGROUND

The purpose of this report is to describe the internal control procedures set up by the company. It covers TF1 SA as producer and broadcaster of the TF1 channel, and also its role in coordinating and participating in the oversight mechanisms of the subsidiaries over which it exercises exclusive or majority control.

TF1 monitors the harmonisation of the main financial procedures of the entire Group while respecting the specific characteristics of each business to preserve appropriate analysis and responsive decision-making. It also implements risk identification procedures across its scope of responsibility in order to establish appropriate procedures and controls for each business-critical cycle. The TF1 group is particularly sensitive to the importance of internal controls, especially concerning accounting or financial matters, where reliability of information is crucial.

This report is compiled from information and analyses performed in cooperation with the various contributors to internal control in TF1 and its subsidiaries, resulting in a factual description of the control environment and the procedures in place.

Coordinated by the Internal Control Department, the report has been subjected to an approval process by the Finance and Legal Affairs Divisions. It was also sent to the Statutory Auditors and subsequently presented by the Chairman to the Audit Committee and to the Board for approval.

INTERNAL CONTROL OBJECTIVES AND PRINCIPLES

To analyse its internal control system and prepare its report on internal control procedures, TF1 has used since 2007 the internal control framework published on January 22, 2007 subsequent to the work carried out by the task force set up by the French securities regulator, the AMF. The revision of the reference framework of the AMF took place in 2010, in particular in order to integrate the legal and regulatory evolutions in terms of risk management, as well as the AMF recommendation regarding Audit Committees.

According to that framework, which is compatible with the benchmark of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) used by TF1 in previous years, internal controls are defined as a method to ensure:

- compliance with laws and regulations;
- enforcement of the instructions and policies of governance bodies;
- the proper functioning of the company's internal processes, particularly those concerned with safeguarding assets;
- the reliability of financial reporting (details of key controls can be found in the "Application Guide on Control of Accounting and Financial Information Published by Issuers").

This system should also contribute to monitoring the activity, effectiveness of operations and efficient use of the company's resources. However, no such system can provide an absolute guarantee of achieving targets and overall control of the risks to which the Group might be exposed.

The TF1 group is committed to a process of continuously and dynamically adapting its internal control system to its activities, with the ultimate aim of assessing the system's appropriateness and efficiency.

INTERNAL CONTROL: GENERAL PRINCIPLES

ORGANISATION AND OPERATING PROCEDURES

The basis for the general Internal Audit environment consists of the Group's corporate governance principles, its organisational structure, notably as regards operating procedures, and widespread dissemination of its values and rules.

Organisation

The organisation, composition and functioning of the Board of Directors and specialised committees which assist it (the Audit Committee, Compensation Committee and Selection Committee), as described in the section of the report on the preparation and organisation of the work of the Board of Directors, comply with corporate governance rules and are conducive to effective internal controls.

The Board, under the authority of its Chairman, determines the company's policies and, with the help of the Audit Committee, ensures that appropriate internal control systems are set up within the Group. Key decisions, such as the acquisition of programmes (sport events rights, contracts with major film studios, etc.) are subject to clear approval processes, with decisions being taken by senior management based on recommendations of the different *ad hoc* committees. The Board is kept regularly informed.

As Chairman and CEO of the TF1 group, Nonce Paolini has line and staff responsibility for implementing the strategy established by the Board of Directors for Group activities. Specifically, he arranges for internal control systems to be implemented in the Group. For this he is supported by the Executive Committee, which comprises the seven senior executives of the TF1 group and meets weekly, as well as by the Senior Management Committee, which brings together the directors of each Group division and functional directors and meets once a month. These committees enable the CEO to pass along the key internal control policies and to make executives accountable for implementing and monitoring the internal control systems in their area of responsibility.

Powers are delegated on the basis of guidelines set by the Group to achieve the twin objective of making operational staff accountable and controlling commitments at the appropriate level. On the latter point the company is organised in such a way as to allow for independent control by separating operational functions from those involving the protection of assets and accounting recognition of operations.

Objectives

The three-year plan reflects the mid-term strategic policies and determines the budget for the coming year. It represents the commitments made by the managers of the various Group entities.

As such, this plan is also a key element of the internal control environment. It defines the objectives in terms of sales levels and costs, as well as the resources, entities and organisation to achieve those objectives.

The process of developing the three-year plan also implies a structured approach aimed at ensuring the quality of the objectives. The approach is organised by the TF1 Strategic Planning and Internal Control Division. The plans from the various TF1 group entities and companies are subject to a validation process chaired by the Finance Division (DGAAF).

A summary of these plans is presented to the Chairman and CEO and to the TF1 Board. During the final quarter of the year, a document summarising the whole of the TF1 group three-year plan process is presented to the Board of Directors, which approves the budget.

Rules and principles

The TF1 group focuses on compliance with the rules and values disseminated through rules of procedure (those of TF1 SA and of its subsidiaries), operating guidelines, as well as through the Code of Conduct used by the Bouygues group. In 2009 TF1 appointed the General Counsel as the Group Ethics Officer charged with reporting regularly to the Chairman on any problems encountered in business practices, in collaboration with the Board of Directors, and developing solutions appropriate the Group's business lines. The Ethics Officer is also responsible for responding to employees' queries on these issues.

TF1 also adheres to the Code of Ethics of the Bouygues group, the aim of which is to encourage managers and staff to adopt a common set of values, including respect and a sense of responsibility for all. The Code commits the Group to stringent standards of business conduct. It also includes a whistleblowing mechanism to enable employees to point out irregularities in certain pre-defined areas, of which they have become aware in the course of their duties.

Similarly, in 2006, TF1 joined the United Nations' Global Compact, demonstrating its determination to adopt and promote respect for the principles and values of human rights, environmental protection, working standards and the fight against corruption. In 2010 TF1 became the first media Group to be awarded the Diversity label, an accreditation given to companies that take affirmative action to promote diversity and prevent discrimination. The award, which is based on stringent criteria and regularly monitored, constitutes formal recognition by an independent body – AFNOR Certification – that TF1's equality-promotion and anti-discrimination procedures are compliant and effective in the fields of hiring, career management, training, communication and relations with customers and service providers. TF1 published its second Diversity Annual Report in 2012, addressing trade unions, staff representatives and employees and assessing the effectiveness of Group efforts with indicators on four key priorities: disability, seniors, gender equality and ethnic diversity. In late 2012, an audit of compliance with Diversity label specifications confirmed that TF1 had met its commitments.

The industry in which TF1 operates is constantly changing, primarily as a result of technological advances. TF1 therefore seeks to maintain a high level of workforce skills through an ambitious programme of recruiting and ongoing training that helps employees keep abreast of operational requirements.

Furthermore the Bouygues Management Institute regularly organises seminars in which TF1 executives participate. The objective is to encourage managers to reflect on their role, responsibilities and the respect of ethical principles in their daily work, and also to unite Group senior management around common values.

Aside from the various control processes in place, the Group makes a constant effort to continuously improve its internal control system.

Since 2007 the TF1 group has followed an approach initiated by Bouygues for its main business lines, including TF1. The purpose is to build an internal control system based on the AMF reference framework and incorporating the best practices which, for the past several years, the Group has committed itself to follow in each of its businesses. This effort culminated in identifying and determining simple, measurable principles covering the company's key businesses. The system is based around two main components:

- accounting and financial principles of internal control relating to the coordination, organisation and preparation of financial and accounting information; and
- general principles of internal control covering the five key elements of internal control specified in the AMF reference framework.

This approach also involved establishing a structured organisation that enables representatives from each business line to meet regularly to organise the monitoring of the system and to adapt it in response to regulatory requirements or when significant complementary principles emerge from assessment campaigns. This common system has been regularly supplemented since end-2008 by internal control principles specific to TF1's business and environment. This initiative is closely linked to work on risk mapping, with the two processes reinforcing each other.

The internal control system is assessed every year across a broad spectrum that fully represents the TF1 group in terms of revenue and the issues and risks inherent to its activities. The assessment campaigns are based on rigorous and uniform self-evaluation methodology. In each entity, the person normally in charge of the process establishes and produces supporting arguments for the assessment, and then submits it for approval by a person in a position to provide a critical perspective on the outcome. The assessment has several components, including a numerical four-tier scale, a description of the operating procedures, a commentary on any discrepancies between operating procedures and best practices, and action plans for addressing these differences.

The results of these campaigns are distilled to alert Senior Management if a deficiency is detected in certain processes and to guide and prioritise action plans. The results are also regularly presented to the TF1 Audit Committee, which then reports to the Board.

The method, which is based on self-assessment, entails a decentralised organisation involving many participants who assess the application of the principles in their specific area of expertise, coupled with a streamlined central organisation to consolidate and distil the results, monitor action plans, disseminate the methodology and coordinate the approach.

The aim of the assessment campaigns is to assess progress in applying internal control principles over time, while limiting the subjective nature of self-assessments. For this reason, the decision on the annual scope of campaigns incorporates criteria relating to the representative/business critical nature of entities, but also a monitoring criterion. Thus, an entity that is covered by a campaign will be assessed over at least three years to ensure this perspective.

New businesses are incorporated in the assessment campaigns in a manner that reflects the gradual introduction of Group-wide processes, tools and methods to control, steer and oversee activities within these entities. Internal control campaigns show whether these processes have been correctly implemented, in accordance with the deployment policy described above.

In 2012, the assessment campaign covered common internal control principles across a scope of representative and business-critical entities. The scope comprised all Group companies where SAP software had been deployed and whose commitment process, accounting and payment procedures had been modified. The participation rate in the 2012 campaign was highly satisfactory, pointing to the natural and progressive spread of the process.

The Group's internal control principles have been made available to the staff of the Finance Division on a collaborative portal containing procedural guides and other materials with information for business lines, as well as to all employees contacted in the context of the assessment campaigns.

In 2012, working with the other businesses of the Bouygues group, TF1 used a tool for managing internal control campaigns and monitoring action plans that enabled it to historicise, secure and systematise the policy.

INTERNAL DISSEMINATION OF INFORMATION

To ensure that staff receive information on the Group and its development, the Human Resources and Internal Communication Division distributes a magazine, *Regards*, issued three times a year, and a monthly video magazine called *TF1 Inside*.

In addition, an intranet portal, *Déclic*, helps employees understand the environment in which they and the Group operate. It enables them to obtain information on the Group (organisation, programmes, etc.) and material about the audiovisual sector published in the press, and also find out about opportunities for promotion and training, common operating procedures, and the intranet sites of the other companies in the Group or the parent company. It also features collaborative portals for each function (Legal, Human Resources, Finance, etc.) in order to improve networking and the dissemination of information. The tool also enables managers to gather the information necessary for managing their teams, notably on skills training or for preparing annual performance appraisals.

Other ways of passing on and sharing information on trends, topical issues and Group strategy are the employee conventions organised from time to time, the annual conference held since 2007, and the bimonthly committee meetings of the TF1 group's top managers.

The IT Department of TF1 SA's Technical and IT Division, together with the line and staff divisions, determines the information systems needed to generate information and manage operations securely and efficiently.

TF1 uses both proprietary and off-the-peg software. Applications are analysed, monitored and operated rigorously to ensure their availability, integrity, security and compliance with legal obligations.

Work on applications for financial and accounting data is carried out in close cooperation with the Accounting, Tax and IS Finance Division, the Finance, Treasury and Investor Relations Division, the Strategic Planning and Internal Control Division and the Management Control Division.

RISK MANAGEMENT

TF1's risk management system has two major components:

- control of operational risk:
  - **a general approach to risk management** focused on quality, security, environmental factors and sustainable development. Part of the framework established by the Bouygues group, TF1's approach involves two committees composed of representatives of the Group's business lines, which meet regularly to discuss these issues,
  - **a business continuity approach** initiated in 2004 specifically targets the identification of major risks that could affect day-to-day business. The goal is to develop a decision-making system for crisis management, along with a process for its implementation. The initial work on this programme led to the creation of the *Réagir* programme, which seeks to devise and regularly update plans for restoring business-critical processes after an incident. In 2009-2010, in addition to conducting regular tests of processes and back-up tools, the *Réagir* plan was updated to include an H_1N_1 flu scenario. In 2010 a business continuity audit identified measures for improving the system, which were implemented during the year. Particular attention was paid to extending the processes covered by the back-up site and

broadening the scope of risk analysis to cover the activities of TMC/NT1 and TMC Broadcasting. In 2012, steps were taken to provide the back-up site with equivalent news production tools as those of head office (PNS2) and to enhance the back-up system for Eurosport channels, which is divided between the London location and the TF1 back-up facility,

– **an information systems security approach**. For the past several years, the IT Division has been formalising a data security policy to set down common security standards for the Group. This effort continues on a daily basis as the constant technology advances are factored into security principles and rules;

- a system for mapping risks systematically:

  Beginning in 2007 a working group composed of representatives of TF1's principal businesses started developing proposals to improve the organisation and systems for risk management and monitoring across all the businesses of the TF1 group. In 2008 the first stage – identifying and characterising the major risks based on a methodology defined in collaboration with the Bouygues group – was conducted through a series of interviews with some 100 Group managers.

  Since 2009, this initiative has resulted in the development of a risk ranking system and an operational overview of the principal risks to which the TF1 group is exposed. These risks are monitored regularly through half-yearly committees involving each Group entity and quarterly functional committees whose task, in addition to identifying emerging risks, is to monitor the resources allocated to risk mitigation. The Strategic Planning and Internal Control Division coordinates these decentralised committees.

  Based on the work of the operational committees involving Group entities, the Group risk map lists the main events that could have an adverse impact on the achievement of objectives over the plan's timeframe. The identified events are characterised and scenarios prepared, their probability is assessed by those who report them and their financial impact is measured to rank the risk. Risk mitigation measures are reported separately according to whether they are designed to lessen the likelihood of a risk occurring or to mitigate its impact and according to their progress.

  The main risks and the systems designed to control them are described below in section 2.4 of this report, "Risk factors", which also describes the Group's policies concerning insurance. Financial market risks (interest rate and foreign exchange risk, etc.) are also covered in paragraph 31 of the notes to the consolidated financial statements of the present registration document and annual financial report.

  The main business risks that TF1 has identified and seeks to cover on a constant basis are those linked to major processes, *i.e.* acquisition and compliance control of audiovisual content, and control of broadcasting and activities. The identification and management of CSR risk are an integral part of the risk mapping process: risks are identified, the impacts assessed, and preventive and corrective measures implemented through entity action plans.

  In early 2012 some 50 TF1 group managers attended a seminar organised by the Bouygues group for its five business lines to raise awareness about internal control and risk management issues.

Procurement processes

Standardised procurement contracts allow TF1 to build a secure framework for the supply of tangible and intangible products and the related financial terms and conditions, guarantee service continuity and ensure that suppliers subscribe to an insurance policy.

The development of framework contracts and supplier listing agreements at TF1 group level has generated economies of scale and improved management of the procurement and supplier-relation processes.

TF1 signs contracts for the purchase of broadcasting rights to secure programming for future years. These contracts are legally and economically complex and involve substantial sums. Investment projects are initiated based on the channels' editorial policies and the requirements arising from an analysis of programme inventory; they are subject to an investment authorisation procedure for each type of programme.

Furthermore, and where possible, framework agreements are signed ahead of the procurement process in order to control the costs of certain programmes and to ensure supply. The Group centralises and shares its multi-channel rights (freeview, DTT, cable and satellite, video and new media including VOD and replay) as much as possible.

It was in this spirit that TF1 decided at the end of 2007 to create an economic interest grouping, TF1 Acquisition de droits, in order to acquire rights for the Group's broadcasting companies. This was followed by the creation of the Rights Acquisition and Trading Division (DGAAN) tasked with optimising the circulation of rights within the Group. TF1 Acquisition de droits and the DGAAN buy rights to feature films and series to meet the needs of the Group's channels and sell rights to programmes that have not been used by the Group to third parties in order to optimise inventory management.

Control of programme compliance

The programmes broadcast by the channel are subject to control by the CSA under an agreement signed by the channel. Consequently TF1 has set up a Programme Compliance Department which controls programmes before they are aired. This effort, which in some cases relies on advice from the General Counsel's office, also helps to minimise the legal risks inherent in broadcasting television programmes.

Furthermore, programmes targeting children are submitted to psychologists who are responsible for previewing the most sensitive ones.

A TF1 Publicité team previews all advertising spots after receiving the position from the advertising watchdog, ARPP. It ensures compliance with the regulatory provisions concerning advertising messages on multiple media. These controls focus among other things on:

- whether commercials comply with regulations and with the editorial policy of the medium;
- the maximum duration of advertising slots, both daily and per hour;
- compliance with invoicing rules (in accordance with the Sapin Act 93-122 of January 29, 1993).

Control of broadcasting and activities

TF1's Technological and IT Division is responsible for making the programmes assigned to it as well as for programme broadcasting and the broadcast network. It is also in charge of designing, implementing and maintaining technical and information systems, and for managing real estate, logistics and corporate services.

The division guarantees broadcasting continuity by assuring that the necessary human and technical resources are available and deployed as needed.

For several years, the IT Division has also been responsible for managing the identification, control and prevention of major risks that could impact service continuity, in terms of signal broadcasting as well as the company's activity, premises and IT systems. As such, it analyses and manages risks on an operational basis, for example through the *Réagir* committee.

The *Réagir* committee monitors and prevents major risks associated with the Group's key processes. It maintains and upgrades procedures based on the principle of continuous improvement covering the security of people, assets, infrastructure, systems and data. It also updates and regularly tests plans for rapid resumption of activities that may be discontinued as the result of an exceptional event such as a signal outage or the inaccessibility of the TF1 building.

An external, secure back-up site has been operational since 2001 for programme broadcasting, production of TV newscasts (TF1 & LCI) and organising advertising slots for the TF1 channel.

In 2006 this back-up facility was improved when a digital process similar to that used at the main broadcasting facility was installed at a new external site. This installation and the associated procedures make it possible, if necessary, to switch over from the main site with no noticeable interruption of programmes. In 2008 all back-up resources were amalgamated at this single new external site. In 2011 an Internal Audit was made of emergency procedures and new Group activities joined the Emergency site (including Eurosport, Eurosport 2 and EurosportNews).

The company's vital functions are included in the security plan through a business resumption process, in particular for the departments concerned with broadcasting, space selling, accounting, treasury, payroll and IT operations. Procedures are tested from time to time so as to upgrade the system if necessary.

The team in charge of this project also extended the range of risk factors to include health risks that could hamper normal operations. These risks have been quantified, their impact assessed, and the associated safety procedures tested. In 2009 the skills, procedures and preventive measures needed to address the threat of H_1N_1 flu were marshalled under the *Réagir* programme.

Furthermore, a website and a toll-free telephone number enable employees to be informed in real time in case of an emergency and to keep in touch with the company where necessary.

CONTROL ACTIVITIES

In addition to the risk management mechanism, the TF1 group deploys a number of processes and systems that contribute to implementing senior management policies and enable goals to be achieved.

The Group pays particular attention to financial, legal and human resources processes by focusing on the assignments carried out by TF1 SA's functional divisions. Each division supervises and assists TF1 entities in its fields of expertise. The divisions also disseminate cross-functional procedures and ensure compliance with them, while helping to approve specific procedures for the Group's business lines.

Procurement and Finance Division (DGAAF)

The DGAAF brings together the Group's Financial Departments and plays a supervisory role through the cross-functional procedures, methods and principles it disseminates Group-wide. The DGAAF was reorganised in 2012 to enhance medium-term visibility on Group businesses, notably by distinguishing the process of medium- and long-term strategic planning from the short-term running of the company.

Central Strategic Planning and Internal Control Division (DPSCI)

The DPSCI supports Group senior management in setting medium- and long-term strategic objectives and establishes the framework and resources to achieve these goals according to a timetable and milestones determined with Group operational managers.

This exercise forms part of an annual cycle punctuated by strategy workshops held over the course of the year. These workshops are structured around the Group's main medium- and long-term goals and cover subjects suggested by operational managers.

Strategic planning is based on an analysis of market developments, uses and the competitive environment, as well as the risk mapping approach.

The DPSCI performs strategy and competition monitoring, tracking long-term trends in the media, internet and telecoms sectors, and within this setting prepares scenarios of long-term trends and changes to TF1 group activities.

Once the strategic priorities are validated at the end of the first half and Group senior management has aligned itself with these priorities, strategic guidance memos are prepared and sent to all Group entities, which use them to develop their three-year plans.

Preparation of the three-year plans is decentralised and conducted at the level of each company and/or entity. The DPSCI organises and coordinates these activities through a standardised process.

The first year of the strategic plan represents a firm commitment to senior Group management on the part of the heads of the various entities. The plan that is approved by the Board of Directors in the final quarter of each year is updated when the strategic priorities are validated at the end of the first half.

Each year, the DPSCI prepares a dossier for Standard and Poor's, the credit rating agency that rates the TF1 group. This dossier contains market information and data about the medium-term financial performances of Group entities as validated in the three-year plan and updated based on the year-end financial statement.

The DPSCI is also in charge of internal control and risk management. It is responsible for issuing warnings and strives to provide senior management with the means to prioritise action plans. The DPSCI is also responsible for ensuring that senior management receives exhaustive risk information and that the Audit Committee and the Board receive appropriate information about the major risks. It consolidates the main findings of the internal control campaigns and summarises these for the Group's main governance bodies. It makes sure that the same methods are used throughout the Group and that the approach is consistent with the strategic planning process.

As such, the DPSCI bears, on behalf of the Finance Division, responsibility for developing decision-support tools that will help to enhance control of the Group's business model and improve the ability to respond and adjust to strategic guidelines.

Accounting, Tax and IS Finance Division (DCFSIF)

The DCFSIF is responsible for applying the Group's accounting principles. It guarantees the reliability of the processes used to collate and process financial information, as well as the relevance and stability of accounting methods.

It ensures that parent company and consolidated financial statements provide a true and fair view of the activity of Group companies and comply with existing standards and regulations. The DCFSIF ensures that this information is supplied in the correct format and in a sufficiently timely manner for effective use.

The DCFSIF includes the TF1 SA Accounting Department and the Consolidation Department. It also gives functional guidance to the subsidiaries' Accounting Departments.

It helps to coordinate and constantly update the teams by setting and disseminating rules, procedures and methods applicable throughout the Group. The DCFSIF applies the principle that the tasks of ordering and payment should be separate.

Project Management Finance and Procurement Division and Data Management Unit

Since 2011 the DGAAF has had cross-functional structures in place to coordinate its Financial Information System:

- a Project Management Finance and Procurement Division, to operate and maintain all the applications making up the Finance-Procurement Information System and monitor the implementation of the Finance-Procurement Information master plan;
- an SAP Data Management Unit, in charge of managing the Guidelines databases of the Financial Information System, approving SAP access rights, and strengthening the internal control of the accounting and finance activities in the use of these applications.

Finance, Treasury and Investor Relations Division

The Finance, Treasury and Investor Relations Division is responsible for monitoring all the financial resources of the TF1 group.

The Finance and Treasury Department manages the company's financing needs. It ensures that the Group has permanent, diversified and sufficient sources of financing to meet its needs. It does this by:

- conducting analyses and regular updates of cash forecasts, which it reports to senior management;
- maintaining sufficient lines of back-up financing with an average of two to three years' maturity, by establishing or renewing bilateral lines of credit with banks, while optimising financing costs.

Finance and Treasury is also responsible for centralised management of the Group's cash and for cash movements between the subsidiaries both in France and abroad, with the exception of a few entities over which TF1 does not have exclusive or majority control. In this capacity, it handles:

- management of bank accounts and optimisation of payment instruments;
- management of the Group's cash pool in euros and foreign currencies;
- consolidation and global management of interest rate and exchange rate risks;
- delegation of powers to a limited number of employees who alone are authorised by senior management to handle a limited number of financial operations for all Group companies, based on authorisation thresholds and procedures.

Finance and Treasury additionally oversees the terms for the issuance of bank guarantees and maintains best practices in terms of financial security and information systems. It ensures compliance with the basic rules of prudent management adopted by the Group, particularly in the areas of:

- internal security (two signatures for payments);
- external security (secure cheques, payment by promissory note);

- liquidity (confirmed credit lines, cash investment);
- quality of counterparties;
- legal documentation on credit agreements;
- assessment and hedging, where appropriate, of interest rate and currency risks.

The Investor Relations Department ensures, through press releases, press conferences, information items published on the Group website (www.groupe-tf1.fr) and regularly organised meetings with financial analysts, that the market and the financial community are kept continuously and comprehensively abreast of the company's latest news and economic situation. This department is always listening to shareholders, investors and analysts.

Financial disclosures are disseminated in strict compliance with market operating rules and the principle of fair treatment for investors.

This department is also in charge of coordinating the registration document and relations with the Corporate Finance Division of the AMF, France's securities regulator.

Management Control Division

The Management Control Division steers activities based on the Board-approved budget. It ensures that the short-term milestones under the Group's medium- and long-term objectives are met, notably through:

- a monthly consolidated dashboard, which distils and annotates, at Group level, key financial and operational items for Group entities, along with events whose current or future impacts are explained.

  This dashboard is prepared based on a monthly report prepared by each structure and business, which includes a financial statement, an end-of-year forecast, and performance indicators. Each entity presents its own dashboard to the Management Control Division in meetings scheduled according to a calendar established at the beginning of each year. After controlling, validating and analysing the presentations, the Management Control Division generates a consolidated Group dashboard, which it presents to senior management with comments.

  Each quarter, the Management Control Division and the Accounting, Tax and IS Finance Division jointly make sure that all income and expense items for the period are properly attributed, either by having teams share information or during meetings on the closing options;
- two updates to adjust estimates of year-end results and to re-orient action plans in the light of the achievement of objectives;
- rolling forecasting to make monthly updates of the impact that events and ongoing projects will have on end-of-year financial statements;
- about one hundred operational indicators reflecting short-term management objectives for different activities and designed to provide assistance for action plans. This set of indicators constitutes the Group's management 'cockpit'. It serves as an instrument for measuring performance, with the indicators regularly presented to TF1 group senior management. This approach promotes common and shared understanding of challenges and circumstances and the development of cross-cutting solutions. It has been introduced in most subsidiaries. These "cockpits" may be used to capture all existing performance vectors at all levels of operational responsibility;
- the Management Control Division also prepares a weekly dashboard to analyse TF1's programming margin for previous weeks and the current week.

Group Purchasing Division

The TF1 Purchasing Division is tasked with optimising the performance of purchasing processes cross-functionally, in line with the Purchasing Charter drawn up by the Bouygues group and through a TF1 group purchasing policy based on six key components:

- a clear and objective purchasing process: purchasing decisions are documented and clearly justified, and supplier offers are reviewed on the basis of objective criteria established ahead of the tender;
- the global management of supplier relations: the Purchasing Department is the unique entry point for suppliers, excluding audiovisual rights, at the TF1 group;
- a Responsible Purchasing policy that fosters diversity: TF1 encourages extensive use of the sheltered sector and has its strategic suppliers assessed on CSR by an independent body (Ecovadis). TF1 also factors Diversity label criteria into its purchases and includes clauses on sustainable development and diversity in most of its procurement contracts;
- ethics: the Purchasing policy is secure and TF1 is mindful of any conflicts of interest that may arise during calls for tender. Particular attention is paid to the reciprocal respect of contractual commitments with our suppliers; also, in January 2012, the TF1 group signed the Charter on Inter-Company Relations, which is supervised by the government ombudsman;
- the implementation of framework contracts at TF1 group level, notably through the formation of technical partnerships with strategic suppliers;
- securing supply, assessing economic dependency risks and social risks, and validating the respect of prevailing regulations, insurance policies, etc.

Human Resources and Internal Communication Division

The Human Resources and Internal Communication Division plays a key role in the selection, hiring, and development of human resources necessary for the efficient functioning of the various TF1 group entities.

It monitors compliance with the French Labour Code and changes in labour policy in conjunction with the various employee representative bodies. It also coordinates the Group's professional training, which has the objective of developing the technical, interpersonal and managerial skills required in the exercise of each employee's responsibilities. TF1 cares about developing the skills of its staff and encourages job mobility between Group companies and divisions. In 2012 nearly one out of every two positions was filled through internal transfers (47%).

Within the framework of the management cycle, the Human Resources Division, together with operational and functional departments, plans human resources needs. These needs are formalised and are an integral part of the three-year financial and strategic planning process fixed by senior management. Any request to hire or promote a permanent employee is subject to a formal approval procedure.

To disseminate best practices in the field of diversity to all TF1 group companies and employees, two training programmes have been launched. The first, introduced in 2010, is aimed at the 400 top managers; the other, which was started in 2011, is for 400 journalists, technicians and programme advisers who contribute to ensuring that diversity is well represented on-screen. These two programmes were completed in 2012 and will henceforth benefit new hires and promotions.

General Secretariat and Legal Affairs Division

The Group General Secretariat leads and coordinates the following two functions:

- the General Secretariat, directly responsible for:
  - monitoring relations with external bodies and authorities (such as the CSA, the French competition authorities, government and parliament, and the European Commission) with the Institutional Relations and Regulatory Affairs Department,
  - monitoring laws, rules and decrees concerning the audiovisual sector, and in 2011 and 2012 in particular, the law on compensatory channels and the consequences of its repeal,
  - monitoring the respect of regulatory requirements (production obligations, CSA report, etc.) and competition requirements (representatives following the acquisition of TMC and NT1),
  - monitoring relations with inter-professional organisations in the audiovisual sector (including SACD and USPA) and major inter-professional agreements (broadcasting, production),
  - the major concentration transactions having structured the Group, with the competent authorities (especially CanalSat's purchase of TPS and the buy-out of TMC and NT1),
  - coordinating all Group pay-to-view channels in their negotiations with the main pay-to-view distributors and ISPs, and in particular administrative procedures with CSA and the competition authorities;
- the Legal Affairs Division (DAJ), responsible for:
  - determining and supervising the application of policy on contracts in the Group,
  - monitoring the various aspects of company law (including the secretariat of Board Meetings and General Meetings) and development within the Group,
  - court proceedings and litigation. Legal risks and litigation are closely coordinated with the DGAAF to ensure that they are properly reflected in the financial statements,
  - the management of intellectual property rights (brands and domain names),
  - risk management, insurance and property matters: the DAJ ensures that coverage is adequate and that premium and deductible levels correspond to the risks in question.

For several years, the General Secretariat and Legal Affairs Division have been involved in a process to secure and control commitments. This is manifested, for example, by the definition of a Group contract policy and standard contract models for all recurring commitments. Furthermore, Legal Affairs pays particular attention to optimising and conserving the insurance policies signed by TF1 and its subsidiaries so as to be covered against the consequences of potential risks in partnership with brokers acting for leading companies.

The Legal Affairs Division also monitors and participates in implementing a consistent policy of delegation of powers. In particular, the subsidiaries over which TF1 exercises exclusive control are granted delegations based on guidelines established at Group level. With regard to subsidiaries with joint control, internal control is organised based on the TF1 group's expertise and in compliance with agreements between shareholders.

MONITORING SYSTEMS

Internal control systems must themselves be monitored continuously by corporate management and by means of *ad hoc* assessments carried out by bodies with no direct authority over or responsibility for the activities in question.

Audit Committee

Formed in 2003 the Audit Committee is composed of at least three Directors. TF1 Executive Directors and employee representatives are barred from sitting on the committee in order to ensure its independence.

Before making presentations to the Board of Directors, the committee examines the quarterly, half-yearly and annual accounts and receives a presentation of the conclusions of the Statutory Auditors. It takes this opportunity to ensure the appropriateness and the consistency of the accounting methods adopted to draw up the accounts and verify the rules of procedure for the collection and control of the information used.

In addition, it notes the conclusions of the Internal Audit assignments and validates the Internal Audit annual work plan.

Interest rate and foreign exchange hedging policies are also presented to the Audit Committee, along with the medium-term financing strategy of the TF1 group (available credit lines, funding sources in financial markets, etc.).

The Audit Committee is kept updated on the deployment of the internal control system, the results of assessment campaigns, major risks identified in the risk mapping process and follow-up on action plans to address these risks.

The Statutory Auditors' role is to ensure the fair presentation of the company's earnings and financial and net asset statements in accordance with accounting rules and principles. In so doing, they are made aware of the organisation and operation of the information systems and internal control procedures with regard to accounting and financial information, which they take into account in their audit activity.

Internal Audit

The TF1 group's Internal Audit Department carries out assignments in the different Group entities and in various areas (finance, operations, organisation), except for assignments relating to the reliability, security and use of information systems, which are the responsibility of the central audit unit of the Bouygues group.

All these assignments follow an annual audit plan validated by the senior management and the Audit Committee of the TF1 group. A progress report on the plan, along with its main findings and recommendations, is presented to the quarterly Audit Committee Meetings.

Assignments are carried out according to a rigorous methodology. They result in a report containing recommendations, which systematically give rise to action plans that are implemented by the audited entities. The Internal Audit Department monitors this process.

Internal Audit therefore acts as an analysis, control and information tool for senior management, executives and the Audit Committee, making it possible to identify risks and to manage and control them more effectively.

As part of its duties, Internal Audit verifies the application of internal control principles and rules, in collaboration with the Strategic Planning and Internal Control Division (DPSCI) and in addition to the latter's assessments. It thereby contributes to raising employees' awareness of internal control issues.

In addition, Internal Audit actively monitors best practices in control and helps make employees aware of internal control principles.

PUBLISHED ACCOUNTING AND FINANCIAL INFORMATION CONTROL PROCESSES

TF1 is particularly sensitive to internal control issues, particularly in the areas of accounting and finance, where the reliability of information is critically important.

This chapter summarises the principal control processes contributing to the preparation of accounting and financial disclosures.

FINANCIAL INFORMATION SYSTEMS

The Central IT Division (DCSI) works closely with the DGAAF to deploy and supervise the TF1 group's major financial information systems, notably the accounting, management, treasury and consolidation tools. It also deploys business applications in certain entities.

In the areas of finance and accounting, TF1 operates specific internally developed systems as well as packaged software. The latter are subject to rigorous analysis, monitoring and operation to ensure their availability, integrity, security and compliance with legal obligations.

In the broad framework of its Data Security Policy, the Group has set up systems integrating technical firewalls against attacks from outside (notably an anti-virus emergency plan and regular anti-hacking tests).

Since 2003 the TF1 group has embarked on a process to make the top technical, legal and human resources managers aware of data security and the systems they will need to use.

Finally, the increasing use of advanced information technologies makes corporate data protection and confidentiality crucial. The *Eticnet* guidelines take this factor into consideration; its dissemination and regular updating help to strengthen the process of making employees accountable.

At the end of 2008, TF1 launched an important project called SIGMA aimed at facilitating and streamlining the preparation of information while optimising processes in the areas of human resources, finance, and purchasing. The project includes the replacement by SAP of all or part of the applications formerly dedicated to these three functions and the new Finance/Purchasing solution has been successfully deployed at a number of entities (deployment in project mode to be completed in 2012). The Human Resources module for all TF1 group companies went in to production in January 2010.

The SAP tool (ERP) is based on the principle of a unique record of operations necessary for financial information and guarantees the control of commitments and payments through:

- the approval cycle for commitments, pre-defined in the IT application and limited to authorised persons;
- the sourcing of invoices reflecting the commitments duly approved by the system.

This management tool is complemented and/or fed by several applications that respond to different business needs of the Group, such as the system dedicated to the processes for monitoring contracts on the acquisition and management of broadcasting rights.

All the Group's means of payment are subject to security procedures, which are complemented by a banking interface, accounted for daily and formalised monthly.

All payment instruments require two signatures, with an annual update of proxies on all bank accounts.

With this approach, the aim of process optimisation is to enhance cross-functional capabilities, harmonise the preparation of information, and facilitate the analysis of the data for all the TF1 businesses.

PROCESS OF PREPARING AND CONSOLIDATING ACCOUNTS

The Accounting, Tax and IS Finance Division has a mission of monitoring and co-ordination, regularly disseminating information to the Group's accounting staff on developments in the rules and methods for generating the solo and consolidated financial statements of the TF1 group.

The tools and processes up-stream of the closing of the accounts guarantee that events are accounted for correctly and according to principles of reality, comprehensiveness, and correct accounting representation.

The accounting choices made are validated by the Statutory Auditors prior to quarterly closings and are presented to the Audit Committee.

Process for quarterly closing of TF1's accounts

Each quarter, all of the companies in the Group prepare intermediate accounts under IFRS using a structured process and a predetermined timetable.

SAP software has a fully integrated flow management system that enables using entities to observe details on results over time. For other entities, using the Group's management applications, quarterly processing enables the accounting teams to validate and then automatically generate book entries in the accounting software, thus ensuring consistency between the results obtained from management and accounting processes.

As part of the procedure for closing the TF1 accounts, book entries are jointly analysed and validated by the accounting and management control departments. Periodically, the management data used for reporting are compared with accounting system data.

The Accounting, Tax and SI Division ensures compliance with the process for handling different types of assets in Group accounts. For goodwill and securities recorded on the balance sheet, it identifies impairment indicators for intangible assets and, where necessary, writes down the assets concerned. This is done whenever necessary and at least once a year, based on information provided by the Strategic Planning and Internal Control Division and various operational entities, using the impairment test procedure described in the notes to the Group's financial statements. The value of other assets, such as audiovisual rights, is assessed using criteria which are also described in the notes to the Group's financial statements. This process and its results are validated together with the Statutory Auditors and presented to the Audit Committee.

Provisions for litigation and other risks are established based on a risk analysis conducted in consultation with the DGAAF, the General Secretariat, the Legal Affairs Division, Human Resources and the operational and functional departments concerned.

All items in the balance sheet and income statement are rigorously analysed by comparing them with the year-earlier period. Changes are commented upon, and those comments provide insights into the companies' businesses.

Off-balance sheet commitments (guarantees given and received by the Group, reciprocal commitments such as rental, lease and image transmission contracts) are subject to stringent procedures governing establishment, authorisation, monitoring and assessment in every Group entity. Commitments made to secure programming are described in the notes in the sections that deal with the relevant balance sheet items. They are covered by specific negotiation and authorisation procedures involving the DGAAN, the Broadcasting Division and the DGAAF, and are also subject to assessment procedures carried out by the DGAAN under the DGAAF's supervision (financial and management control).

Consolidation process

The Consolidation Department consolidates all TF1 group companies at each quarterly closing on the basis of a pre-defined scope, schedule and instructions communicated to the Group's organisations and units and the Statutory Auditors.

Since January 1, 2005 the TF1 group accounts have been prepared in compliance with IFRS, which have been adopted by the European Union. Depending on local standards and tax regulations, a parallel treatment of certain transactions is provided in the solo accounts of certain Group subsidiaries.

The consolidation tool used throughout the TF1 group is SAP-BFC, an application used by a large number of listed companies. SAP-BFC allows for rigorous analysis and control of the account preparation process, which is governed by standard procedures.

PROCESS FOR VALIDATING THE ACCOUNTS

The quarterly consolidated financial statements are presented to the Chairman and CEO by the DGAAF.

At December 31 of each year, the accounts of TF1 and all its subsidiaries are audited by the Statutory Auditors. Each quarter, the consolidated financial statements are reviewed.

Before presentations to the Board of Directors, the Audit Committee reviews the consolidated financial statements and receives a presentation of the conclusions of the Statutory Auditors. Subsequently, the Group accounts are presented and closed by the Board of Directors.

In addition, the Audit Committee reviews the proposed announcement of the quarterly results prior to validation by the Board of Directors and release.

PROCESS FOR MANAGING FINANCIAL DISCLOSURES

Besides the Chairman and CEO, only duly authorised persons may communicate financial information to the market. These include the Executive Vice President for Procurement and Finance, the Corporate Communication Division and the staff of the Investor Relations Department.

This department prepares reports on the business and financial results of TF1 and its subsidiaries for the Board of Directors.

These documents are drawn up according to a structured process which satisfies the requirements concerning financial information, using data from the Group's subsidiaries and departments.

Before being distributed, the documents are inspected and approved by the Legal Affairs, Human Resources, Communication, Sustainable Development and Procurement & Finance Divisions. Quarterly press releases are approved by the Audit Committee and the Board of Directors.

The Investor Relations Department distributes and communicates financial information on the TF1 group and its strategy through, for example:

- management reports of the Board of Directors;
- registration documents, quarterly and half-yearly financial reports;
- financial press releases;
- presentations for financial analysts and investors.

Before being submitted to the AMF in compliance with its General Regulation, the Group registration document is checked by the Statutory Auditors, who make sure that the information on the accounts and financial position is consistent with historical data, and who review the entire document.

Each subject to be communicated is accompanied by an explanation approved by senior management, updated regularly and acting as a support to relations with the various stakeholders in the market.

To guarantee investors equal access to information, the various communications products are also made available in English and distributed through the following channels:

- information for an outside audience, once published, is put on line on the www.groupe-tf1.fr website. Anyone desiring this information can also request it from the Investor Relations Department and obtain it free of charge;
- financial press releases are published in a national business daily, on a mainstream financial website and on the AMF website. As of January 2007 TF1 complies with the European Union's Transparency Directive covering new reporting obligations;
- meetings with analysts are broadcast live and in full on the Internet or by telephone, with no access restrictions. A recording of these meetings is posted on the Group's website;
- two people from the TF1 group attend meetings held abroad and talks with market participants to ensure that accurate information is delivered with strictly equal access. The documents presented at these meetings are published promptly on the www.groupe-tf1.fr website.

CONCLUSION AND OUTLOOK

Throughout 2012, the TF1 group continued to reorganise its key business processes, including rights acquisition and purchasing, to make them more efficient and flexible and achieve greater cross-functionality among the Group's entities. These efforts culminated in a major project to install a shared IT tool for the human resources, finance and purchasing functions. This project involved teams from the business areas and from the IT and technical functions and seeks to facilitate and streamline the preparation of information while optimising Group processes in the areas of human resources, finance, and purchasing.

The new finance and purchasing software came into service at a range of Group entities including TF1 SA, TF1 Publicité and LCI in 2011, followed by Eurosport, Téléshopping and TF1 Entreprises in 2012, after the rollout of the human resources module across the Group in 2010.

Also in 2012, the Group conducted a new campaign to assess the application of internal control procedures across a representative scope, with highly satisfactory participation rates. The Group continued the drive to enhance its internal control system by identifying good practices for its different businesses.

TF1 also pursued its risk mapping activities in 2012 by updating, reassessing and prioritising the risks identified in previous years. New risks that could potentially affect the Group's ability to reach its medium-term objectives were taken on board, while the processes of administering action plans were incorporated into the company's management cycle.

The Audit Committee was regularly informed of these activities.

All these objectives will be pursued with a view to maintaining a dynamic vision of internal control, based above all on the skills, sense of responsibility and involvement of all Group employees.

2.3 REPORT ON REMUNERATION

Report on remuneration in accordance with Article L. 225-102-1 and L. 225-37 paragraph 9 of the French Commercial Code.

This chapter contains the reports required by the French Commercial Code as well as the tables recommended in the Code of Corporate Governance issued by AFEP/MEDEF in December 2008 and in the AMF Recommendation of December 22, 2008 on the information related to the remuneration of Directors of listed companies to be included in their registration document.

2.3.1 Remuneration of executive and non-executive directors

REMUNERATION OF THE EXECUTIVE DIRECTOR FOR 2012

Following consultation with the Remuneration Committee, which takes into account the AFEP/MEDEF recommendations on the remuneration of Executive Directors of listed companies, the Board of Directors determines the criteria for allocating the variable portion and decides on the amount of remuneration to be paid to TF1's Executive Director.

FIXED REMUNERATION AND BENEFITS IN KIND

Nonce Paolini

The fixed remuneration paid to Nonce Paolini stood at €920,000 in 2012. Fixed remuneration is determined according to the level and complexity of the person's responsibilities, his experience in the post and his length of service with the Group, as well as the practices followed by the Group or companies carrying on similar businesses.

The in-kind benefits received by Nonce Paolini in 2012 remain unchanged, consisting of the use of a company car and the part-time assignment of a personal assistant and a *chauffeur*/bodyguard. The benefits are valued at €5,037.

VARIABLE REMUNERATION

Nonce Paolini

Nonce Paolini's variable remuneration for 2012 is based on the performance of the TF1 and Bouygues groups, which is measured on the basis of significant economic indicators that are stable and relevant over the long-term, namely:

- quantitative:
  - trend in consolidated net profit attributable to the Bouygues group,
  - trend, compared to the business plan, in consolidated net profit attributable to the TF1 group,
  - year-on-year trend, in consolidated net profit attributable to the TF1 group;
- qualitative, a greater importance to qualitative criteria has been granted, on the grounds that the performance of senior managers extends to areas other than simply financial results. These criteria depend both on the duties assigned to the manager and on special situations.

These objectives have been drawn up in a precise manner but for reasons of confidentiality are not disclosed.

The theoretical level of the variable portion has not been changed. Depending on their nature, these bonuses are individually weighted and capped. Overall, the variable remuneration corresponding to the aggregate value of these bonuses is capped at 150% of fixed remuneration.

As a reminder, Nonce Paolini earned:

- in 2009, 73% of the theoretical cap on variable remuneration;
- in 2010, 150% of the theoretical cap on variable remuneration;
- in 2011, 102% of the theoretical cap on variable remuneration;
- in 2012, 50% of the theoretical cap on variable remuneration.

Nonce Paolini's variable remuneration for 2012 amounted to €460,000.

OTHER INFORMATION CONCERNING REMUNERATION AND SUPPLEMENTARY PENSION

Nonce Paolini

Nonce Paolini's fixed and variable remuneration is set by the TF1's Board of Directors, in line with Article L.225-53 of the French Commercial Code, following an opinion from the Remuneration Committee. The remuneration is paid to Nonce Paolini by Bouygues and re-invoiced to TF1.

TF1's Board of Directors authorises the re-invoicing of this amount.

Under a policy governed by the French Insurance Code, Bouygues offers the members of its Executive Committee a supplementary pension set at 0.92% of the reference salary (average of three best years) for each year of membership. Nonce Paolini is a member of that committee. The supplementary pension is capped at eight times the upper earnings limit for social security contributions.

Bouygues re-invoices this supplementary pension to TF1 under a regulated agreement.

Lastly, Nonce Paolini does not benefit from payments, benefits in kind or advantages owing or likely to owe from any discontinuation or change in function. No payment relative to a non-compete clause has been planned.

SUMMARY OF REMUNERATION OF THE EXECUTIVE DIRECTOR

No remuneration other than those mentioned in the table below has been paid to the Executive Director by the companies of TF1 and Bouygues.

TABLE 1 – SUMMARY OF REMUNERATION, BENEFITS IN KIND AND STOCK OPTIONS GRANTED TO THE EXECUTIVE DIRECTOR

Nonce Paolini – Chairman and CEO since 01/08/2008 *(in euros)*	2012	2011
Remuneration paid for the year (details in Table 2)	1,441,037	1,917,321
Value of options awarded during the year (details in Table 4)	44,465	135,595
Value of performance shares awarded during the year (details in Table 6)	-	-
TOTAL	**1,485,502**	**2,052,916**

TABLE 2 – REMUNERATION OF THE EXECUTIVE DIRECTOR

Nonce Paolini – Chairman and CEO since 01/08/2008 *(in euros)*	2012		2011	
	Amounts due	Amounts paid	Amount due	Amount paid
Fixed remuneration	920,000	920,000	920,000	920,000
Change	=	=	*+31%*	*+31%*
Variable remuneration(1)	460,000	936,284	936,284	1,050,000
Change	*-51%*		*-11%*	
% Variable/Fixed	*50%*		*102%*	
Cap	*150%*		*150%*	
Other remuneration(2)	-	-	-	-
Directors' fees(3)	56,000	56,000	56,000	56,000
Benefits in kind	5,037	5,037	5,037	5,037
TOTAL	**1,441,037**	**1,917,321**	**1,917,321**	**2,031,037**

(1) The variable remuneration to be paid in March 2013 to Nonce Paolini for his service as CEO in 2012 is €460,000, or 50% of fixed remuneration, reflecting the performance of the companies.
The variable remuneration for 2011 paid in March 2012 was €936,284 (102% of fixed remuneration), reflecting the performance of the companies.
The variable remuneration for 2010 paid in March 2011 was €1,050,000 (150% of fixed remuneration), reflecting the performance of the companies.
The cap chosen for these three periods is 150% of fixed remuneration.
(2) Nonce Paolini received no additional remuneration, either from TF1, Bouygues or TF1's subsidiaries.
(3) In 2011 this comprised €18,500 for TF1, €25,000 for Bouygues, and €12,500 for Bouygues Telecom.
In 2012 this comprised €18,500 for TF1, €25,000 for Bouygues, and €12,500 for Bouygues Telecom.

FULL YEAR 2013

The Board of Directors meeting of February 19, 2013 decided that no increase in fixed remuneration would be granted.

The theoretical level and attribution criteria or the variable share have not been changed.

DIRECTORS' FEES AND OTHER REMUNERATION RECEIVED BY NON-EXECUTIVE DIRECTORS

The Combined Annual General Meeting of April 23, 2003 set the total amount of Directors' fees payable to the non-executive Directors and Directors of TF1 at €350,000 annually, leaving it to the Board of Directors to determine how this amount should be allocated.

Directors' fees for 2012 were allocated as follows:

- to Directors: the theoretical fee for each Director is €18,500 per year, of which half is allocated on the basis of his or her responsibility, and half on the basis of the attendance at Board Meetings;
- to committee members:
  - Audit Committee: €2,250 per member, for the first quarter, then €3,000 per member, starting in the second quarter. The Board of Directors has decided to increase the total amount to take into account the broadening of the Audit Committee's responsibilities and skill sets, especially in financial communication risks. This amount had not been reviewed since 2007,
  - Remuneration Committee: €1,350 per quarter to each member,
  - Selection Committee: €1,350 per quarter to each member.

Not all of the €350,000 available for Directors' fees was used in 2012.

Directors' fees totalling €254,605 were paid to Directors including Nonce Paolini, as indicated below.

TABLE 3 – DIRECTORS' FEES AND OTHER REMUNERATION PAID TO NON-EXECUTIVE DIRECTORS (IN EUROS)

Non-Executive Directors *(in euros)*	Amounts paid in 2012	Amounts paid in 2011
BARBIZET Patricia	31,295	32,900
BERDA Claude	15,801	18,500
BOUYGUES Martin	21,587	23,900
BOUYGUES Olivier	16,958	17,343
DANON Laurence	28,208	24,093
LANGLOIS-GLANDIER Janine(1)	13,417	-
MARIEN Philippe	35,150	32,900
PELISSON Gilles	15,417	18,500
PERNAUT Jean-Pierre(2) (staff representative)	14,645	12,718
PETTON Céline / CHABIRAND Fanny(2)(3) (staff representative)	18,500	18,500
POUYAT Alain(4)	6,626	23,900
ROUSSAT Olivier	18,501	16,187
TOTAL	**236,105**	**239,441**

(1) Appointed as a Director on the recommendation of the Board of Directors on February 15, 2012.
(2) Directors' fees due to staff representatives were paid to two trade unions: CFTC (€14,645) and FO (€18,500).
(3) Fanny Chabirand replaced Céline Petton as staff representative director on April 19, 2012.
(4) Director whose term expired on April 19, 2012.

The only remuneration paid by TF1 to Martin Bouygues and Olivier Bouygues were TF1 directors' fees. The remuneration received in 2012 by Martin Bouygues and Olivier Bouygues is mentioned in Bouygues' registration document.

The salaried Directors, Jean-Pierre Pernaut, Céline Petton and Fanny Chabirand, received no exceptional remuneration in consideration of their corporate office in TF1 group.

Directors' fees paid to the Executive Director were as follows:

DIRECTORS' FEES PAID TO THE EXECUTIVE DIRECTOR

	Amounts paid in 2012	Amounts paid in 2011
Nonce PAOLINI	€56,000(1)	€56,000(2)
TOTAL	**€56,000**	**€56,000**

(1) Of which 18,500 for TF1, €25,000 for Bouygues, and €12,500 for Bouygues Telecom.
(2) Of which 18,500 for TF1, €25,000 for Bouygues, and €12,500 for Bouygues Telecom.

2.3.2 Stock options and performance shares

Presentation required by Articles L. 225-184 and L. 225-197-4 of the French Commercial Code

This chapter contains the reports required under the French Commercial Code. It also includes the tables recommended by the AFEP/MEDEF Corporate Governance Code of December 2008 and by the AMF Recommendation of December 22, 2008 on the information to be provided in registration documents concerning the remuneration of Directors.

The Board of Directors awarded stock options in 2012, but no performance shares were distributed.

POLICY ON GRANTING STOCK OPTIONS AND BONUS SHARES (PERFORMANCE SHARES)

AUTHORISATIONS GRANTED TO THE BOARD OF DIRECTORS BY THE ANNUAL GENERAL MEETING

The 28th and 29th resolutions of the Combined Annual General Meeting on April 14, 2011 authorised the Board of Directors on one or more occasions to allot stock options, calls and/or bonus shares, whether in existence or to be issued in the future. This authorisation was given for a period of thirty-eight months and requires the beneficiaries of these shares to be employees and/or corporate officers of TF1 or companies related to it.

To that end, the General Meeting delegated powers to the Board of Directors to set rules for grants of bonus shares, with a view to establishing closer links between senior executives and the performance of the Group and its future and also the results of their work.

There are plans for a common ceiling set at 3% of the authorised capital.

The 28th and 29th resolutions on options and bonus shares provide that:

- the Board of Directors sets the conditions, notably the maximum cap, for options or shares allotted to the Executive Directors, as well as the performance criteria applicable to them;
- the Board of Directors draws up a list or determines the categories of other beneficiaries of options or shares, and sets the criteria they must fulfil.

Furthermore, the 28th resolution rules out any discounts. Depending on the case:

- the subscription price of shares will be equal to or greater than the average share price over the 20 days prior to their allotment;
- the purchase price of shares will be equal to or greater than the average share price over the 20 days prior to their allotment, or to the average price at which they are purchased by the company, according to Articles L. 225-208 and L. 225-209 of the Commercial Code.

The Board of Directors granted options entitling their holders to subscribe for new TF1 shares, subject to company performance, in 2012.

RULES APPLICABLE TO GRANTS OF STOCK OPTIONS AND BONUS SHARES

It should be noted that:

- stock options or bonus shares are granted to attract senior executives and employees and thereby to secure their loyalty, reward them and give them a medium- and long-term interest in the company's development, in the light of their contribution to value creation;
- more than 150 employees benefit from each plan. The beneficiaries are selected and individual grants are decided upon in accordance with each beneficiary's responsibility and performance, with particular attention paid to potential high potential managers;
- no discount is applied to grants of options and shares;
- the managers benefitting from these plans are informed on insider trading;
- a rule has been set that prohibits employees from exercising their options or selling option shares in the thirty calendar days leading up to release of the quarterly, half-year and full-year financial statements, or the day of this release.

SPECIFIC RULES APPLICABLE TO DIRECTORS

The 28th and 29th resolutions on options and bonus shares provide that the number of options granted to Executive Directors of the company may not represent more than 5% of each of the allotments made by the Board during this 38 month period.

The Board of Directors has incorporated the following AFEP/MEDEF recommendations into its rules of procedure:

- stock options or bonus shares are not granted to senior executives upon leaving the company;
- hedging the risk relating to the exercise of stock options or the sale of bonus shares is forbidden;
- executives are obliged to retain a certain number of bonus shares or option shares until their term of office expires.

This last provision was applied for the first time to stock options granted in 2009. The Board decided to set the proportion of option shares that Directors would be required to retain throughout their term of office at 25% (after selling the number of shares necessary to cover the cost of option exercise and paying any related taxes or social charges).

It should be noted that options granted to the Chairman and CEO have since 2009 been subject to performance criteria.

GENERAL INFORMATION: CHARACTERISTICS OF STOCK OPTIONS

All the stock options granted by the Board of Directors have the following characteristics:

- exercise price: average of the opening prices quoted on the 20 trading days prior to the option grant, with no discount;
- validity period: seven years as from the date the options are granted;
- lock-up period:
  - plan nos. 10 and 11: three years following the date the options are granted (negotiable from fourth anniversary),
  - plan nos. 12 and 13: four years following the date the options are granted;
- exercise period: during the period after the lock-up expires;

- automatic cancellation if the employment contract or corporate office is terminated, unless given special authorisation or in the event of disability, departure or retirement.

STOCK OPTIONS GRANTED OR EXERCISED IN 2012

DETAILS ON THE SHARE SUBSCRIPTION OPTION PLAN IN 2012

In 2012 the Board of Directors introduced a TF1 subscription option plan, called Plan no. 13, granting options entitling their holders to subscribe for new shares, subject to company performance.

The grant date was June 12, 2012. The number of options granted was 1,437,200 at €6.17, representing 0.7% of the authorised capital.

The options were granted to 143 beneficiaries, senior managers or salaried employees of the company or Group companies, belonging to one of the three management bodies, excluding the Chairman.

The exercise price of the options was calculated on the basis of the average of the opening prices on 20 trading days (from May 15, 2012 to June 11, 2012). No discount has been applied.

These options are valid for seven years after the date granted.

Exercise of the options is subject to performance conditions. The Board of Directors has set the performance criteria, independently of each other, that determine the number of options that can be definitively acquired. Options are acquired depending for one half on the trend in consolidated revenue on a consistent basis and for the other half on the ratio of ordinary operating income to consolidated Group revenue on a consistent basis.

For each criterion:

- if performance is equal or superior to 90% of objectives, 100% of the options may be exercised;
- if performance is equal or superior to 70% and inferior to 90% of objectives, the options may be exercised at the percentage of the performance achieved in a linear manner;
- if performance is lower than 70% of objectives, no options may be exercised.

The calculation will be made on the basis of the arithmetic average of performances in 2012, 2013, 2014 and 2015 on a consistent basis, compared with the budgets set in 2011, 2012, 2013 and 2014 for the respective fiscal years of 2012, 2013, 2014 and 2015.

The Remuneration Committee will review the fulfilment of performance criteria on which the exercising of options depends.

The Board of Directors will decide on the number of options that beneficiaries may exercise from June 12, 2016, the first day after the lock-up period.

EXERCISABLE STOCK OPTIONS

In 2012, 3,000 TF1 options were exercised, as part of Plan no. 11, by Group employees. They were exercised at €5.98, with no discount.

At February 19, 2013, there were no exercisable TF1 share subscription options apart from those in Plan no. 11 (those no longer in lock-up period and whose exercise price was lower at the date, than the market price), or 1,728,889 shares in circulation (0.8% of the authorised capital).

OPTIONS TO SUBSCRIBE OR PURCHASE SHARES GRANTED DURING THE YEAR TO THE EXECUTIVE DIRECTOR BY THE ISSUER AND BY ANY GROUP COMPANY

In 2012 Nonce Paolini did not benefit from TF1 purchase or subscription options. As such, he received no option subscription in Plan no. 13.

As part of his functions at Bouygues, in the 2012 fiscal year he received options entitling him to subscribe new Bouygues shares, granted, effective on June 13, 2012, by the Board of Directors of the Bouygues company at a Meeting on April 26, 2012.

TABLE 4 – OPTIONS GRANTED TO THE EXECUTIVE DIRECTOR IN 2012

Name of Executive Director	Plan number and date	Nature of options (purchase or subscription)	Valuation of options according to method used in consolidated financial statements	Adjusted number of options granted during the year	Exercise price	Exercise period
Nonce Paolini	Bouygues Plan Board Meeting date: 26/04/2012 Grant date: 13/06/2012	Subscription	€0.4584	97,000	€20.11	June 13, 2016 to December 13, 2019
TOTAL			**€44,465**	**97,000**		

The exercise price was calculated on the basis of the average of the opening prices quoted on the 20 trading days prior to June 13, 2012, with no discount.

TABLE 5 – OPTIONS EXERCISED BY THE EXECUTIVE DIRECTOR OF TF1 IN 2012

No options were exercised by the Executive Director of TF1 in 2012.

SUBSCRIPTION OPTIONS GRANTED DURING THE YEAR TO SALARIED DIRECTORS BY THE ISSUER AND BY ANY GROUP COMPANY

The Board of Directors of TF1 granted, effective on June 12, 2012, options entitling the beneficiary to subscribe new TF1 shares to a salaried Director, owing to the person's mandates and functions at the company.

Jean-Pierre Pernaut, a salaried employee and Director of TF1, benefitted from this plan. The company's other salaried Directors did not in the 2012 fiscal year receive options granted by the companies linked to the company under the conditions set forth in Article L. 255-180 of the French Commercial Code or by companies controlled by the company as provided for by Article L. 223-16 of the French Commercial Code.

Name of salaried Director	Plan number and date	Nature of options (purchase or subscription)	Valuation of options according to method used in consolidated financial statements	Number of options granted during the year	Exercise price	Exercise period
Jean-Pierre Pernaut	Plan no. 13 Board Meeting date: 14/05/2012 Grant date: 12/06/2012	Subscription	€0.70	7,200	€6.17	June 12, 2016 to June 12, 2019
TOTAL			**€5,040**	**7,200**		

PERFORMANCE SHARES

TABLE 6 – PERFORMANCE SHARES GRANTED TO THE EXECUTIVE DIRECTOR

No performance shares were granted by the company in 2012.

TABLE 7 – PERFORMANCE SHARES THAT BECAME AVAILABLE TO THE EXECUTIVE DIRECTOR DURING THE YEAR

No performance shares became available since none were granted by the company to the Executive Director, Nonce Paolini.

STOCK OPTION ALLOCATION HISTORY AND OTHER INFORMATION

TABLE 8 – STOCK OPTION ALLOCATION HISTORY

	Plan n° 10	Plan n° 11	Plan n° 12	Plan n° 13
Date of General Meeting	17/04/2007	17/04/2007	14/04/2011	14/04/2011
Date of Board Meeting	20/02/2008	18/02/2009	12/05 and 25/07/2011	14/05/2012
Grant date	20/03/2008	20/03/2009	10/06/2011	12/06/2012
Total subscription options granted	2,000,000	2,000,000	1,500,000	1,437,200
to Directors	*56,000*	*56,000*	*7,200*	*7,200*
Nonce Paolini	50,000	50,000	0	0
Jean-Pierre Pernaut	6,000	6,000	7,200	7,200
to the 10 employees receiving the highest grants	*340,000*	*340,000*	*272,000*	*302,000*
Total options granted subject to performance	0	50,000	1,500,000	1,437,200
Options exercisable beginning	20/03/2011	20/03/2012	10/06/2015	12/06/2016
Expiry date	20/03/2015	20/03/2016	10/06/2018	12/06/2019
Subscription price *(euros)*	€15.35	€5.98	€12.47	€6.17
Exercise rules	Exercisable on 3rd anniversary. Negotiable on 4th anniversary		Exercisable and negotiable on 4th anniversary	
Number of shares subscribed as of 31/12/2012	0	14,111	0	0
Total number of subscription or purchase options for cancelled, non-allocated or forfeited shares	241,000	257,000	63,200	12,800
Options outstanding at 31/12/2012	1,759,000	1,728,889	1,436,800	1,424,400

The above options are currently the only instruments issued by TF1 that have a potentially dilutive effect.

In view of the average TF1 share price in 2012, a dilutive impact has been taken into account for Plan no. 11 and Plan no. 13.

The change in the number of currently valid options is presented in note 32.2 in the notes to the consolidated financial statements of TF1 at December 31, 2012. The cost of option subscription plans granted by TF1 is presented in note 20.1 in the same annex.

Earlier matured plans: Plan no. 1 lapsed on October 10, 2002, Plan no. 2 lapsed on April 8, 2004, Plan no. 3 lapsed on March 18, 2005, plan no. 4 lapsed on September 20, 2006, plan no. 5 lapsed on December 6, 2007, plan no. 6 lapsed on December 11, 2008, plan no. 7 lapsed on March 12, 2010 and Plan no. 8 lapsed on September 16, 2011. Plan no. 9 on the allocation of free shares lapsed on March 31, 2010.

TABLE 9 – STOCK OPTIONS GRANTED TO OR EXERCISED BY THE TEN TF1 EMPLOYEES (NON DIRECTORS) RECEIVING THE HIGHEST GRANTS IN 2012

	Total number of attributed options/ subscribed or purchased shares	Average weighted price	Maturity	Plan no.
Options granted during the fiscal year by the issuer, and any company included in the scope of option allocation, to the ten employees of the issuer and of any company included in this perimeter, with the highest number of granted options.	302,000	€6.17	12/06/2019	13
Options held by the issuer, and the aforementioned companies, exercised during the fiscal year by the ten employees of the issuer and said companies with the highest number of options thus purchased or subscribed.	3,000	€5.98	20/03/2016	11

2.3.3 Other information concerning the Executive Director

TABLE 10 – OTHER INFORMATION CONCERNING THE EXECUTIVE DIRECTOR

	Employment contract(1)		Supplementary pension plan(2)		Remuneration or benefits due or likely to be due in connection with relinquishing or changing post(3)		Remuneration related to a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Nonce Paolini – Chairman and CEO since 01/08/2008	X		X			X		X

(1) Nonce Paolini has an employment contract with Bouygues SA, not TF1 SA.
(2) See § 2.3.1 "Other information concerning remuneration and supplementary pension". The annual supplementary pension entitlement, i.e. 0.92% of the reference salary (average of three best years) for each year of scheme membership, is capped at eight times the annual upper limit for social security contributions (currently €290,976). This entitlement is acquired after ten years of service at the Bouygues group and applies only to those who are at the Group when they take their retirement. Note that the Bouygues group does not have to set aside a provision for the supplementary scheme, which takes the form of an insurance policy taken out with an insurer outside the Group. The annual supplementary pension has been brought within the scope of the regulated agreement procedure.
(3) Golden parachutes: neither the company nor its subsidiaries have made any commitment or promise to award severance pay either for the Executive Director. No commitment has been made on any re-invoicing of such sums to TF1. No commitment or promise to award severance pay has been made for salaried Directors.

Since the Executive Director has an employment contract with the parent company, he is subject to the collective bargaining agreement for construction company executives in the Paris region. Nonce Paolini is entitled to the remuneration provided for under that agreement if his employment contract is terminated by Bouygues SA.

2.4 RISK FACTORS

The risk factors presented in this chapter are the following:

- operational risks:
  - risk of losing key programmes,
  - risk of TF1 losing its leadership premium,
  - risk of non-reimbursement of advances paid,
  - risks related to the economic crisis;
- industrial and environmental risks:
  - industrial risks related to TF1 programme broadcasting: risk of signal transmission interruption and non-execution risk,
  - competition risks,
    - risks related to the growth of Digital Terrestrial Television and the development of internet and new media,
    - risks related to radio spectrum developments (frequency changes, 4G interference, second dividend);
- legal risks:
  - risks related to regulation:
    - authorisation to transmit and CSA sanctioning power,
    - risks related to public pressure on advertising and programmes,
    - risks related to additional taxation and legal developments,
    - risks related to the rights of individuals (privacy, slander, libel),
    - risks related to intellectual property rights (copyright, related rights),
    - risks related to certain reality TV shows,
    - risks related to competition rights,
  - process of acquiring 100% of NT1 and Groupe AB's 40% shareholding in TMC;
- credit and/or counterparty risk;
- financial risks:
  - liquidity risk,
  - market risk.

2.4.1 Operational risks

RISK OF LOSING KEY PROGRAMMES

Thanks to the talent of its creative staff and its privileged, long-standing relations with French and foreign producers, TF1 has always provided superior programming. These factors considerably reduce the risk that TF1 will lose key programmes, which could result in decrease in audiences and, in the pay-to-view television sector, strained relations with the distributors of channels in a market that is increasingly limited to a handful of players.

However, although the level of advertising revenue is correlated with a channel's viewership and audience share, the relationship is not linear. A one-point decrease or increase in audience share does not necessarily result in an equivalent variation in advertising market share or gross or net advertising sales.

Particular attention is also placed on the arrival of new players in the acquisition of television broadcasting rights for sports events, which may change the current balance in the rights market.

RISK OF TF1 LOSING ITS LEADERSHIP PREMIUM

Thanks to its audience share, TF1 is the leading television channel in France. This situation results in a leadership premium on the advertising market. Losing this premium would have an impact on the results of the Company.

RISK OF NON-REIMBURSEMENT OF ADVANCES PAID

TF1 enters into long-term contractual agreements for major events (for example, sports contracts) that require advance payment of broadcasting rights. TF1 is thus exposed to the risk that such advances will not be reimbursed if the event is totally or partially cancelled because of *force majeure*. TF1 negotiates clauses covering the reimbursement of advances and whenever possible considers the advisability of hedging this risk.

RISKS RELATED TO THE ECONOMIC CRISIS

TF1 and its partners, like the rest of the global economy, were affected by the 2009 economic crisis. The economic situation in 2012 and the outlook for 2013 have led the Group to step up action plans aimed at cutting costs and making its business model more flexible.

To cushion the impact of any future shocks to the economy and to be able to react even more effectively in the event of another downturn, the Group continued the reorganisation that was begun in 2008. New processes have been introduced at Group level, some costs have been made variable, and adjustments are constantly being made to the business model. The Group pursued its efforts by preparing and executing a plan to cut costs and adjust medium- and long-term processes and organisations.

RISK MANAGEMENT POLICY

The TF1 group has put in place systems for monitoring and controlling risk across all the Group's activities. These risk management policies are detailed in the report of the Chairman on Corporate Governance and Internal Control in section 2.2, page 33 of the 2012 registration document and Annual Financial Report.

With regard to operational risk, the TF1 group carries:

- civil liability insurance covering the consequences of TF1 or its current or future subsidiaries' being found liable for damages caused to third parties. The amount of coverage is based on the risks incurred;
- property damage insurance covering TF1 and its current and future subsidiaries in France and abroad, wherever the TF1 group conducts activities. This policy covers material damages to TF1 group assets in an amount usually equal to the insured assets' value. The policies provide coverage for events involving acts of terrorism.

These contracts are taken out for the TF1 group by the Legal Affairs Division with major insurance companies.

The deductible for each of these policies has been set according to the risks incurred and the premium reductions offered to optimise the overall cost of covering the Group's risks.

2.4.2 Industrial and environmental risks

INDUSTRIAL RISKS

TF1 PROGRAMME BROADCASTING – RISK OF SIGNAL TRANSMISSION INTERRUPTION AND NON-EXECUTION RISK

TF1's programmes are currently broadcast to French homes by:

- radio waves in freeview standard definition (SD) DTT *via* the 124 main and 1,502 secondary transmission sites operated by TDF, TowerCast, OneCast, and Itas TIM;
- radio waves in freeview High Definition (HD) DTT *via* the 124 main transmission sites and 1,090 secondary sites operated by TDF, TowerCast, OneCast and Itas TIM;
- satellite in freeview SD and HD digital on the Astra 1 position from SES in the DTT SAT offering, and on Eutelsat's Atlantic Bird 3 in Fransat's offering;
- cable in SECAM analogue in some networks;
- cable in SD digital;
- satellite in SD digital in the packages offered by CanalSatellite (SES Astra 1) and AB (Eutelsat AB3);
- ADSL and fibre-optic cable in SD digital *via* all internet access providers: Orange, Free, SFR and Bouygues Telecom;
- cable, satellite, and ADSL in HD digital simulcast *via* a growing number of networks.

TDF is by far the leading national TV signal transmission operator, with a network and technical resources currently unmatched by any other company, particularly in terms of hosting on existing pylons.

TF1 is therefore dependent on TDF for signal transmission. Despite the emergence of alternative transmission operators, TF1 cannot do without TDF's broadcasting facilities. As a consequence, if the TDF network breaks down, TF1 cannot switch to other terrestrial transmission systems to provide quick and economical coverage of its full broadcast area.

Multi-platform radio wave transmission (SD DTT and HD DTT) and the variety of alternative networks (satellite, cable, ADSL and fibre, the last two of which are provided by several operators) will gradually reduce the impact of any failures, since these networks are not connected to each other and have separate staffs.

Broadcasting sites are generally reliable because of the redundancy of broadcast transmitters. However, incidents can occur with the antenna system (antenna, wave guides and frequency multiplexers), and the power supply is not under TDF's control, being the responsibility of EDF.

There have been disruptions of TF1 signal transmissions for technical reasons such as transmitter failures or power outages. The contract penalties are not commensurate with potential operating losses to TF1 during these incidents (including loss of audience, damage to TF1's image, reductions demanded by advertisers, and loss of merchandising rights).

Lastly, since there are no back-up measures for TF1's HD signal transmission and since the signal is transmitted *via* TDF's TMS terrestrial network, disruptions in multiplex transmission to groups of broadcasting sites are possible and happen periodically. The TMS network is currently fully deployed, but continuity disruptions do persist, sometimes with a major impact (> 1 million viewers). The introduction of back-up transmission arrangements for TF1 HD will be reviewed ahead of the discontinuation of TF1 DTT SD broadcasting. MR5 made a satellite back-up commitment with the CSA that will start up in late 2014/early 2015.

Furthermore, the current labour climate brings a risk of malicious actions that could have an impact on TF1's broadcasting. There have been several minor service interruptions at transmission sites in the past.

The loss that TF1 could incur in the event of a transmitter failure is proportional to the number of television viewers served by the transmitter. A failure in the Paris region (10 million viewers) could have serious economic repercussions. For this reason, TF1 has negotiated an agreement for its digital transmissions requiring TDF to intervene very quickly in the event of a failure. TF1 has also requested reinforced back-up measures.

In addition, the reallocation of frequencies with the deployment of the new R7 and R8 multiplexers could have an impact on existing multiplexers and cause local disturbances in Group networks.

INDUSTRIAL RISK MANAGEMENT POLICIES

The *Réagir* Committee created in 2003 continues to work on monitoring and preventing the major risks associated with the Group's key processes. It also updates and regularly tests rapid recovery plans that may be triggered when an exceptional event results in an interruption in signal transmission or loss of access to the TF1 building.

A secure external back-up site set up in 2007 is operational for programme transmission, the production of newscasts (TF1 and LCI), and the preparation of advertising spots for the TF1 channel. The company's vital functions are included in the security plan through an alert and activity-resumption process. Besides real-time security, numerous areas such as accounting, treasury, payroll, Eurosport, e-TF1 and IT are protected by multiple-level security systems. Procedures are tested periodically so that the system can be adjusted, if necessary. Broadcasting continuity is ensured 24/7, and an operations simulation is performed every month.

In 2012, several exercices were carried out to check that the system worked. They provided an opportunity to update the back-up systems, particularly for news production (PNS2) and to check on execution of improvements requested, either after Internal Audits or as part of the extension of IT back-up arrangements.

No broadcasting incident necessitated the use of the back-up site in 2012.

The *Réagir* system was expanded to include a preliminary monitoring level – *Réagir 1* – which is used to identify periods of increased risk (work, events, live coverage, launch of services, software) and to extensively communicate the associated information to the affected departments.

As with operational risks, TF1 carries insurance (both civil liability and property damage) that covers some of the risks mentioned above.

COMPETITION RISKS

RISKS RELATED TO THE GROWTH IN DIGITAL TERRESTRIAL TELEVISION AND TO THE DEVELOPMENT OF INTERNET AND NEW MEDIA

Source: Médiamétrie.

The TF1 group operates in a constantly evolving competitive environment in which changes have been accelerated by:

- the development of Digital Terrestrial Television (DTT) since 2005, and the launch of six new channels at end-2012;
- the gradual evolution in entertainment consumption behaviour due to the development of Web-based media, whose revenues will grow in coming years, in part from below-the-line budgets and whose non-linear television consumption should grow at the expense of part of our pay-television activities (pre-packaged programs);
- the growth of connected television, offering a new space that adds to non-linear programme broadcasts with the arrival of powerful players such as Apple, Google and Netflix.

The impact of these changes may also be heightened if the major incumbent channels have to contend with more aggressive sales and marketing policies as a result.

Moreover, the increase in the number of channels could lead to increased competition on the rights market, particularly for powerful and attractive content such as series.

The deployment of DTT has split the television audience among a larger number of players. The audiovisual landscape is changing fast. In January 2007, 40% of French households received multi-channel offerings; by the end of December 2012, that figure had risen to 100%.

With the growth in freeview television offerings, it was normal to see TF1's audience share decline. However, the channel's audience has shown some resistance: while multi-channel offerings have increased by a factor of four in eight years, TF1's audience share for people four years of age or older declined from 31.8% in 2004 to 22.7% at end-December 2012. TF1 had 88 of the 100 most-watched shows in 2012. Meanwhile, DTT's aggregate audience share rose from 5.8% in 2007 to 22.0% in December 2012, a 16.2 points increase.

The ongoing risk of audience fragmentation facing TF1 will be reduced by the Group's move into DTT with the acquisition of full control of TMC and NT1, and the launch of HD1, which will allow TF1 to make its mark among the new DTT audience shares and limit the impact on its premium channel.

With leisure time spent on entertainment – and television media in particular – steadily increasing, the Group is consolidating TF1's leadership position by:

- building a consistent overall offering through its free channels and powerful programmes;
- becoming a major DTT player through its holding in TMC (the DTT leader and number-five channel in France in 2012) and NT1, and the launch of the HD1 channel;

- optimising the acquisition of programmes for the premium and DTT channels through a cross-cutting organisation that ensures the best possible fit between the needs of the channels and procurement, and the circulation of acquired rights in accordance with commitments;
- improving the Group's control of the value chain through internal production of part of its programming through the production subsidiary (TF1 Production);
- establishing MYTF1 as a leading French media website.

TF1 is also present in the connected television market, with reasonable investments, by signing partnerships with manufacturers, as well as in new types of usage, by offering viewers interactive experiences with flagship programmes on the premium channel such as *Elections Présidentielles 2012, Danse avec les Stars, Secret Story, The Voice* and *Election de Miss France* .

RISKS RELATED TO RADIO SPECTRUM DEVELOPMENTS

Following completion of the switch to all-digital in November 2011, the radio spectrum remains exposed to changes that represent various risks to TF1.

In the short run, the creation of R7 and R8 multiplexers has been accompanied by changes in frequencies for all other multiplexers in each of the 13 ramp-up phases. Continuity of reception for TV viewers is a priority for TF1, which has had extensive dealings with the CSA to keep step with these developments.

In the medium term, the arrival of 4G in the first dividend, which is located in the band transferred to mobile phone operators, *i.e.* adjacent to DTT, could create interference for TV viewers. Mobile phone operators must take the steps necessary to avoid disrupting TV reception, notably by installing filters.

Further out, the now openly discussed possibility of a second dividend released from the spectrum allocated to DTT represents a major risk to business and it is vital for TF1 to be part of the debate.

One risk related to the competitive environment is the reallocation of frequencies to new players (*e.g.* reallocation to broadcasting of some bandwidth from the digital dividend). The launch of a call for bids for the R7 and R8 multiplexers in October 2011 led to the authorisation of six new freeview digital HD domestic channels, including the TF1 group's HD1 channel. These channels were launched on December 12, 2012.

2.4.3 Legal risks

At the present time, there are no governmental, legal or arbitration procedures, or other procedures of which the company is aware that are pending or that threaten it that could have or have had over the past twelve months a material impact on the financial situation or the profitability of the company/Group.

REGULATION RISK

AUTHORISATION TO TRANSMIT AND CSA SANCTIONING POWER

TF1 is a licensed audiovisual communications service. The company's initial authorisation to use frequencies for a period of 10 years starting April 4, 1987 (Act of September 30, 1986) expired in 1997. Based on decision 96-614 of September 17, 1996, the channel received an initial five-year renewal of this authorisation, without a call for bids, effective April 16, 1997.

The TF1 channel's broadcast authorisation was automatically renewed by the CSA for the period 2002-2007 on November 20, 2001. Under the provisions of Article 82 of the amended Act of September 30, 1986, this authorisation could be automatically extended to 2012 on account of the simulcasting of the freeview digital terrestrial channel. In a decision dated June 10, 2003, the CSA modified the TF1 authorisation and its agreement to include the provisions relating to DTT broadcasting of the programming.

A law passed on March 5, 2007 aimed at modernising future audiovisual broadcasting included two automatic five-year extensions of TF1's authorisation. The first is compensation for the early termination of analogue broadcasting on November 30, 2011, on condition the channel is a member of a public interest Group implementing the measures necessary for such termination. The second extension is on account of the channel's commitment to provide DTT coverage to 95% of the French population. TF1's term of authorisation therefore comes to an end in 2022.

It should be noted that the TF1 group must meet a variety of general obligations regarding broadcasting and investment in production, either because of its Terms of Reference or regulations applicable to its activity. A change to the regulations could add to current constraints on TF1, with a possible negative impact on the company's profitability.

If TF1 fails to meet its contractual obligations, the CSA can, after giving formal notice, impose one of the penalties set forth in Article 42-1 of the Act of September 30, 1986, *i.e.* fines; a temporary ban (not to exceed one month) on publishing, broadcasting, distribution of service, a category of programming, a part of the programming, or one or more advertising slots; or the reduction of its broadcast authorisation period by up to one year. TF1's respect for these obligations is strictly monitored. As such, it has created the Programme Compliance Department to ensure that its channels respect the regulation in this area.

RISKS RELATED TO PUBLIC PRESSURE ON ADVERTISING AND PROGRAMMES

The political treatment of certain social issues, such as violence or public health, could prompt lawmakers to tighten legislation on advertising or programmes. TF1 takes account of this situation in discussions with its main partners and strives to keep step with these developments over time in the best interests of stakeholders.

TF1 endeavours to acquire the best programmes from its French and international partners and broadcasts programmes that target a wide audience. The programming, viewing and compliance teams pay close attention to programming for younger audiences to minimise this risk. A team from TF1 Publicité previews all advertising spots after obtaining the opinion of the ARPP, and TF1 Publicité also checks to make sure that commercials comply with the regulations and editorial policy.

RISKS RELATED TO ADDITIONAL TAXATION AND LEGAL DEVELOPMENTS

Article 53 of the Act of September 30, 1986 calls for a complete end to advertising on France Télévisions, the public service broadcaster, in 2012. An amendment to this article in the 2011 Finance Act deferred the ban until January 1, 2016. In exchange for this postponement, the tax paid by the channels to make up the deficit of France Télévisions was lowered to 0.5% of their revenues, a rate that will apply until January 1, 2016.

This case illustrates the economic risk to which television channels are exposed owing to the introduction of new taxes like the tax on advertising investments.

In addition, 2013 may bring a new Bill amending the Freedom of Communication Act of September 30, 1986. At this stage, it is impossible to measure the positive and negative impacts of this new legislation.

RISKS RELATED TO THE RIGHTS OF INDIVIDUALS (PRIVACY, SLANDER, LIBEL)

No case currently in progress presents a major financial risk for TF1.

RISKS RELATED TO INTELLECTUAL PROPERTY (COPYRIGHT, RELATED RIGHTS)

The TF1 group has been the victim of pirating of content on which it has rights. Legal action was taken in 2008 to put a stop to it and to claim damages from media such as Dailymotion and YouTube. These cases were originally brought before the Paris commercial court, but have been transferred to the Paris crown court (Tribunal de Grande Instance), which under amended laws is now the only court with jurisdiction over copyright violations. The TF1 group was obliged to update its claims in these two cases, as the alleged violations continued after the writs were issued.

In a ruling on May 29, 2012, the Paris regional court found that the TF1 group was not entitled to take action against YouTube and that its claims were more generally unfounded. The TF1 group has appealed against this ruling, and the Paris appeals court is expected to hear the case by the end of 2013 or early 2014.

In contrast, in a ruling issued on September 13, 2012, the same court found that the TF1 group had partial grounds to take action and had well founded claims against Dailymotion, which as the host that continued to be used by the platform, was accused of failing to promptly withdraw content that had been placed there unlawfully and over which the TF1 group held rights. Dailymotion was ordered to pay the TF1 group €270,000 including legal costs. It was also served an injunction to remove from its search engine keywords referring to TF1 and LCI. The Group is considering appealing this decision as regards content for which it was not deemed to have grounds to take action and therefore did not see its case upheld.

RISKS RELATED TO CERTAIN REALITY TV SHOWS

Glem, which on January 1, 2009 became TF1 Production, TF1's audiovisual production subsidiary, is the defendant in a number of legal proceedings concerning the programme *Île de la Tentation*. The plaintiffs are seeking not only to convert the "participation contracts" into "work contracts", but also to be recognised as "actors". In 2008 differing rulings were handed down in these cases. In three of them, the Paris appeals court ruled on February 11, 2008 that three contestants in the programme were salaried employees of the producer, Glem, but said they did not qualify for actor's status. In its decision of December 22, 2008, the Saint Étienne industrial tribunal held that no work contract existed.

Glem then appealed the three decisions considering the participants as salaried employees.

In a ruling on June 3, 2009, the Court of Cassation held that there had indeed been a work contract, but it rejected the appeals court's finding that there was concealed employment, as intent of concealment had not been proven.

The industrial tribunal of Boulogne-Billancourt has also heard other suits brought by contestants in other seasons of *Île de la Tentation*. There are also suits targeting other programmes for which TF1 has acquired the rights from external producers, such as *Koh Lanta*. Some of the plaintiffs have named the channel TF1 (the purchaser of the broadcasting rights), along with the producer of the programme, as possible "co-employers".

The tribunal has handed down contrasting rulings. It has either (i) ruled against the producer, but awarded relatively modest sums (a few thousand euros per plaintiff), while rejecting the claims of "concealed employment"; or (ii) referred the cases to arbitration. (iii) However, there have been no adverse rulings against TF1 SA.

In decisions issued on September 15, 2009, the tribunal decided the cases involving *Koh Lanta* in the same way as it had *Île de la Tentation*, while ordering one of the plaintiffs, who had been declared the winner, to repay TF1 the money he had received.

Several plaintiffs were dissatisfied with the monetary damages awarded in the initial judgements and filed appeals.

The Versailles appeals court, under the terms of the November 9, 2010 judgements, assessed only the claims of contestants whose “employee” suit was time-barred, but awarded them damages for the harm they allegedly suffered because of the way in which the programme was recorded. TF1 Production decided to appeal the decision. The court handed down its initial rulings on April 5, 2011, in favour of the contestants whose “employee” suit was not time-barred. After the conversion of their participation contract into work contract, they were awarded damages that were slightly higher than those of the time-barred contestants. The court continued to refuse them actor’s status and did not consider TF1 as a co-employer. TF1 was thus systematically cleared.

These decisions were appealed both by the candidates and by TF1 Production. The Court of Cassation is expected to hand down its ruling in early 2013.

On December 13, 2011 the Versailles appeals court handed down a series of rulings on these disputes. Apart from those concerning programmes produced by TF1 Production, which do not differ from those mentioned above, the rulings notably concerned *Koh Lanta* contestants. The Court also confirmed the conversion of the contestants’ participation contracts to work contracts and awarded them sums of money as a consequence of this conversion. However, the Court continued to refuse them actor’s status and did consider TF1 as a co-employer.

In a ruling on November 13, 2012, the Boulogne industrial tribunal refused to convert the contract of one participant in *Le Royaume*, a programme produced by TF1 Production, on the grounds that the programme was equivalent to a game (there can be no game without rules) and that the relationship between this participant and TF1 Production did not therefore have the characteristics of a work contract, which led the board to dismiss all the participant’s claims.

The Versailles appeals court has made several and different assessments of the amounts allocated to participants.

Under the terms of rulings issued in summer 2012 (July 3, 2012), this court awarded fairly modest financial compensation to the participants, in the amount of €2,000 for contestants whose employee suit was time-barred (damage and interest & article 700) or €8,500 for contestants whose suit was not time-barred. Six months later, in rulings issued on December 11, 2012, the same court increased the award to time-barred contestants in particular (€5,000) but also for the first time ordered TF1 Production to pay additional damages and interest (€11,000) to the participants of the last season of *Île de la Tentation* for concealed employment, insofar as the court considered that at the time when the programme was filmed (H1 2008), TF1 Production knew about the ruling issued by the Paris appeals court on February 12, 2008 and therefore intentionally maintained the participation contracts instead of work contracts.

As far as the TF1 group is concerned, its subsidiary TF1 Production is not specialised in reality TV (even though it has produced *Île de la Tentation* and *Greg le Millionnaire*), but in studio-based entertainment programmes, magazine programmes and drama.

Although the financial impact of these cases is not non-existent, it remains relatively small with regard to the latest decisions, even taking into account the rulings by the Versailles appeals court in December 2012 (the stance adopted by the court on this occasion concerns only contestants from the last season of the programme produced by TF1 Production). The claims made by the contestants are for the most part very large (around €300,000 to €500,000 per person). The rulings handed down to date, irrespective of the court, are thus very different in scale from these claims, and thus have not called into question the analysis made concerning the financial impact for the structure in this type of dispute. Taking into account the suits currently underway, the provisions set aside for litigation are consistent with the recent rulings.

The current trend in judicial practice has already led the industry to reconsider the conditions under which these reality shows are produced, and this could affect the cost of these shows.

RISKS RELATED TO COMPETITION RIGHTS

It will be recalled that on January 12, 2009 TF1 received a statement of complaint from the French Competition Authority relating to practices in the pay-television sector.

A complaint was upheld against TF1 SA for anti-competitive practices regarding the exclusive distribution of some of its themed pay channels.

In a ruling on November 16, 2010, the Competition Authority rejected the complaint for anti-competitive practice on the ground that the decision to authorise the CERES operation, whereby TF1 had granted this exclusivity, constituted a vested interest for the parties.

Nevertheless, the Competition Authority decided to refer a number of points to its investigative offices:

- the definition of the relevant fibre-optic and catch-up television markets;
- a determination as to whether such exclusive agreements can have the cumulative effect of locking up the pay-television market.

Furthermore, in a decision on September 20, 2011, the Competition Authority withdrew the authorisation for the 2006 TPS takeover by Vivendi and Groupe Canal Plus for failure by Groupe Canal Plus to meet several commitments made at the time. Following renotification of this transaction, on July 23, 2012, the authority authorised, under injunction, the CanalSat/TPS merger.

Groupe Canal Plus appealed this decision before the Conseil d’État. The annulment of this decision and the obligations that it places on Groupe Canal Plus, notably vis-à-vis publishers of independent theme-based channels such as those of the TF1 group, could present a risk to the business model of these channels when their distribution contracts are renewed.

PROCESS OF ACQUIRING 100% OF NT1 AND GROUPE AB'S 40% STAKE IN TMC

The TF1 group and Groupe AB signed an agreement on June 11, 2009 for the acquisition by TF1 of 100% of NT1 and Groupe AB's 40% stake in TMC.

The French Competition Authority approved the deal on January 26, 2010 on condition that TF1 complied with certain "behavioural commitments".

COMMITMENTS MADE BY TF1

The Competition Authority ruled on January 26, 2010 that the deal would strengthen TF1's position in the markets for rights and advertising. To remedy the identified risks to competition, TF1 made a number of substantial commitments to the Competition Authority.

The commitments were made as from the date of the Authority's decision to approve the deal and are to be implemented as of the formal notification of the decision. They are made for a five-year period and may be reviewed at TF1's request or at the behest of the Authority in the event of a substantial change in the *de jure* or *de facto* circumstances prevailing when the Authority made its decision.

The commitments with regard to rights and audiences are aimed at facilitating the circulation of rights for the benefit of competing channels and to limit the rebroadcasting of programmes to no more than two non-scrambled channels.

TF1 has also undertaken not to engage in any form of cross-promotion on TF1 of programmes aired on the acquired channels.

In the advertising market, these measures are intended to keep TF1's offer of advertising space independent from that of TMC and NT1. TF1 has undertaken in particular not to engage in any form of coupling, subordination, rebates or quid pro quos between the advertising space on TF1 and that on TMC and NT1. It has also promised that TMC and NT1's advertising space would be marketed independently by a different company from the one that manages TF1's advertising offer.

An independent, authorised representative of the Competition Authority, ensures that these commitments are met.

The commitments have been posted on the Competition Authority's website at http://www.autoritedelaconcurrence.fr/pdf/engag/10DCC11engagementsversionpublication.pdf.

Failure to abide by these commitments can result in the imposition of the penalties specified in Article L. 430-8 of the Commercial Code.

The French audiovisual industry regulator (CSA) reviewed the acquisition to determine whether it complied with the Freedom of Communication Act of September 30, 1986. The CSA concluded that it did comply with the rules restricting concentration in the Digital Terrestrial Television (DTT) market and obtained commitments from TF1 to ensure pluralism and programming diversity for the benefit of television viewers:

- some of the commitments made to the Competition Authority will be included in the channels' agreements for the same duration (no cross-promotion; limitation of the rebroadcast of certain programmes already shown on TF1 to one of the two channels; no bidding for sports broadcasting rights for more than two non-scrambled channels);
- commitments will be made in terms of audiovisual regulations for the duration of the agreements (with a period review clause), including:
  - the extension of TF1's production obligations (Group agreement), with the guarantee of original programming on TMC and NT1,
  - the revision of NT1's prime time slot, with noon-to-midnight maintained in 2010 and a transition to 6pm-to-11pm starting in 2011,
  - the obligation for TMC and NT1 to broadcast, respectively, 365 and 456 hours of original programming a year,
  - the enhancement of NT1's content with innovative programming, cultural programmes and live entertainment,
  - the early release of rights to audiovisual works on their last broadcast,
  - better accessibility to NT1's programmes for people with partial or total hearing disabilities.

The commitments made by the TF1 group to the two oversight authorities do not diminish the economic or operational benefits of these acquisitions, which make TF1 a leading player in freeview DTT.

The transaction between TF1 and Groupe AB was concluded on June 11, 2010.

Métropole Télévision, part of the M6 Group, filed an interim appeal and main appeal of the decisions of the Competition Authority and the CSA with the Conseil d'État, France's supreme administrative court. The court rejected the interim appeal on April 22, 2010 and the main appeal on December 30, 2010.

These decisions constitute final validation of the TF1 group's acquisition of TMC and NT1. The representatives of the parties are proceeding with their remit. On January 26, 2010 the TF1 group set up the structures and procedures needed to perform all commitments to the Competition Authority.

The respect of the commitments made by TF1 to the Competition Authority is regularly monitored by independent agents.

The independent agents have established procedures to be implemented by the TF1 group to facilitate their task. After carrying out a series of tests, they noted that the entire set of commitments had been respected. Reports on these procedures and tests were transmitted to the Competition Authority.

RISK MANAGEMENT POLICY

To manage legal risk, the TF1 group carries civil liability insurance to cover the consequences if TF1 or its current or future subsidiaries are found liable for damages caused to third parties. The amount of coverage is based on the risks involved.

The Legal Affairs Division obtains this insurance for the TF1 group from major insurance companies.

The deductible for this policy has been set according to the risks incurred and the premium reductions offered to optimise the overall cost of covering the Group's risks.

2.4.4 Credit and/or counterparty risk

Credit and/or counterparty risks are dealt with in the present 2012 registration document and annual financial report in chapter 4, note 31, on pages 147 to 153.

2.4.5 Financial risks

Financial risks, which are liquidity risks and market risks, are dealt with in the present 2012 registration document and annual financial report in chapter 4, note 31, on pages 147 to 153.

3

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS AFR

Ladies and Gentlemen, Dear Shareholders,

We are assembled here today at the Ordinary General Meeting, as required by French law and by our Articles of Incorporation, to report to you on our management during the past business year, submit the accounts for the 2012 business year for your approval, and review the situation and growth prospects of the company and the Group.

This report also includes information on the social and environmental management of your company.

As in previous years, the accounts for 2012 are presented for both the TF1 group (consolidated accounts) and for the parent company, Télévision Française 1.

The consolidated accounts have been prepared in accordance with IFRS standards, as adopted by the European Union (EU), while the accounts for TF1 SA have been prepared according to accounting rules and principles applicable in France (French GAAP). The change made to the format of the financial statement is indicated on pages 110 and 167.

These financial statements were approved by the Board of Directors of TF1 SA on February 19, 2013.

Post balance sheet events are disclosed in this chapter.

3.1 2012 MARKET TRENDS

3.1.1 Television

Television remained a highly attractive medium for the French population in 2012, both on a daily basis and for major events. The development of new technologies is opening up more possibilities, with a continuous improvement in TV set image quality, an ever increasing choice of channels, and additional services alongside live viewing *via* the web and companion screens.

HIGH PENETRATION OF TV SETS ENCOURAGES CONSUMPTION(1)

Almost every French home now has a TV set: 98% have at least one, and of these 50% have more than one.

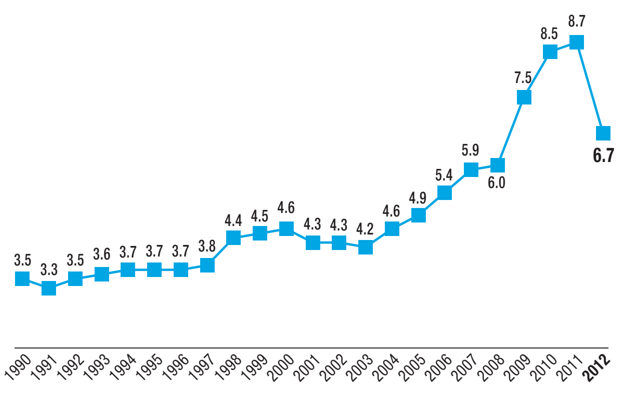
After setting a sales record in 2011 with 8.7 million units, TV set sales naturally trended downwards in 2012, to 6.7 million.

Television technology continues to modernise in French households. 81% now have a 16/9 set, and 80% a high-definition (HD) set, up six points for the two functions in one year.

While the attractiveness of video equipment continues to rise, growth in audio equipment is relatively flat, with 15% of homes equipped with a home cinema system.

SALES OF TELEVISION SETS, VOLUME

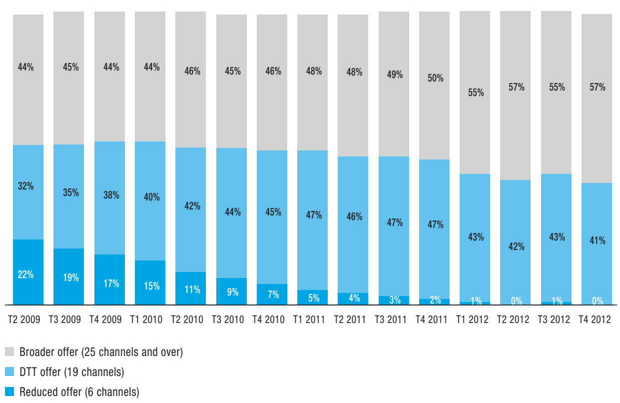
(million of units)(2)



MULTI-CHANNEL ACCESS NOW THE NORM(1)

In fourth-quarter 2012, apart from the 1% of households receiving television *via* analogue cable, all French households received at minimum the 19 freeview DTT channels and 58% of them received a broader channel offer *via* satellite, cable, ADSL or pay TV. This huge shift in the French broadcasting landscape has happened quickly: at end 2006, only 39% of homes with TV sets could access multi-channel offerings.

TREND IN MULTI-CHANNEL OFFER IN HOUSEHOLDS WITH TV SETS



DTT is the most popular way of receiving television, with 59% of homes having a DTT connection (i.e. an external or internal decoder combined with a Yagi aerial). Since the end of the switch to all-digital, this TV reception mode has declined slightly (by 1 point in one year), but high-definition reception (HD DTT) is increasing at a brisk pace (45% of households, up 11 points in one year).

ADSL/fibre optic ranks second. With 37% of homes connected, it ranks far ahead of satellite and cable and remains the fastest-growing reception mode, up 6 points in one year.

Satellite, the longest-standing reception mode, is stabilising (24% of households, stable year-on-year), notably *via* pay subscriptions (13%, stable), while free satellite is on the rise (12%, up 3 points).

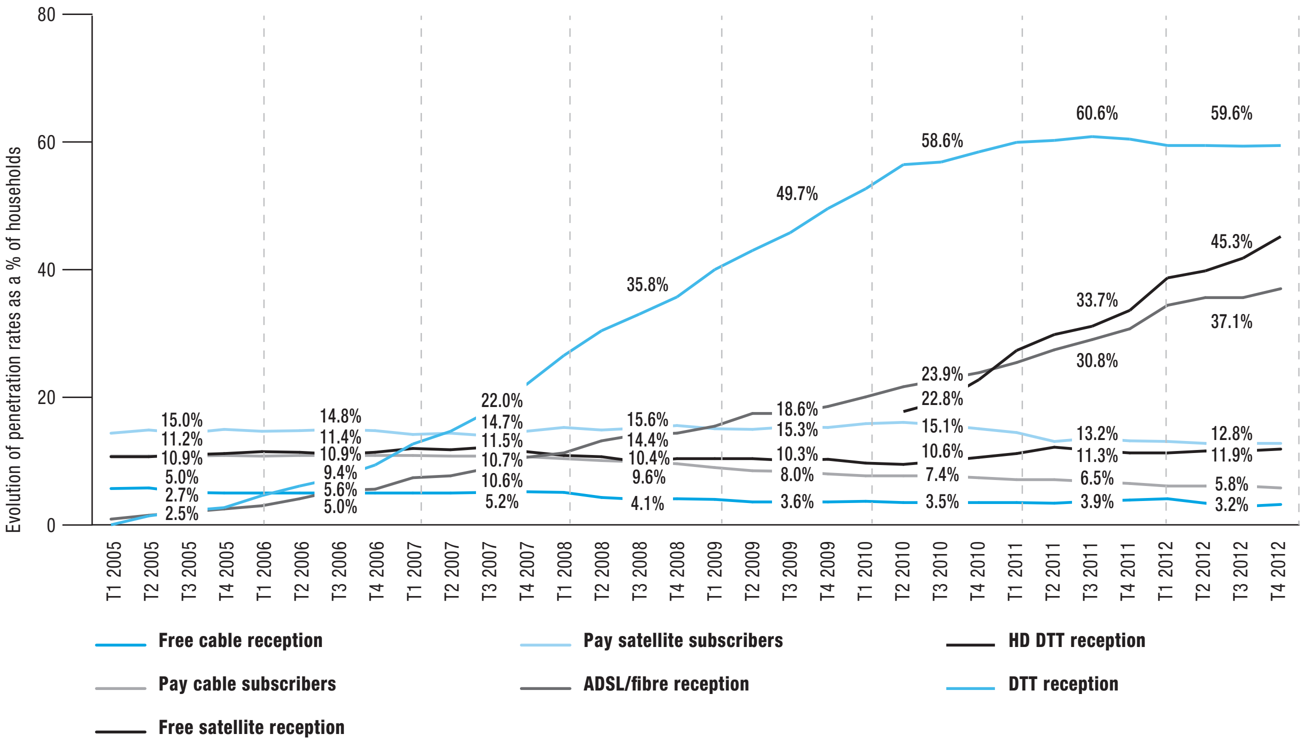
Cable continues to decline (9%, down 1 point in one year), both for pay offers (6%, down 1 point) and free offers (3%, down 1 point).

(1) Médiamétrie/GfK – Référence des Equipements Multimédias – October/December 2012 – Base: households with TV sets.

(2) GFK Retail & Technology – Annual sales (1990-2012).

TELEVISION RECEPTION MODES

(% of households with TV sets)[1]



TELEVISION – THE TOP MEDIA CHOICE [2]

Overall, 81% of French people have at least one contact a day with television, compared with 79% for radio and 43% for fixed Internet (via a computer), giving television the broadest reach of all media.

Television also ranked highest in terms of time spent on media consumption by French people during 2012. French people aged 15+ spent an average of 4 hours and 6 minutes a day watching TV, compared with 2 hours and 15 minutes listening to the radio and 36 minutes surfing the fixed Internet.

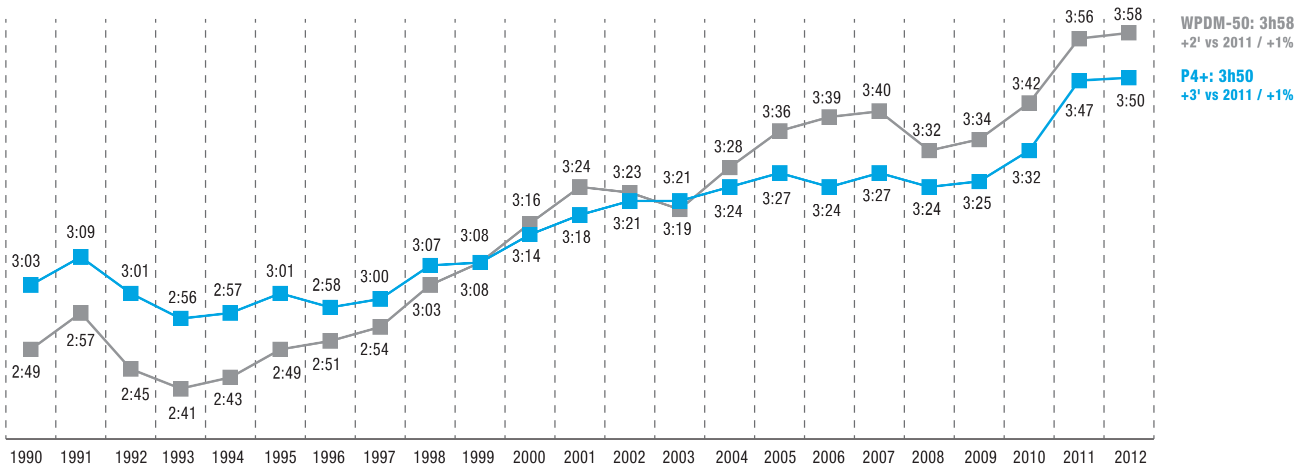
Television consumption continues to grow, setting a record in 2012 across all targets. For over 15s, consumption was up 4 minutes year on year, compared with +3 minutes for radio and +4 minutes for fixed Internet.

(1) Médiamétrie/GFK – Référence des Equipements Multimédias – October/December 2012 – Base: households with TV sets.

(2) Médiamétrie – Médiamat / 126.000 Radio / NetRatings –2012.

TRENDS IN TELEVISION CONSUMPTION(1)

Individual viewing times for “Individuals aged 4 and over” and “Women under 50 purchasing decision-makers”.



TV CONSUMPTION METHODS: CHANGING, BUT SLOWLY(2)

New ways to watch TV are developing, but are still only marginal.

Only 2 minutes a day was spent watching live TV outside the home (“anywhere” viewing), just 0.8% of the level of traditional live viewing.

For non-TV set devices (computers, smartphones or touchscreen tablets – “any device” viewing) the average live viewing time was 1 minute a day, or 0.4% of current live TV consumption.

In terms of non-live, or “anytime”, viewing, a distinction is made between watching catch-up TV on sets, computers, smartphones and tablets, amounting to 3 minutes a day or 1.1% of live TV consumption, and viewing recordings made at home (timeshift viewing), included in Médiamat statistics since January 3, 2011. Timeshift viewing upped audience ratings by 1.9% (an extra 4 minutes and 26 seconds per day for French people aged 15+). Over 44% of timeshift viewing is VOSDAL (View on Same Day as Live).

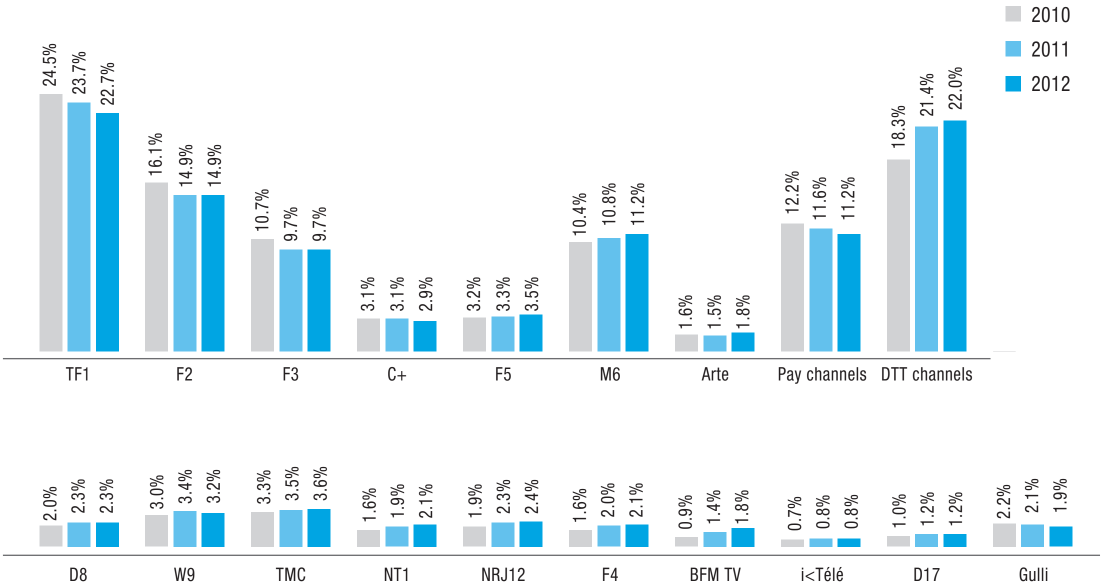
The vast majority of DTT channels are now included in the Médiamat national daily viewing statistics, the only exceptions being LCP, BFM TV, i>Télé, D17, France Ô and the six new freeview DTT channels launched on December 12, 2012.

(1) *Médiamétrie – Médiamat – Annual totals.*

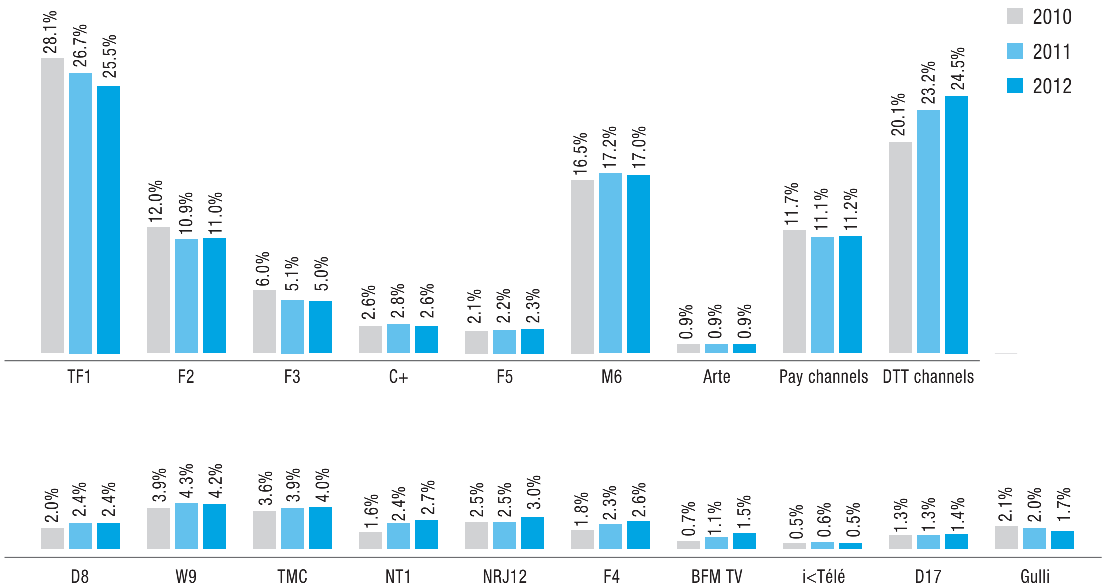
(2) *Médiamétrie – Global TV – April/May 2012; Médiamétrie – Médiamat – YTD 2012.*

The charts below show how audience shares of the French channels are evolving in response to the explosion in the number of channels available and the changes in the broadcasting landscape.

AUDIENCE SHARE – INDIVIDUALS AGED 4 AND OVER(1)



AUDIENCE SHARE – WOMEN UNDER 50 PURCHASING DECISION-MAKERS(1)



(1) Médiamétrie – Médiamat – Annual totals.

3.1.2 The Internet and non-live viewing: four access options

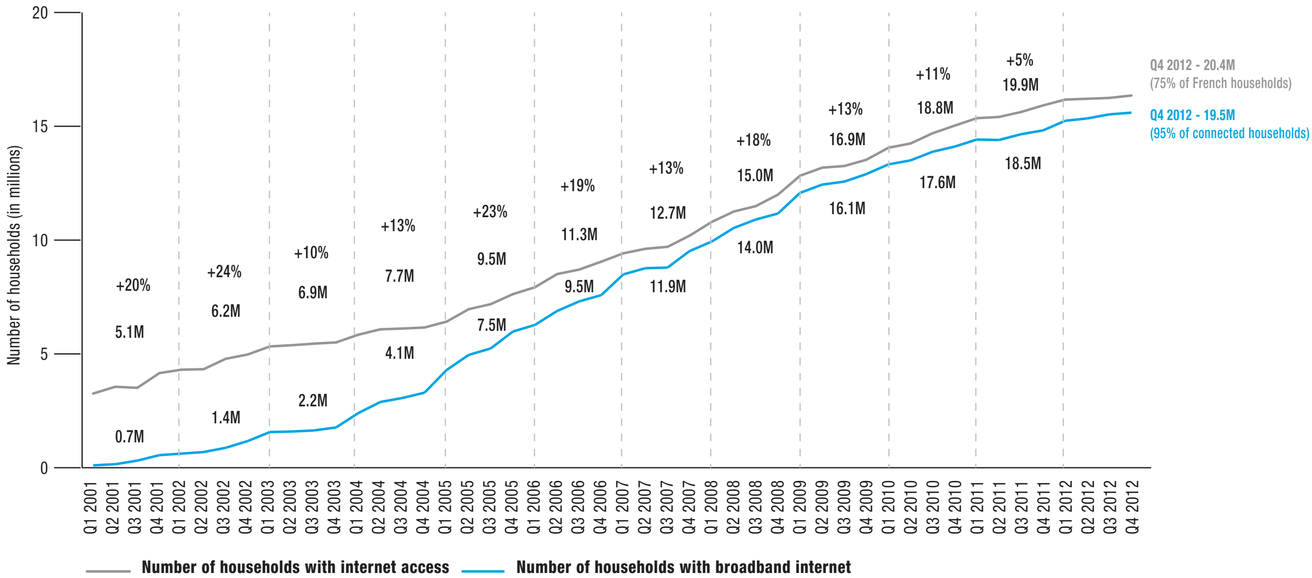
PENETRATION OF INTERNET ACCESS AMONG FRENCH HOUSEHOLDS(1)

An ever-growing number of French people have Internet access: in the fourth quarter of 2012, 20.4 million homes were connected to the Internet (a penetration rate of 75%, up 1.5 point on the fourth quarter of 2011).

Broadband is by far the most popular means of access, accounting for 95% of households with Internet access (19.5 million households).

BROADBAND INTERNET ACCESS – HISTORICAL DATA 2001-2011

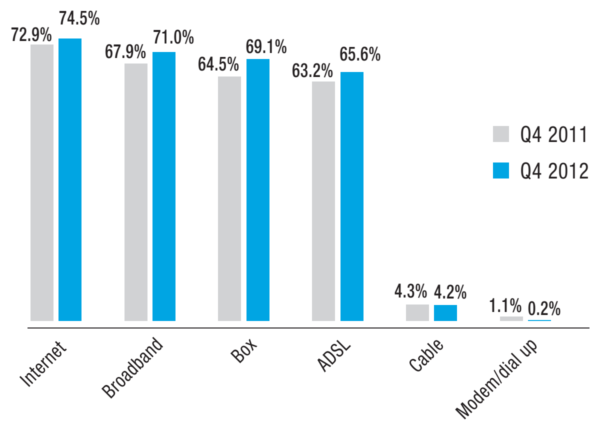
(Basis: 27.5 million French households)



Source: Observatoires Médiamétrie, REM, Q4 2012. Base: French households with TV.

TYPE OF INTERNET ACCESS

(Basis: 27.5 million French households)

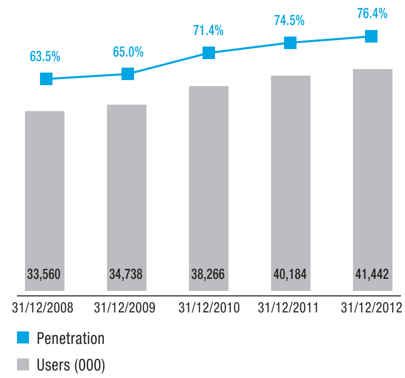


Source : Observatoires Médiamétrie. REM. T4 2012.

INTERNET USE IN FRANCE(2)

At end 2012, France had 41 million internet users (Individuals aged 11 and over), a penetration rate of 76% (up 3 points on December 2011).

TRENDS IN PROPORTION OF INTERNET USERS AMONG INDIVIDUALS AGED 11 AND OVER



Source: OUI Médiametrie.

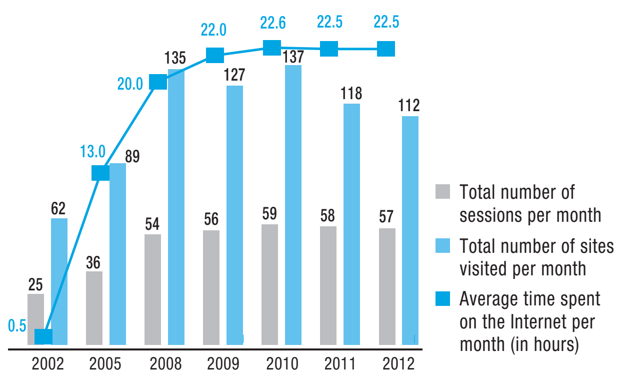
(1) *Source: Observatoires Médiamétrie, REM, Q4 2012. Base: French households with TV.*

(2) *Sources: Panel NNR, December 2012, all connection sites. Observatoires Médiamétrie OUI, December 2012.*

The number of French web users continues to rise. The population is spending more time on the Internet but visiting fewer different sites. In December 2012 French web users went online an average of 57 times in the month and visited an average of 112 different sites (compared with 118 in 2011).

In December 2012 the average time spent online per month was 23 hours, compared with 22 hours and 28 minutes in December 2011.

TRENDS IN MONTHLY USAGE PER UNIQUE VISITOR(1)



RANKINGS OF WEBSITES IN FRANCE(2)

The TF1 group ranks 20th among all groups on the Internet in France, thanks to the performance of sites associated with the TF1 channel (MYTF1 and TF1News) and pure player sites such as WAT, Plurielles.fr and Eurosport.

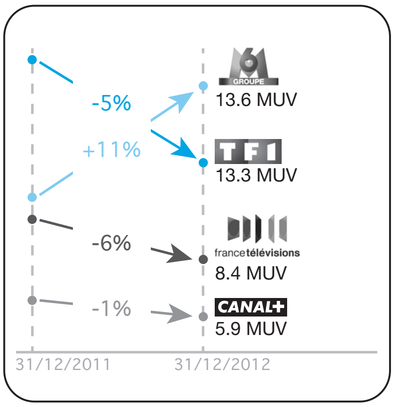
MYTF1 remains number one in the TV Media category with 10.4 million UVs. Eurosport.com ranks 2nd in the Sports category.

At Group level, the M6 group has overtaken TF1 with the integration of the Clubic brand and the purchase of Tom's Games in November 2012.

TF1 the 20th group on the web

1	Google	40.4 MUV
2	Facebook	32.3 MUV
3	Microsoft	25.6 MUV
4	France Telecom	23.2 MUV
5	Wikimedia Foundation	20.8 MUV
6	Groupe Lagardere	20.0 MUV
7	CCM Benchmark	19.8 MUV
8	Vivendi	19.0 MUV
9	Pages Jaunes	18.9 MUV
10	Iliad	18.2 MUV

Competition in television market



(1) UV: unique visitor. The total number of individuals having visited a website or used an app at least once in the period in question. Individuals having visited the same website or used the same app several times are counted once only.

(2) Source: Panel NNR, December 2012, all connection sites, excluding web apps.

NON-LIVE VIDEO CONSUMPTION

CATCH-UP TV[1]

Catch-up remained the most popular consumption mode for programme viewing in 2012. As such, 80% of TF1 programming is available on MYTF1.

In France, the average time spent per online video viewer in December 2012 was 5 hours, up 1 hour and 30 minutes year on year. The average number of videos watched was 89 per unique viewer. France has 33.4 million online video viewers

In November 2012 Google/YouTube topped the rankings at 30 million unique viewers; Dailymotion was second at 14 million. The brand player[2] TF1/WAT attracted 10 million, putting it in third place in the overall rankings and in second place in terms of total time spent, with an average 1 hour and 45 minutes per video viewer per month.

VIDEO ON DEMAND – VoD[3]

The VoD market grew once again in 2012, reaching over €251 million in consumer purchases, for a near 15% year-on-year increase. The market grew 22% in terms of total consumer revenue excluding adult programmes, on a consistent scope with the sector of physical video transactions.

Awareness of VoD also rose once again in 2012, with nearly 9 in 10 French people saying they know about the service and nearly 1 in 3 saying they use it.

These increases are a result of the increased rate in the number of households with ADSL, cable and fibre boxes, which rose 5 points year on year to 70%, with an estimated 55% of households hooking their boxes up to their TV sets (up 6 points on 2011). VoD has thus become more visible and accessible for more VoD consumers on IPTV, a practice that accounts for over 70% of total consumption in terms of value.

The most popular VoD programmes are recent cinema-release movies, with a favourable market share for French films (especially in comedy), which account for nearly 35% of films watched *via* VoD (compared with 24% of DVD and Blu-ray purchases).

By staking out its own territory alongside live and non-live TV viewing while providing a growth source for the physical video market, VoD has strong growth potential for the coming years. VoD revenues, including SVoD subscriptions, are expected to reach €300 million in 2013 and top the €400 million mark by 2015.

The arrival of new distribution media, especially connected TVs, game consoles and tablets, opens up attractive growth prospects, as does the development of new offerings like ESTVoD (Electronic Sell-Through VoD) and definitive VoD (as opposed to rental VoD), which have become a major focus of the big players in the sector.

TF1 is already looking at a range of solutions to tomorrow's demand for VoD.

SOCIAL MEDIA TRENDS[4]

Médiamétrie published the results of its second Social Networks survey in July 2012.

The main finding was that the social networks are an immense success. A full 99% of web users know of at least one social network, 77% are registered users and 1.6 million users signed up in the last year. With the complementary fit between the networks, web users join not one but several, depending on what they want to do. Users are connected at all times, out and about and even at their workplace.

Twitter made the biggest increase in 2012. More than 2 out of 3 web users know the network and 15% are members. Initially the realm of experienced users, the network has since benefitted from strong news events. The latest arrival, Google+, is known by 7% of web users, yet boasts almost as many registered users as Twitter.

Facebook continued to grow in France, attracting 32.3 million unique visitors in December 2012, ahead of Microsoft, with 25.6 million. Facebook remains behind Google and its 40.4 million unique visitors, but unique visitors spend more time on Facebook, at 4 hours and 57 minutes a month. Facebook has topped the billion users mark worldwide, of whom 25.6 million active users in France.

Another leading social media, Twitter, has roughly 5.5 million users in France (out of over 500 million registered users worldwide, 200 million of whom are active users) and counted 4.4 million unique visitors in December 2012. Visitor numbers grew 25% in France year on year. Surprisingly, this growth was mainly driven by over 55s, whose numbers rose 100% in one year (1.3 million accounts), as well as by 15-24 year-olds (1.2 million, up 62%). France ranks seventh worldwide in Twitter users, far behind the United States, Brazil, Japan, the UK and Indonesia.

Google+ reported sharp growth in 2012 with some 4.9 million unique visitors in December 2012, up 60%. Google+ is relying on the compatibility with the search engine's other services – Gmail, Chrome, Maps, especially on mobile handsets – to increase market penetration. From this standpoint, Google+, which today claims to have 400 million members, of whom 100 million active members, could have a potential 1.5 billion users, i.e. those from the other services (search, Gmail, YouTube and so on) liable to switch over to the social networking site.

(1) Source: Médiamétrie/NetRatings November 2012.

(2) The Player rankings record (by parent or brand) the number of unique video viewers who watched a video not only on a group or brand's website, but also on a third-party website. Consequently, Player data includes all pages where the player has a presence (in particular, via syndication and Facebook pages).

(3) Source: GFK, Médiamétrie / GFK, CNC and GFK / NPA

(4) Source: Médiamétrie.

The TF1 group now has around 11 million fans and 40 fan pages.

Facebook made a number of changes to its algorithm in 2012 that had a negative impact on the visibility of posts on our fan pages. This impact has been visible on our traffic from the social media since August 2012, with a decrease in that traffic.

Through several leading programmes, including *The Voice, Secret Story, MasterChef* and *Danse avec les Stars*, etc., TF1 is pursuing its innovation strategy and going even further with social TV.

The Voice was the most connected entertainment programme in spring 2012. Two "V Reporters" working behind the scenes of the show and actively in the social networks brought social media users live news about the show all season long. The Facebook page (150,000 fans) and Twitter account (80,000 followers) also presented exclusive content. The songs featured on the show were available on iTunes, while every Saturday night a catch-up tweet allowed web users to follow the live action, synchronised with the best tweets from the community and the stars of the show on MYTF1.

During *Danse avec les Stars*, web users were encouraged to make live comments on the show and share their thoughts on the social media. Their comments were included in the show, with the most representative tweets broadcast on TF1 after each dance. In parallel, viewers could get a behind-the-scenes experience of the show live on the official Twitter account, the Instagram account and the programme fanpage. They could interact with the stars, professional dancers, jury members and hosts, who all have extremely active personal accounts. In "Your opinion of prime time" ("Votre avis sur le prime"), a special report in the *Danse avec les Stars, la suite* programme, a host presented the highlights of show in the social networks, the most commented dances, and the funniest tweets. At the end of the season, over 2.7 million tweets had been posted about the programme and the programme's Twitter account ranked number one in the entertainment show category with some 80,000 followers.

USAGE AND NEW TECHNOLOGIES

DEVELOPMENTS IN TV SET TECHNOLOGY: MOVING TO EVEN HIGHER-IMPACT TV[(1)]

Connected TV sets

Connected, or "Smart", televisions continue to raise a number of issues, including the real use made of this technology, the raising of market awareness, competition with Internet operator set-top boxes, and the need to adapt regulation to new viewing behaviour.

Over 1.6 million connected TV sets were sold in France in 2012, a significant 8.9% increase on 2011. Sales are set to continue growing, with connected TVs expected to account for almost all TV sales in five years.

The HbbTV trials launched in 2011 have changed dimension, with almost all channels now having launched services. In July 2012 France Télévisions released the Salto service on its channels, allowing viewers to return to the start of their programme at any time. TF1 launched the first synchronised HbbTV advertisement in France with the advertiser Amaguiz.

Last year also saw the publication of "DTT 2.0" specifications by France's "HD Forum", setting forth the digital rights management guidelines to be followed by service producers and TV manufacturers in France. These guidelines are beginning to be adopted in other European countries, including Spain, where the government approved this choice in December.

3D and Ultra HD

Customers continued to lose interest in 3D in 2012. The number of 3D cinema releases was stable but focused on major productions. However, 3D programmes came to the end of a cycle on television, disappearing almost in their entirety. Sales of 3D sets rose by 63.7%, but this was a result of range effect (the 3D function features on large-format TV set ranges) rather than consumer demand.

3D may be flagging, but Ultra HD – featuring, as the name suggests, higher-definition images – is starting to make name for itself. HD images contain 1,920 pixels per line, while UHD images contain around 4,000, hence the "4K Video" term generally used to describe these new formats. The first 4K TV models arrived on the market in 2012, targeting the very high-end segment. But caution remains the keyword for now, as work on standardisation (new connections, contrast and colour settings) has only just begun and compatible televisions will not be launched for several years.

TV ON THE MOVE: COMPANION SCREENS AS TV SCREEN EXTENSIONS

Smartphones, tablets and app stores

Smartphone ownership rates continue to rise and app stores are selling more and more products. But the main stories in 2012 were the record sales of tablets and the explosion in the number of device formats.

After the surprise success of tablets in 2012, consumer electronics manufacturers impacted by the crisis and the fall in TV and PC sales stepped up their efforts to develop innovative products. They launched telephones close to the size of tablets (Samsung Galaxy Note) and tablets closer to the size of telephones (iPad Mini) and PCs (Microsoft Surface). Diversity was also the rule in prices and configurations, with the entry-level segment scoring a big success at Christmas with prices starting at €100.

(1) Source: GFK.

The only group to resist the domination of the Apple and Google Android ecosystems was Microsoft, which with Windows 8 is seeking to reinvent itself with a new OS and interface (Metro). Initial sales have been modest but it is still too early to measure the success of the new system.

TF1 continued to strengthen its MYTF1 offer in 2012. MYTF1 was launched for Android and Windows 8 environments in addition to the iOS environment covered for several years now. In all, more than 4.5 million MYTF1 downloads were made on smartphones and tablets.

3.1.3 Advertising

The slowdown observed in advertising in second-half 2011 continued in 2012.

Net plurimedia advertising revenues fell 4.6% in first-half 2012 with the same trend expected in the second half of the year. Annual net IREP-France Pub data will be published on March 20, 2013.

Gross investments were down slightly in 2012, by 0.6% year on year[1].

The following data are gross. As such, they should be treated with caution owing to the continuing strong pressure on prices in 2012, and hence the differing scope for price negotiation in the various media.

TRENDS IN PLURIMEDIA ADVERTISING SPEND IN 2012[1][2]

As mentioned above, plurimedia advertising spend in 2012 fell 0.6% on 2011.

Television (excluding sponsorship) was more than ever the top media, accounting for 32.7% of gross plurimedia expenditure, up 1.5 points. Revenues for television rose 4.2% in 2012 to €9.0 billion (largest increase in gross value).

Within the TV category, incumbent channels continued on a positive trend, with a 1.0% rise in gross spend to €5.4 billion. Freeview DTT channels pursued their momentum, up 13.7% to €2.7 billion, but at a slower pace than in 2011 (+28.4%). However, cable and satellite were down 2.3% to €0.9 billion.

Gross advertising spend rose 3.8% in the first half of the year compared with first-half 2011 while net spend for the same period was down 4.2% year on year.

In terms of gross spend, print media remained the second-ranked market with €7.5 billion despite a 2.7% contraction in revenues. The market share of print media was down 0.6 points. The freesheet sector was one of the few to post an improvement, up 6.3%, and now accounts for 14.9% of print media revenues.

In terms of net spend, print media posted the biggest decline, down 8.1% on first-half 2011 (small ads included).

Gross spend in radio was up 3.7% to €4.3 billion. Market share also rose, by 0.6 points to 15.6%. While the increase mainly came from spend on music stations (up 2.4%) and general-interest stations (up 2.2%), local stations were also dynamic (up 16.9%) and now account for 11.5% of radio spend.

(1) Gross advertising spend – source : Kantar Média (January-December 2012) – Excluding self-promotion – subscription, excluding small ads in the daily press and excluding TV sponsorship.

(2) Net advertising spend – source: IREP in H1 2012 (annual data available on March 20, 2013).

Net spend on national radio was up slightly year on year in first-half 2012, by 0.9%.

Gross spend on Internet (display) came to €3.4 billions, down 7.0% on 2011[1]. Internet accounted for 12.2% of advertising spend, down 0.9 points.

On a net basis, in the first half of 2012, display segment spend was up 5.5% on the first half of 2011.

It was a difficult year for outdoor advertising, with gross spend down 6.7% to €2.9 billion and market share down 0.7 points to 10.7%.

Net spend on outdoor advertising also contracted in the first half of 2012 (down 4.2% on first-half 2011).

After a strong year in 2011, cinema maintained gross revenues in 2012 (up 0.3%) and continued to improve in net terms, with a 10.1% increase in first-half 2012.

TRENDS IN GROSS PLURIMEDIA ADVERTISING SPEND[2]

	Gross revenues	Change in revenues	Market share
	Jan-Dec 2012	Jan-Dec 2012/ Jan-Dec 2011	Jan-Dec 2012
PRESS	€7,533.8m	-2.7%	27.4%
RADIO	€4,305.3m	+3.7%	15.6%
TELEVISION	**€8,998.8m**	**+4.2%**	**32.7%**
FREEVIEW	**€8,143.1m**	**+5.0%**	**29.6%**
o/w incumbent	**€5,409.3m**	**+1.0%**	**19.7%**
o/w DTT	**€2,733.8m**	**+13.7%**	**9.9%**
TV CABSAT	**€855.7m**	**-2.3%**	**3.1%**
INTERNET	€3,359.1m	-7.0%	12.2%
OUTDOOR ADVERTISING	€2,933.1m	-6.7%	10.7%
CINEMA	€380.8m	+0.3%	1.4%
TOTAL	**€27,510.8M**	**-0.6%**	**100.0%**

TELEVISION IN 2012[2]

With 36.5% of TV advertising spend (down 0.7 points), TF1 was the leading channel in 2012, with gross revenues of €3.3 billion. M6 ranked second, with €1.5 billion and a 16.9% share of the market (down 0.2 points).

Advertising spend on freeview DTT channels continued to increase, but at a slower pace (up 13.7%). Gross spend in 2012 came to €2.7 billion, accounting for 30.3% of the television total.

Cable and satellite channels were down 2.3% to €856 million on a gross basis. TF1 Publicité was the number-two advertising airtime sales agency on cable and satellite with a 23.6% share of the market (up 2.9 points).

Gross/net spend conversion rates are not comparable between DTT and cable/satellite on the one hand and incumbent television channels on the other, because gross spend overweights the first two categories in the television total.

(1) Internet advertising scope: excluding Microsoft Advertising, CCM Benchmark, Senior Planet, La Tribune and Mistral Media, which stopped disclosing their gross Internet revenues in 2012, and excluding TF1 Publicité revenues from December 2011 and 2012.

(2) Gross advertising spend – source: Kantar Média (January-December 2012) – Excluding self-promotion – subscription, excluding small ads in the daily press and excluding TV sponsorship.

GROSS MARKET SHARE OF TV CHANNELS - ALL TV UNIVERSE[1]

	2012	2011	2010
TOTAL MEDIA TELEVISION	**100.0%**	**100.0%**	**100.0%**
Incumbent TV	**60.2%**	**62.0%**	**66.9%**
TF1	36.5%	37.2%	40.3%
M6	16.9%	17.1%	18.4%
FRANCE 2	2.9%	3.6%	3.9%
CANAL+	1.9%	2.0%	2.0%
FRANCE 3	1.5%	1.8%	2.0%
FRANCE 5	0.3%	0.4%	0.4%
Freeview DTT	**30.3%**	**27.9%**	**23.1%**
Other channels	**9.5%**	**10.1%**	**9.9%**

GROSS MARKET SHARE OF FREEVIEW DTT CHANNELS - ALL TV UNIVERSE[1]

	2012	2011	2010
Freeview DTT	**30.3%**	**27.9%**	**23.1%**
TMC	4.9%	4.3%	3.9%
W9	4.7%	4.1%	4.1%
NRJ12	4.0%	3.7%	2.6%
i>Télé	3.5%	3.7%	2.7%
BFM TV	3.3%	2.6%	2.0%
NT1	3.2%	2.6%	1.9%
D8	2.9%	2.9%	2.3%
Gulli	2.2%	2.2%	1.9%
D17	1.4%	1.4%	1.4%
FRANCE 4	0.3%	0.3%	0.2%

DIGITAL MEDIA IN 2012[2]

According to the SRI group of advertising airtime sales agencies, the Internet display advertising market (excluding search, affiliation, directories, e-mails and comparison sites), was worth a net €649 million in 2012. The market continues to grow (up 5% year on year in 2012), but at a slower pace (up 11% year on year in 2011). The mobile Internet ad market (mobile and tablet sites and apps) confirmed its extremely strong growth, increasing 30% to €48 million net.

There were five major trends in 2012:

- the arrival of Ad exchanges, whose weight in the display market more than doubled (7% of spend in 2012 compared with 3% in 2011). The development of Ad exchanges appears to be a deep-seated trend likely to continue in the coming years[3].

By launching the first premium market place in France, La Place Média, with Amaury Médias, Le Figaro Médias and Lagardère Publicité, TF1 Publicité is reasserting its aim to enhance its digital display inventory through improved audience qualification.

- the particularly dynamic special operations segment (OPS) continued to develop across all digital platforms. The special operations budgets of advertisers rose 18% on 2011. Special operations are increasingly multi-screen and multi-site, and have formats that are more engaging and technically more elaborate.

By giving digital pride of place in its special operations systems, TF1 Publicité brings advertisers a broad range of possibilities for expression and interaction with their customers. TF1 Publicité is continuously enhancing its offering by taking greater account of the social networks and by taking full advantage of the special characteristics of each screen.

(1) Gross advertising spend – source: Kantar Média (January-December 2012) – excluding TV sponsorship.

(2) Source: net data – Barometer Capgemini SRI/UDECAM and IREP.

(3) Source: International Data Conseil (IDC) forecasts.

- video (instream) continued to grow sharply in 2012 reaching €90 million of revenues (up 50% on 2011) with an accelerated rise in spend in the second half of the year (+60% in H2 2012 compared with +40% in H1 2012). The strong momentum comes from high demand, especially in catch-up TV, which is leading publishers to draw up strategies to develop video content across all screens.

  TF1 Publicité has a strong position in this segment, first of all with MYTF1, which covers practically all TF1 programming between 6 pm and midnight (excluding cinema) and is available on the web, mobiles, tablets and connected TVs.

- more and more households are being equipped with connected TVs. The number of households with ADSL or fibre TV reception was up 22% year on year in October-December 2012, while the number of households with a connected TV was up 84%[(1)].

  TF1 Publicité is taking advantage of the specificities of this screen, notably as part of the rollout of special operations. One of the most decisive special operations in 2012 was the launch of a channel dedicated to the Yves Rocher brand, available on MYTF1 *via* set-top box operators.

- mobile and tablet ownership rates are on the increase. As such, advertisers are giving these technologies greater pride of place in their communication plans.

  TF1 Publicité has a strong position on this market and stands as a leader in "second screens" with the introduction of innovative offerings such as the partnership with Shazam (check-in). And with the launch of MYTF1 "Connect", TF1 is raising the bar even higher in terms of screen synchronisation, both at editorial and advertising level.

OUTLOOK FOR 2013

The economic environment was lacklustre in 2012 and is expected to be much the same in 2013. GDP could stagnate or even fall (by 0.2% according to Xerfi forecasts), while unemployment is expected to continue its rise.

That being so, France is not expected to benefit from the global recovery in advertising spend, with some agencies even forecasting a decline in spend in the country in 2013.

France would also seem to be something of a unique case internationally speaking in that it is faced with a three-fold phenomenon:

- an expanding TV offering;
- an explosion in the digital offering, especially in video;
- a fall in advertising demand.

To cope with this market situation and prepare for an economic recovery, TF1 Publicité is pursuing its strategy to segment its offering from a cross-cutting standpoint and is conducting a comprehensive review of multi-channel sales approaches with a view to adapting the value of each segment.

To bolster the value of our offering in a deflationary market, TF1 Publicité has brought the market a new demographic target, "Shoppers", i.e. working people with children aged under 25. Reflecting changing trends in society and consumption, the new demographic covers buyers, opinion leaders and consumers in the food sector and the goods and services industry. The new target rounds out the range of tools for measuring advertising effectiveness and returns that TF1 has provided for a number of years.

In today's increasingly fragmented landscape, the TF1 channel continues to hold a singular position thanks to its mass media strength and ability to generate the greatest amount of impact with related targets.

TF1 Publicité today proposes a comprehensive television offering with its new advertising responsibilities for HD1 and Numéro 23, which allow it to cover the entire range of segments and audiences.

3.1.4 Regulation

COMPENSATORY CHANNELS

Article 103 of Act 2007-309 of March 5, 2007 amending the Act of September 30, 1986 established that the three analogue private channels (TF1, M6, Canal+) would, on the complete close-down of analogue television, be awarded an additional channel, called a "compensatory channel". However, following a complaint, the European Commission addressed a formal demand to France on November 24, 2010 in which it judged the attribution of these compensatory channels incompatible with the European directives that form the European framework applicable to electronic communications networks and services, known as the "Telecoms Package", because it would constitute a prohibited special and exclusive right and would penalise competing operators. In a substantiated opinion dated September 29, 2011, it called on France to take all the necessary measures to put an end to this breach.

Taking account of this opinion, the French government decided to repeal this system and on May 4, 2012 submitted Bill No. 515 on the abrogation of compensatory DTT channels to the French Senate.

(1) Source: REM Médiamétrie – User households.

3.2 2012 ACTIVITY AND RESULTS

3.2.1 The Group

CONSOLIDATED INCOME STATEMENT IN MANAGEMENT ACCOUNTING FORMAT

(€m)	2012	2011
TF1 channel		
Advertising revenue	1,402.8	1,504.1
Advertising costs	(73.5)	(75.2)
NET BROADCASTING REVENUE	**1,329.3**	**1,428.9**
Royalties and levies		
Royalties	(56.5)	(60.6)
CNC (National Centre for Cinematography)	(81.6)	(82.0)
Tax on broadcast advertising	(6.0)	(6.4)
Broadcasting costs		
TDF, satellites, transmission costs	(17.8)	(25.7)
Programming costs (excluding exceptional sporting events)	**(911.3)**	**(881.4)**
Exceptional sporting events	**(24.2)**	**(24.1)**
GROSS PROFIT	**231.9**	**348.7**
Diversification revenue and other revenue from operations	1,212.7	1,114.7
Other operating expenses	(1,102.0)	(1,072.2)
Depreciation, amortisation, provisions and impairment, net	(84.4)	(108.3)
CURRENT OPERATING PROFIT	**258.1**	**282.9**
Non-current operating income and expenses	(47.7)	-
OPERATING PROFIT	**210.4**	**282.9**
Cost of net debt	***0.0***	***0.5***
Other financial income and expenses	***5.8***	***5.1***
Income tax expense	(70.5)	(88.7)
Share of profits/(losses) of associates	(6.4)	(13.7)
NET PROFIT	**139.3**	**186.1**
ATTRIBUTABLE TO THE GROUP	**136.0**	**182.7**
Attributable to minority interests	3.3	3.4

CONSOLIDATED DATA

(€m)	2012	2011
REVENUE	**2,620.6**	**2,619.7**
TF1 channel advertising revenue	1,402.8	1,504.1
Other activities	1,217.8	1,115.6
CURRENT OPERATING PROFIT	**258.1**	**282.9**
OPERATING PROFIT	**210.4**	**282.9**
NET RESULT	**136.0**	**182.7**

CONSOLIDATED REVENUE

The TF1 group was faced with a very challenging environment in 2012, due in particular to the impact of the economic situation on advertising spend.

However, thanks to a capacity for innovation and a good business mix, the Group proved highly resilient to the tough conditions.

As a result, consolidated revenue held steady year-on-year, reaching €2,620.6m in 2012 versus €2,619.7m in 2011.

Full-year revenue for 2012 comprised:

- €1,402.8m of advertising revenue from the TF1 channel, down €101.3m (-6.7%), in an environment made turbulent by the impact of the economic situation on advertising spend;
- €1,217.8m of revenue from other activities, up €102.2m year-on-year (+9.2%), with most of the Group's other activities making a contribution to this increase. Over the full year, the effect of 100% of Metro France being included in the consolidation from July 28, 2011 largely offset the non-recurrence of the €13.3m generated by the resale of Rugby World Cup rights booked in the third quarter of 2011.

Advertising revenue for the TF1 group as a whole reached €1,775.5m, €46.0m (-2.5%) lower than in 2011. The drop in advertising revenue from the TF1 channel was partly offset by the inclusion of Metro France advertising, growth in advertising revenue for the DTT channels and Eurosport International, and greater monetisation of online video.

In the fourth quarter of 2012, the Group generated consolidated revenue of €767.7m, down €13.2m (-1.7%).

This comprised:

- €423.3m of advertising revenue from the TF1 channel, down €26.4m (-5.9%) year-on-year. During the quarter, the TF1 channel continued to suffer as adverse economic conditions deterred advertisers;
- €344.4m of revenue from other activities, a rise of €13.2m (+4.0%), driven by good performances from TMC, NT1 and TF1 Entreprises in particular.

The geographical split of full-year consolidated revenue in 2012 was 83% from France, 15% from the rest of the European Union, and 2% from the rest of the world.

PROGRAMMING COSTS AND OTHER OPERATING COSTS

TF1 channel programming costs were €935.5m in 2012, versus €905.5m in 2011. This €30.0m rise was due mainly to:

- increased scheduling of first-run drama nearing the end of rights protection, to comply with regulatory requirements;
- a beneficial rise in investment in terms of audience, particularly in the 5.30 p.m. – 8.50 p.m. slot.

The nine UEFA Euro 2012 matches screened in June and July 2012 cost €24.2m. This compares with €24.1m for the 2011 Rugby World Cup, which TF1 broadcast in the third and fourth quarters of 2011.

Sport programming costs (other than exceptional sporting events) fell by 7.0%, largely due to the non-screening of the UEFA Champions League in the second half of 2012. The other genres saw programming costs rise:

- entertainment, gameshows and magazine programmes (+6.4%), reflecting increased scheduling of unscripted formats;
- drama and series (+5.1%), largely as a result of the screening early in the year of first-run drama nearing the end of rights protection, to comply with regulatory requirements;
- news (+3.8%), reflecting strong news flow in 2012, an election year in France;
- films (+2.3%), as more feature films were screened in 2012.

In the fourth quarter of 2012, programming costs were down €16.8m year-on-year, mainly due to the non-recurrence in 2012 of the Rugby World Cup matches shown in October 2011 and to the savings generated by the non-renewal of the UEFA Champions League broadcasting contract. Excluding sporting events, programming costs for the fourth quarter of 2012 were €5.9m lower than in the comparable period of 2011.

Operating costs were up €19.6m at €1,342.6m, a major factor being the impact of the acquisition of Metro France in the second half of 2011.

At the start of 2012, the TF1 group launched phase II of its optimisation plan, with the objective of generating €85m of recurring savings between 2012 and 2014. Pursuant to this Phase II, the Group had already achieved in 2012 recurring savings of €8m on the programming cost of TF1, and €7m on overheads, therefore totalling €15m.

Net charges for depreciation, amortisation, provisions and impairment amounted to €84.4m in 2012, €23.9 million lower than in 2011. In 2011, a high but non-recurring provision for risks and charges had been booked.

CURRENT OPERATING PROFIT

The Group made a current operating profit of €258.1m in 2012, €24.8m less than in 2011.

Operating margin was 9.8%, versus 10.8% a year earlier.

However, there was a further improvement in profitability for diversification activities, whose operating margin reached 12.5% (versus 9.4% a year earlier, an improvement of 3.1 points). This performance illustrates again how in each successive quarter, these activities are proving to be a good source of fresh earnings growth.

Bear in mind that 2012 full-year current operating profit includes a €27.1m gain from a successful claim for reimbursement of CNC (National Centre for Cinematography) taxes, recognised in the first quarter of 2012.

In the fourth quarter of 2012, current operating profit was €103.9m, up €16.5m (+18.9%) on the fourth quarter of 2011. Current operating margin was 13.5%, versus 11.2% in the fourth quarter of 2011, an improvement of 2.3 points.

OPERATING PROFIT

The Group made an operating profit of €210.4m in 2012, €72.5m less than in 2011. Operating margin was 8.0%, versus 10.8% in 2011.

Operating profit for the year includes €47.7m of non-recurring expenses which consists of the costs incurred on Phase II of the optimisation plan, and various other adaptation measures introduced during the year.

NET PROFIT

Cost of net debt was not material, since the TF1 group has no debt.

Other financial income and expenses showed net income of €5.8m in 2012, a year-on-year rise of €0.7m. This reflects the fair value remeasurement during the second quarter of 2012 of the call option over TF1's 33.5% equity interest in the AB Group, which was granted to Claude Berda in June 2010 and expired on June 10, 2012 without having been exercised. With effect from June 11, 2012, the AB group has been accounted for as an associate by the equity method.

Income tax expense for 2012 was €70.5m, versus €88.7m for 2011.

Associates contributed a net loss of €6.4m in 2012. This compares with a loss of €13.7m a year earlier; most of this was attributable to a provision of €8.0m taken against the investment in Metro France, which at that time was 34,3% held by TF1 and accounted for by the equity method. Metro France has been fully consolidated since July 28, 2011.

Net profit attributable to minority interests was €3.3m in 2012, compared with €3.4m in 2011.

Net profit attributable to the Group therefore came to €136.0m in 2012, versus €182.7m in 2011. Fourth-quarter net profit amounted to €48.4m in 2012, versus €57.5m in 2011.

FINANCIAL POSITION

TF1 had shareholders' equity of €1,801.8m as of December 31, 2012, out of a balance sheet total of €3,617.8m.

Shareholders' equity attributable to the Group was €1,684.8m as of December 31, 2012.

On December 31, 2012, the Group had a net cash surplus of €236.3m, compared with a net debt of €40.6m on December 31, 2011. The cash surplus at end 2012 includes the cash proceeds in connection with the acquisition by the Discovery group of a 20% equity interest in the Eurosport group (based on an enterprise value of €170m) and a 20% stake in the TV Breizh, Histoire, Ushuaïa TV and Stylía channels (based on an enterprise value of €14m).
Note that net debt at end-2011 included €58.5m spent by TF1 to acquire a previously rented building occupied by staff from TF1 SA and LCI.

As of December 31, 2012, the TF1 group had confirmed bilateral credit facilities of €1,040m with various banks, versus €1,015m at end-2011.

These facilities are renewed regularly as they expire (terms of up to 5 years, depending on the facility), so that the Group has sufficient liquidity at all times.

On July 24, 2012, the Standard & Poor's financial ratings agency reiterated TF1's rating of BBB+, stable outlook.

The financial position of the TF1 group remains very healthy.

QUARTERLY REVENUE AND OPERATING PROFIT FIGURES

(€m)	Q1 2012	Q1 2011	Q2 2012	Q2 2011	Q3 2012	Q3 2011	Q4 2012	Q4 2011	2012	2011
Broadcasting France	504.9	499.4	540.5	552.8	408.2	442.3	631.2	640.3	2,084.8	2,134.8
Audiovisual Rights	38.1	29.0	26.4	21.1	25.0	23.0	40.3	42.4	129.8	115.5
Broadcasting International	85.6	84.5	105.7	89.3	118.5	95.9	96.2	98.2	406.0	367.9
Other Activities	-	1.5	-	-	-	-	-	-	-	1.5
CONSOLIDATED REVENUE	**628.6**	**614.4**	**672.6**	**663.2**	**551.7**	**561.2**	**767.7**	**780.9**	**2,620.6**	**2,619.7**
Broadcasting France	39.6	62.4	62.5	118.6	1.8	6.6	93.2	78.9	197.1	266.5
Audiovisual Rights	11.1	0.1	(6.2)	(11.2)	1.8	(14.5)	(3.5)	(14.5)	3.2	(40.1)
Broadcasting International	5.3	10.0	21.6	17.6	16.7	16.9	14.2	20.7	57.8	65.2
Other Activities	-	(11.0)	-	-	-	-	-	2.3	-	(8.7)
CURRENT OPERATING PROFIT	**56.0**	**61.5**	**77.9**	**125.0**	**20.3**	**9.0**	**103.9**	**87.4**	**258.1**	**282.9**

INCOME STATEMENT CONTRIBUTIONS BY SEGMENT

	Revenue		Current operating profit	
(€m)	2012	2011	2012	2011
BROADCASTING FRANCE	**2,084.8**	**2,134.8**	**197.1**	**266.5**
TF1 SA(1)	1,415.8	1,511.0	106.2	177.8
Téléshopping (Home Shopping)	99.3	100.4	6.8	2.9
Theme Channels – France(2)	320.3	308.8	31.9	38.9
TF1 Entreprises	56.9	49.4	10.9	5.7
Production(3)	25.7	26.4	2.4	4.4
e-TF1	101.3	85.0	18.3	9.2
Other(4)	65.5	53.8	20.6	27.6
AUDIOVISUAL RIGHTS	**129.8**	**115.5**	**3.2**	**(40.1)**
Catalogue(5)	45.7	37.2	2.9	(28.4)
TF1 Vidéo	84.1	78.3	0.3	(11.7)
BROADCASTING INTERNATIONAL	**406.0**	**367.9**	**57.8**	**65.2**
OTHER ACTIVITIES	**-**	**1.5**	**-**	**(8.7)**
SPS(6)	-	1.5	-	(8.7)
TOTAL CONTINUING OPERATIONS	**2,620.6**	**2,619.7**	**258.1**	**282.9**

(1) Includes property companies.
(2) Includes Eurosport France, LCI, TV Breizh, TMC, NT1, HD1, TF6, Série Club, Stylía, Histoire, Ushuaïa TV, TF1 Distribution and TF1 Thématiques (formerly TF1 Digital).
(3) TV and film production entities.
(4) Mainly comprises TF1 Publicité and Metro France.
(5) Mainly comprises TF1 Droits Audiovisuels, TF1 International, and TCM (divested on April 19, 2011).
(6) SPS was divested on May 2, 2011.

BROADCASTING FRANCE

The Broadcasting France Division posted revenue of €2,084.8m in 2012, down €50.0m (-2.3%) year-on-year.

Current operating profit was €69.4m lower than in 2011, at €197.1m.

Current operating margin for the year was 9.5%, versus 12.5% in the previous year.

TF1 CHANNEL

TF1 broadcasting revenue fell by 6.3% in 2012 to €1,415.8m, €95.2m lower than the 2011 figure. Full-year advertising revenue was down 6.7% at €1,402.8.

Fourth-quarter advertising revenue was 5.9% lower at €423.3m.

Current operating profit for the year ended December 31, 2012 was down 40.3% at €106.2m.

TF1(1)

Sales of TV sets in France, after reaching an all-time high of 8.7 million in 2011, slipped back to 6.7 million in 2012.

The average daily viewing time increased again, reaching 3 hours 50 minutes for individuals aged 4 and over (3 minutes more than in 2011).

Among the target audience of “women aged under 50 purchasing decision-makers”, the average viewing time was 3 hours 58 minutes, up 2 minutes year-on-year.

The terrestrial analogue signal was switched off on November 30, 2011, which means that virtually 100% of French people with a TV set can now access a multi-channel offering, so that they can as a minimum receive the 19 first-wave free-to-air DTT channels. And 58% of them can access a broader range of channels *via* satellite, cable, ADSL or pay-to-view DTT.

Market leadership confirmed

The TF1 channel took an audience share of 22.7% among individuals aged 4 and over (versus 23.7% in 2011), rising to 25.5% among “women aged under 50 purchasing decision-makers” (versus 26.7%). The channel’s 8.5 point positive gap over the following channel in this key target market is maintained.

Over 2012 as a whole, the TF1 channel attracted 88 of the top 100 audiences across all programmes. It also enjoyed the biggest single audience on any channel with 13.3 million for *Les Enfoirés* on March 16, another all-time high for this show. TF1 retained its unrivalled position, upholding its reputation as the must-see channel by attracting over 9 million viewers for 26 of its programmes, and over 10 million for 6 of them.

(1) Source: Médiamétrie – Market leadership in TF1’s prime time slots (8.45 pm - 10.30 pm). Médiamétrie / GK - Multimedia Coverage Survey – October / December – Bases = households with TV Sets

TF1 has adapted its positioning to compete with the broader range of free-to-air TV channels.

The priority is to be a star performer in the 6 p.m. to 1 a.m. band. These slots have high audience potential, and hence high monetisation potential. Over this time band, TF1 has a higher audience share than over the day as a whole, with 23.7% among individuals aged 4 and over and 27.9% among the target audience of "women aged under 50 purchasing decision-makers", representing an extra 1.0 and 2.4 points respectively versus the day as a whole.

TF1 is using innovation to refresh its flagship brands and strengthen its regular programmes. The TF1 editorial policy, built on popular, must-see programming, has enabled the channel to achieve the no.1 spot across all its genres. What is more, TF1 achieved the top 10 audience ratings in entertainment, French drama, films, American series and news.

TF1 channel viewing figures have been on an uptrend since September 2012. During the last 4 months of the year, the channel drew an average audience share of 23.2% among individuals aged 4 and over, rising to 26.0% for "women aged under 50 purchasing decision-makers", opening up a 9.0 point positive gap over the following channel in this key target market.

Prime time market leader

The TF1 channel had an average prime time audience of 6.0 million in 2012.

Within TF1's prime time slots, the channel was the most-watched channel on 8 out of 10 evenings.

So despite audience dispersion, TF1 retains its unrivalled position as a mass media player in France.

No. 1 across all genres [(1)]

Entertainment: *Les Enfoirés* was watched by 13.3 million viewers on March 16.

Another success was the Saturday prime-time show *The Voice*, launched in 2012, with an audience peak of 9.3 million and an average audience share of 47% among "women aged under 50 purchasing decision-makers" and 34% among individuals aged 4 and over.

American series: *Mentalist* drew up to 10.1 million viewers, and *House* (French title: *Dr House*) up to 9.1 million.

French drama: 2012 confirmed the dynamism of French drama, with *Profilage* attracting up to 7.8 million viewers (the best for a detective series since November 2009) and *Josephine Ange Gardien* viewed by up to 7.5 million.

Films: TF1 achieved excellent results for its film screenings. Highlights included *Gran Torino* (9.4 million viewers, the best audience for a film since November 2010) and *Les bronzés font du ski* (9.0 million viewers).

Sport: the final of the UEFA Euro 2012 football tournament was viewed by 12.9 million people, an all-time high for a Euro tournament match not involving the French national team.

News: TF1's daily news bulletins are the most widely-watched in Europe: the 8 p.m. bulletin attracted up to 9.8 million viewers and the 1 p.m. bulletin up to 8.3 million. An ambitious editorial strategy driven by news editors and the arrival of new presenters gave fresh impetus both to the flagship evening news bulletin (*Le Journal Télévisé du 20h*) and to the channel's news coverage generally, and brought larger audiences for TF1 news programming.

Advertising revenue[(2)]

Gross plurimedia advertising spend (including the Internet) in 2012 fell by 0.6% to €27.5bn.

Television (national and regional channels, DTT, cable and satellite) remains the no. 1 medium in terms of advertising spend, with market share of 32.7% and gross revenue of €9.0bn in 2012, a year-on-year rise of 4.2%. Advertising spend on free-to-air DTT is still growing rapidly (up by 13.7% or €328.6m).

Print media still ranks second behind TV in France, with gross advertising revenue of €7.5bn, 2.7% lower than in 2011.

Gross revenue for the TF1 channel was up 2.2% year-on-year in 2012. The channel's share of gross advertising revenue across the TV market as a whole was 36.5%.

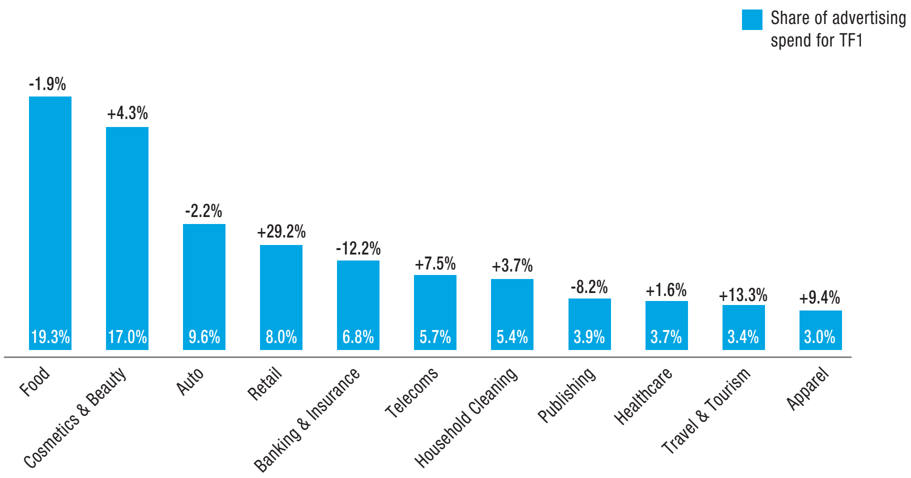
Some sectors increased their gross advertising spend during 2012: Cosmetics & Beauty (+4.3%), Retail (+29.2%), Telecoms (+7.5%), Travel & Tourism (+13.3%), Household Cleaning (+3.7%), Healthcare (+1.6%) and Apparel (+9.4%). Sectors in decline during 2012 were Food (-1.9%), Auto (-2.2%), Banking & Insurance (-12.2%), Culture & Leisure (-12.7%) and Publishing (-8.2%).

Net advertising revenue for the TF1 channel was €1,402.8m in 2012, 6.7% lower than in 2011. This reflects the effect of the climate of uncertainty on advertisers' spending decisions. In response, the Group's advertising sales business has adopted a strategy designed to bolster demand.

(1) Source: Médiamétrie / Médiamat

(2) Source: Kantar Media Intelligence.

SPLIT OF TF1 GROSS ADVERTISING SPEND BY SECTOR, AND 2012 VS 2011 GROWTH



Source: Kantar Media.

UEFA Euro 2012

During the second and third quarters of 2012, TF1 showed the UEFA Euro 2012 football tournament. This was a major event for the Group, which achieved excellent performances across all its media platforms throughout the tournament.

The nine matches screened on the TF1 channel attracted an average of 8.3 million viewers, representing an audience share of 34% among individuals aged 4 and over.

Both of the matches involving France shown on TF1 attracted over 10 million viewers: 10.3 million for the match against England, and 11.3 million for the quarter-final against Spain.

The Spain/Italy final achieved the best audience rating for the competition on any channel, pulling in 12.9 million viewers on July 1, 2012, giving an audience share of 47.5% among individuals aged 4 and over.

Coverage was rolled our across all of the MYTF1 platforms. MYTF1 offered every match in the tournament plus catch-up of 9 matches, exclusive video content, and an array of tie-in articles and packages.

The dedicated Euro 2012 website deployed jointly by TF1 and Eurosport recorded 11.5 million hits and over 6.6 million videos watched.

The site also offered live coverage of the 9 games shown on TF1 using an innovative player that enabled users to control the live feed, plus the “Cover it live” feature with added editorial content.

Many users took advantage of cutting-edge social TV features, the France/Spain match generating hundreds of thousands of live sessions. Videos and highlights packages also proved very popular.

The 360 strategy adopted for the tournament was an unqualified success.

In financial terms, the impact of the UEFA Euro 2012 tournament on TF1 channel programming costs over the full year (including rights and production costs) was €24.2m for the 9 matches broadcast, giving an average cost per match of €2.7m (versus €3.9m per match for the 2008 tournament).

HOME SHOPPING[1]

After contracting by 0.2% in 2011, the French retail sector as a whole shrank by 2.9% in 2012. However, the home shopping market grew by 2% over the same period.

During 2012, sales over the Internet increased by 19% in value terms to €45bn, versus €38bn in 2011, confirming the vitality of e-commerce in France. Over the year as a whole, 514 million sales transactions were made on websites, versus 420 million in 2011, a rise of 22.4%.

The TF1 group’s Home Shopping arm generated revenue of €99.3m in 2012, versus €100.4m in 2011, a slight drop (-1.1%). Good performances at stores and the Place des Tendances e-commerce site were offset by lower revenue at Infomercials and at the flagship Téléshopping brand.

Current operating profit for 2012 was up €3.9m year-on-year at €6.8m. This performance reflects the commercial success of the business, tight cost control, and a favourable comparative base (largely due to the impact on 2012 profits of the divestment of 1000 Listes, which took place in 2011).

(1) Source: FEVAD (French e-commerce and distance selling federation).

THEME CHANNELS[1]

The terrestrial and satellite analogue signal was switched off on November 30, 2011, which means that virtually 100% of French people with a TV set can now access a multi-channel offering.

In 2012, the first-wave free-to-air DTT channels had a combined audience share of 22.0% among individuals aged 4 and over, versus 21.4% a year earlier and 18.3% two years earlier.

Collectively, the pay-TV channels available in the French market attracted a combined audience share of 11.2% in 2012, down 0.5 of a point year-on-year.

Since January 1, 2012, the TF1 group's pay theme channels have been distributed in France on a non-exclusive basis to pay-TV operators, which has increased their initialisation rate.

Theme channel revenue for 2012 was €320.3m, up 3.7% year-on-year. Growth was driven by free-to-air channels, especially NT1, which enjoyed a dynamic year.

Theme channel advertising revenue advanced by €12.7m (+6.9%).

Current operating profit was €31.9m in 2012, a year-on-year fall of €7.0m, mainly due to LCI (on lower distribution revenue and a busy start to the year in news), plus increased programming spend at TMC and NT1 and the launch of HD1 and despite an improvement of Eurosport France.

TMC

TMC recorded an audience share of 3.6% among individuals aged 4 and over in 2012 (versus 3.5% in 2011), rising to 4.0% among "women aged under 50 purchasing decision-makers" (versus 3.9% in 2011).

TMC was France's leading DTT channel in 2012, cementing its ranking as the 5th most popular national channel among individuals aged 4 and over.

The channel had an average prime time audience of 800,000 and was the most popular channel for films, magazines and entertainment. TMC had 5 of the top 10 DTT audiences in 2012.

The channel recorded the two highest audience ratings for DTT in the year, the best being for the film *Bodyguard*, with over 2 million viewers.

NT1

NT1 saw strong growth in audience share in 2012, both among individuals aged 4 and over (+11%) and "women aged under 50 purchasing decision-makers" (+13%). NT1's share of these target audiences was 2.1% and 2.7% respectively (versus 1.9% and 2.4% in 2011).

The channel had an average prime time audience of 600,000 (100,000 more than in 2011).

NT1 also attracted over 1 million viewers on 40 occasions in 2012 (versus 12 in 2011); viewing figures peaked at 1.8 million for the film *The Bourne Supremacy* (French title: *La mort dans la peau*).

These fine performances vindicate the positioning and programming strategy of NT1, which has not only strengthened its schedules but also benefited from working with the TF1 group's programming teams.

Eurosport France

The Eurosport France channel recorded strong growth in its paying subscriber base to 8.8 million (versus 7.7 million in 2011, a rise of 14.1%). A major factor was the opening up of the channel to distribution by internet service providers following the end of CanalSat exclusivity.

The Eurosport channel audience was 18% higher than in the previous wave for the primary target audience (men aged 15 to 49). Eurosport 2 was similarly dynamic, with the strongest audience growth of any sport channel as viewing figures doubled year-on-year.

Subscription revenue rose year-on year. However, advertising revenue fell, reflecting the harsh economic environment and tougher competition, and despite a rise in internet advertising revenue.

Programming costs were higher year-on-year as schedules were enhanced, in particular with the screening of the London Olympics in the third quarter of 2012.

TV Breizh

France's no. 1 general-interest pay-TV cable and satellite mini-channel, TV Breizh confirmed its market-leading position, with an audience share of 1.3% among individuals aged 4 and over.

In difficult competitive and economic conditions, TV Breizh achieved revenue growth and is continuing its efforts to maintain profitability levels.

LCI

In 2012, LCI continued with its editorial stance, focused on analysis and explanation of news stories.

A feature of the year was the editorial approach to the French presidential election campaign; this involved an array of special programmes, plus searching in-depth analysis of news stories and innovative formats such as *Parole de Premiers* (a regular show in which former Prime Ministers commented on campaign issues) and *Vu d'Ailleurs* (on how the French political scene is viewed from other countries).

LCI further emphasised its upmarket positioning at the start of the autumn season with the launch of a new cutting-edge arts programme (*La semaine de l'art*) and two new politics shows (*A l'épreuve des faits* and *Ainsi va l'Amérique*).

Discovery Division

The Discovery division recorded revenue growth over 2012 as a whole.

Histoire is pursuing its editorial policy focused on intellectual debate and the commemoration of major historical events, and continues to build brand recognition. Ushuaïa TV, the sustainable development channel,

(1) Source: Médiamat'Thématik (wave 23: January 2012-June 2012) Médiamétrie/Médiamat.

continues to screen regular and one-off programmes on the key issues in environmental protection, and is stepping up its policy of screening new documentaries. More than 60% of the channel's output is in HD Native. Stylía has rapidly become a force to be reckoned with in lifestyle, luxury and fashion pay-TV thanks to an ambitious production policy.

TF6 and Série Club

Revenue for these channels, owned 50/50 by TF1 and M6, grew year-on-year. Both channels continued to adjust their cost base, and improved their margins relative to 2011.

TF1 ENTREPRISES

TF1 Entreprises reported revenue of €56.9m for 2012, 15.2% more than for 2011.

Current operating profit for the year was €10.9m, a year-on-year rise of 91.2%. Current operating margin was 19.2%, compared with 11.5% in 2011, an improvement of 7.7 points.

TF1 Entreprises scored many successes across all of its ventures.

Games[1]

The market for board and card games contracted by 3.4% in 2012 relative to 2011.

TF1 Games saw its market share shrink slightly, from 7.7% to 7.4%.

The refreshment of the TV games range with the launch of *Money Drop* and *Les 12 coups de midi* helped TF1 Games achieve 11 products in the top 100 for 2012 sales, including 3 new launches. One big success was its latest addition to the *1000 Bornes* range: *1000 Bornes As du volant*.

Music[2]

The French music market remained sluggish in 2012, contracting by 4.4%.

Physical sales fell by 11.9%, while related rights rose by 7.5%. The digital market expanded by 13.0% to €125m, representing 25.6% of sales.

In this shrinking market, TF1 musical productions achieved striking success (*Les Stentors*, *Vincent Niclo* and the original soundtrack to the film *Intouchables*).

TF1 Entreprises was also a partner in shows like Disney on Ice, and for standout artists of 2012 such as Céline Dion and Johnny Hallyday. The company also developed its role as co-producer of exhibitions and shows, including the musical *1789, Les amants de la Bastille*, which attracted a total audience of 220,000 in Paris.

Licensing

The Licensing business continues to do well, driven by the ongoing success of brands such as *Barbapapa, Ushuaïa, Hello Kitty* and *Masterchef*. The collection of Tintin figurines continued to perform well throughout 2012.

PRODUCTION

Revenue for the Production business fell by 2.7% in 2012 to €25.7m. Current operating profit was €2.4m, €2.0m lower than in 2011.

TF1 Films Production[3]

After an exceptional 2011, cinema attendances fell by 5.9% in 2012 to 204.3 million. However, this is still well ahead of the average over the past 10 years, and 2012 was the fourth year running in which total box office entries topped 200 million (versus a 10-year average of 193.2 million). French films again enjoyed a healthy market share in 2012 at 40.2%, after an exceptionally good 2011 (41.6%).

TF1 Films Production recorded a slight decline in revenue, because fewer co-produced films went on general release than in 2011.

During 2012, 14 films co-produced by TF1 Films Production went on general release (versus 21 in 2011), of which 8 attracted more than a million box office entries (versus 13 in 2011).

(1) Source : The NPD Group.

(2) Source: SNEP (French National Phonographic Publishing Syndicate).

(3) Sources: Écran Total, CNC.

Film	Release date (2011)	Box office entries
UN JOUR MON PERE VIENDRA	Jan 4, 2012	147,714
IL ETAIT UNE FOIS UNE FOIS	Feb 15, 2012	139,145
COMME UN CHEF	March 7, 2012	351,694
CLOCLO	March 14, 2012	1,791,770
L'ONCLE CHARLES	March 21, 2012	329,451
SUR LA PISTE DU MARSUPILAMI	April 4, 2012	5,303,302
LES VACANCES DE DUCOBU	April 25, 2012	1,056,337
LE PRENOM	April 25, 2012	3,340,718
UN BONHEUR N'ARRIVE JAMAIS SEUL	June 27, 2012	1,828,750
BOWLING	July 18, 2012	497,783
LES SEIGNEURS	Sept 26, 2012	2,715,019
STARS 80*	Oct 24, 2012	1,845,040
UN PLAN PARFAIT*	Oct 31, 2012	1,203,215
MAIS QUI A RETUE PAMELA ROSE*	Dec 5, 2012	279,600

* *Still being screened as of December 31, 2012.*

TF1 Production

TF1 Production reported lower revenue in 2012, due partly to the discontinuation of some of the programmes produced in 2011 and partly to seasonal effects. There was only one season of *Danse avec les stars* in 2012, as opposed to two in 2011.

However, TF1 Production produced new episodes of the series *RIS* for the TF1 core channel during the period, and also continued to produce shows launched in late 2011 (such as *Après le 20h c'est Canteloup*). TF1 Production increased its volume of output for TMC and NT1, and also handled production of the UEFA Euro 2012 football tournament for TF1.

e-TF1

Revenue at e-TF1 saw strong growth in 2012, to €101.3m (up 19.2% on 2011).

Performances were very strong in all areas, including interactivity with the TF1 channel and MYTF1, which continues to be a success in both revenue and profitability terms.

Top-line growth and further cost control helped the business double its current operating profit to €18.3m (versus €9.2m in 2011). Current operating margin reached 18.1% in 2012, against 10.8% in 2011.

This success – in terms of traffic, revenue and profits – provides further vindication of the TF1 Digital strategy.

Video performed very well on MYTF1.fr, with 658 millions catch-up videos viewed in 2012[1], a rise of 20.3%. In terms of time spent watching videos online, TF1 is the leading French media group, and ranks in the top 3 in France alongside the big multinationals[2].

The MYTF1 app, launched in January 2011, continues to be a great success, with more than 4.5 millions downloads to end December 2012[3].

The MYTF1.fr site saw an increase in traffic, with 8.0 millions unique visitors in December 2012[4], 1.3% more than in December 2011.

OTHER[5]

Revenue amounted to €65.5m in 2012, compared with €53.8m in 2011, an increase of €11.7m.

Bear in mind that the 2011 figure included €13.3m of revenue from the resale of Rugby World Cup rights.

In 2012, this item includes revenue from Metro France (100% consolidated since July 28, 2011), along with the agency commission generated by TF1 Publicité (including Indés Radio advertising airtime sales).

Current operating profit came to €20.6m in 2012, compared with €27.6m in 2011.

(1) Source: Médiamétrie eStat Streaming TV.
(2) Source: Médiamétrie NetRatings – November 2012.
(3) Source: XiTi, eStat Médiamétrie, iTunes Connect, Google Play.
(4) Source: Médiamétrie NNR panel November 2012.
(5) Source: Kantar Média, 2012 versus 2011

Metro France

The gross print media advertising market shrank by 2.7% relative to 2011. Daily news freesheets recorded further growth, up 6.0% year-on-year. Metro France posted a 16.2% gross revenue growth in 2012. Its market share reached 27.3%, up 2.3 points on the previous year. By contrast, 20 Minutes took a 44.3% share (down 0.2 of a point on 2011) and Direct Matin was at 28.4% (down 2.1 points).

Third-party advertising airtime sales

Radio advertising saw growth of 3.7%. Gross advertising spend on the radio stations for which TF1 Publicité sells airtime was 13.1% higher than in 2011, and the company's gross market share gained 1.0 point to 12.7% on national radio.

AUDIOVISUAL RIGHTS

The Audiovisual Rights Division posted revenue of €129.8m in 2012, a year-on-year rise of 12.4%.

Current operating profit was €3.2m, up €43.3m versus 2011.

CATALOGUE

For an overview of the French cinema market in 2011, see the comments on TF1 Films Production.

The Catalogue business generated 2012 revenue of €45.7m, versus €37.2m in 2011 (+22.8%). This growth was due to a rise in general release films.

Profitability improved sharply in 2012, with current operating profit reaching €2.9m. This compares with a current operating loss of €28.4m in 2011, most of which was due to the recognition, in the second and third quarters of 2011, of a provision relating to the *Miracle at St. Anna* litigation.

TF1 VIDÉO[1]

In 2012, the physical and digital video market shrank by 7.8% versus 2011, to €1.3bn. Blu-ray and VoD sales were sharply higher, but failed to offset a marked fall in DVD revenue. Revenue from Blu-ray was €224m (+7.2% year-on-year), while VoD sales reached €225m (+13.1% year-on-year). In 2012, Blu-ray unit sales passed the 10 million mark, and 43 million pay VoD transactions were recorded. DVD remains the preferred media among consumers, representing over two-thirds of the market and a sales value of €892m (14.9% lower than in 2011).

TF1 Vidéo responded to these challenging market conditions by embarking on a rationalisation process, which led to (i) the implementation of a job protection plan and (ii) the signature of a distribution agreement with Paramount Home Media Distribution France on July 13, 2012.

Full-year revenues for the Video business in 2012 were up 7.4% at €84.1m, driven largely by the successful DVD release of the films *Intouchables* and *Polisse*, and by growth in VoD sales.

The business just broke even, making a current operating profit of €0.3m, a €12.0m increase on 2011.

BROADCASTING INTERNATIONAL)

EUROSPORT INTERNATIONAL

Eurosport International revenue advanced by 10.4% in 2012 to €406.0m.

Current operating profit was €57.8m, down €7.4m on 2011, due mainly to the screening of the London Olympics. Current operating margin was once again robust, at 14.2%.

Revenue growth was boosted both by subscriptions (up 7.3%) and advertising (up 18.4%). Eurosport International advertising revenue defied the tough European economic climate, surging to €88.7m on the back of a busy and attractive schedule of sporting events (especially the Africa Cup of Nations and Euro 2012 football tournaments, the French Open of tennis and the London Olympics) and buoyant audience ratings.

At end December 2012, the Eurosport channel was being received in 131.8 million homes across Europe (3.0 million more than a year earlier).

The Eurosport International paying subscriber base was up 3.6%; growth was driven mainly by Eastern Europe and the United Kingdom.

The Eurosport 2 channel continues to grow, and was being received in 62.5 million homes at end December 2012 (up 9.4% year-on-year).

The Eurosport HD channel is also on a rising trend, having gained 7.6 million new subscribers in twelve months.

The Eurosportnews channel is being received in 2.2 million homes in Europe, mainly in Portugal and Russia. This channel is also well embedded outside Europe, especially in Africa and Oceania.

The Asia/Pacific version of the Eurosport channel is continuing to expand in its catchment area (Asia/Oceania), and had 5.8 million subscribers at end December 2012 (up 16.8% year-on-year).

Overall, the Eurosport group achieved audience growth of 7.1%, despite the intensifying level of competition between sports broadcasters.

The Eurosport group's internet activities are going from strength to strength, propelling Eurosport to the top ranking among European sport sites[2]. With 14 local versions around the world, the website was attracting 3.3 million unique visitors at end December[3].

(1) Source: SEVN - Video Barometer - CNC-GFK

(2) Source: Nielsen Net Ratings.

(3) Source: Digital Analytix.

In addition to the website, Eurosport offers a smartphone and tablet app in 10 languages. This app was downloaded by 10.0 million users (up 85.2% versus 2011).

The Eurosport channels are also broadcast over the Internet, and have an average monthly following of 105,000 customers (up 47.6% year-on-year).

OTHER ACTIVITIES

No activities were included in this segment in 2012. In 2011, this segment comprised SPS, which generated revenue of €1.5m and a current operating loss of €8.7m. SPS was divested in May 2011.

3.2.2 Outlook

The TF1 group faces another year of economic uncertainty in 2013.

With the economic situation still deeply troubled, we are working on the assumption that our full-year consolidated revenue for 2013 will contract by 3%.

Despite the upheavals of the past five years, we have nonetheless succeeded in radically transforming the TF1 group:

- in terms of our offering, we are no longer just a mass media player: we now combine the effectiveness of mass media with the intimacy of digital media;
- in terms of our business model: the TF1 channel is now at the heart of a new ecosystem. Its audience, boosted by flagship programmes and strong brands with massive spin-off potential, has become a source of fresh revenues.

However, to continue our progress and build for the future, we will be addressing five key issues in 2013: consolidating our free-to-view offering, expanding our consumer businesses, enhancing our pay-TV offering, improving our competitiveness, and continuing to deliver on our corporate social responsibility agenda.

LOCKING IN A NEW FREE-TO-VIEW MODEL

Our free-to-view TV offering is unrivalled in France, thanks to 4 channels: TF1, the undisputed leader; the fast-growing channels TMC and NT1; and HD1, the new creative channel we launched on December 12, 2012. Our free-to-view strategy is to extend the TF1 channel's reach across all our activities, building on our status as a multi-channel group.

One of our priorities in 2013 will be to consolidate our overall audience.

We will also focus on developing new programmes on our channels (not only TF1, but also TMC, NT1 and HD1), enhancing the fit and exploiting the synergies between our channels, while continuing to comply with all of our commitments to the relevant authorities.

To provide content to our channels, we will continue with our policy of investing in innovative formats – on our own, in partnership or *via* in-house production – while retaining a rigorous negotiating stance and making the most of our rights portfolio.

Finally, in terms of selling airtime on the TF1 and HD1 channels, in 2013 our in-house agency TF1 Publicité will seek to maintain the value of slots and intensify digital spin-offs. At the same time, the agency will be looking for opportunities to sell space on new media, in order to offer advertisers a more comprehensive service, from mass media to one-to-one media.

EXPAND OUR CONSUMER BUSINESSES

We have forged close relationships with all our publics through all the outlets available, including social networks. TF1 interacts with the consumer through home shopping, DVD/VoD production and distribution, board and card games, and music production.

In this area, we will continue during 2013 to move forward with our customer-oriented strategy, based on three main levers:

- brand exploitation, including not just the TF1 brand with its unrivalled promotional and value-creative power, but also our broader portfolio of strong brands;
- technological opportunities, which will inevitably offer new possibilities for enhanced viewer/programme interactivity, ever-greater diversification of access to content, and multi-screen experiences;
- the constantly-evolving customer/viewer relationship, with advertisers demanding ever sharper targeting. Not only are we making steady progress in this area, but we also offer an array of media channels with promising potential.

ENHANCING OUR PAY-TV OFFERING

Our strategy for 2013 will be to develop a competitive offering for the French market. The partnership between TF1 and Discovery Communications will enable us to rely on Discovery's experience in non-fiction media channels so that we can provide French distributors with a benchmark offering of theme channels, with our existing channels complemented by Discovery's rights portfolio.

We will also seek during 2013 to exploit the many synergies between Eurosport and Discovery Communications. The two groups will join forces in distribution (including the formation of a joint venture), in local advertising, and in business development, consistent with Eurosport's strategy.

IMPROVING OUR COMPETITIVENESS

During 2013, we will press ahead with Phase II of our optimisation plan, designed to adapt our business model. Focused on reducing operating costs and introducing greater flexibility, Phase II has already generated €15m of savings in 2012.

We will now be working to unlock a further €70m of recurring savings by end 2014, thanks to lower overheads, better productivity and optimisation of programming costs.

In light of the economic situation, we have decided to accelerate the implementation of Phase II.

In 2013, TF1 channel programming costs should not exceed €900m.

CORPORATE SOCIAL RESPONSIBILITY

Conscious of our responsibilities as a leading media group, we embed corporate social responsibility into all of our strategic decisions.

In 2013, we will once again be at the forefront of CSR initiatives in the media sector. We will respect diversity in our people and programmes, and ensure that our programmes are inclusive and non-discriminatory. We will promote solidarity, social cohesion and sustainable development, and remain open at all times to dialogue with all our stakeholders.

Thanks to solid fundamentals, a healthy financial position giving us the means to realise our goals, clear and ambitious strategy, we are now better placed that ever to consolidate our position as France's leading private-sector television group. Our watchwords for the future: anticipate and deliver.

3.2.3 Post balance sheet events

There are no post balance sheet events to report.

3.2.4 The role of TF1 *vis-à-vis* its subsidiaries and relations with the parent company

The positions held by TF1 Executive Directors in the principal subsidiaries are disclosed on page 6 of the registration document and Annual Financial Report.

The TF1 group comprises about 40 directly or indirectly owned operating subsidiaries (see the organisation chart on page 7 of this registration document), most of them located in France.

The role of TF1 is to define the overall strategic priorities of the Group, and to provide leadership in areas such as identifying synergies and standardising procedures.

It also provides corporate support functions to its subsidiaries in fields such as management, human resources, advisory services and finance. These services are invoiced by TF1 to the subsidiaries involved; for details, refer to the disclosures about related-party agreements on page 289 of the registration document and Annual Financial Report and to the Statutory Auditors' report on such agreements (page 188 of the registration document and annual financial report).

For information about services provided by Bouygues to TF1, refer to the disclosures about related-party agreements on page 289 of the registration document and Annual Financial Report and to the Statutory Auditors' report on such agreements (page 188 of the registration document and annual financial report).

From a financial standpoint, TF1's Treasury Department manages and pools the cash positions of all the Group's subsidiaries except for Série Club, for which treasury management and financing are handled by M6.

3.2.5 The TF1 parent company

RESULTS OF TF1 SA

In 2012, TF1 SA (the parent company) generated revenue of €1,356.8 million (down 6.2% versus 2011), comprising €1,339.1 million of advertising revenue (down 6.7%) and €17.7 million of other revenue (up 47.5%). Operating profit for the year decreased by €122.1 million to €75.4 million.

The parent company reported net financial income of €32.3 million in 2011(up €45,0m versus 2011).

Net profit for the year was €120.5 million, up 5,2% versus 2011.

Expenses falling within the scope of Article 39-4 of the French General Tax Code, which are non-deductible for corporate income tax purposes, amounted to €265,825 in the year ended December 31, 2011. These expenses will be submitted to the Annual General Meeting for approval, in accordance with Article 223 *quater* of the French General Tax Code.

APPROPRIATION OF PROFITS

In the resolutions submitted for your approval, we are asking you to approve the individual financial statements and the consolidated financial statements for the year ended December 31, 2012 and, and, having noted the existence of distributable profits of €415,571,374.06, comprising net profit for the period of €120,521,749.35 and retained earnings of €295,049,624.71, to appropriate this sum as follows, as proposed by the Board of Directors:

- distribution of a cash dividend of €115,658,170.65 (*i.e.* a dividend of €0.55 per €0.20 par value share);
- the balance of €299,913,203.41 to be carried forward as retained earnings.

The ex-date of the dividend on the Euronext Paris market will be April 25, 2013. The date of record (*i.e.* the day at the end of which the post-settlement positions entitled to the dividend are determined) will be April 29, 2013. The payment date of the dividend will be April 30, 2013.

We are also asking for your authority to transfer to retained earnings the amount of dividend accruing to any of its own shares that TF1 may hold, in accordance with Article L. 225-210 of the French Commercial Code.

The amount of dividend distributed in respect of the three previous financial years was as follows:

Year ended	Net dividend per share
December 31, 2009	€0.43
December 31, 2010	€0.55
December 31, 2011	€0.55

ANALYSIS OF TF1 SA TRADE CREDITORS BY DUE DATE

The table below gives disclosures about trade creditors by due date, as required by Articles L. 441-6-1 and D. 441-4 of the French Commercial Code.

In most cases, TF1 SA applies agreed payment terms of 45 days from the end of the month in which the supplier invoice was issued.

(€m)	Dec. 31, 2012	Dec. 31, 2011
Total trade creditors	**284.0**	**327.9**
Total trade creditors used in the analysis(1)	**255.2**	**289.7**
Of which non past due	247.9	269.5
Of which past due	7.3	20.2
Of which past due by less than 30 days	*4.6*	*6.2*
Of which past due by between 30 and 90 days	*0.4*	*7.0*
Of which past due by more than 90 days	*2.3*	*7.0*

(1) The trade creditors total included in the analysis as of December 31, 2012 comprises all trade creditors except for trade bills payable, which amounted to €28.8 million (compared with €38.2 million as of December 31, 2012).

3.2.6 Principal acquisitions and divestments

NEWLY CONSOLIDATED ENTITIES, CHANGES IN SCOPE OF CONSOLIDATION AND ACQUISITIONS OF EQUITY INTERESTS

CHANGE IN PERCENTAGE INTEREST IN THE EUROSPORT GROUP ENTITIES AND THEME CHANNELS

As a result of the agreement with the Discovery Communications group (see Note 1, page 109), the percentage control held by the TF1 group in the Eurosport group entities, and in the Ushuaïa TV, Stylía, Histoire and TV Breizh pay-TV theme channels, has been 80% since December 21, 2012. The 20% share of the net assets of these entities acquired by the Discovery Communications group, amounting to €102.6 million, is presented in consolidated shareholders' equity attributable to minority interests. The share of profits for the period from December 22 to December 31, 2012, has not been allocated to minority interests on grounds of immateriality.

INCLUSION OF GROUPE AB IN THE SCOPE OF CONSOLIDATION AS AN ASSOCIATE BY THE EQUITY METHOD

TF1 has held a 33.5% equity interest in Groupe AB since April 2, 2007, the other principal investor being Claude Berda.

On June 10, 2010, in connection with the acquisition by TF1 of the TMC and NT1 channels from Groupe AB, TF1 granted Claude Berda a call option entitling him to buy out TF1's 33.5% interest in Groupe AB for its estimated market value of €155 million. In accordance with IAS 27, TF1 therefore ceased to account for its equity interest in Groupe AB as an associate by the equity method, instead recognising the equity interest in the balance sheet as a non-current financial asset at a value of €155 million. TF1 elected to recognise subsequent changes in the fair value of the equity interest in profit or loss, so that they would offset subsequent changes in the fair value of the option (recognised in financial income or expense, and in financial liabilities in the balance sheet).

The equity interest and the associated call option were valued on the basis of the consolidated net assets of Groupe AB as remeasured at fair value in 2010, plus the profits of Groupe AB recognised since that date (including depreciation and amortisation charged against remeasured assets) and a multiple-based approach applicable to Groupe AB.

Because no material change in the fair value of the equity interest occurred during the life of the option, both the equity interest and the option were maintained at their initial values, i.e. €155 million and zero respectively.

As of the expiry date of the option (June 10, 2012), TF1's equity interest in Groupe AB was valued at €160.9 million. The fair value of the equity interest was adjusted accordingly, and a symmetrical financial liability (of €5.9 million) representing the fair value of the option was also recognised. Because the option was not exercised, the financial liability was extinguished, generating a gain (recognised in "Other financial income") in the financial statements for the six months ended June 30, 2012.

The option having expired, the TF1 group has regained the significant influence that it used to exercise over Groupe AB. Consequently, this equity interest is now once again accounted for as an associate by the equity method, with effect from June 11, 2012.

DIRECT OPTIC PARTICIPATIONS

In accordance with the terms of the agreements signed on March 1, 2011, Téléshopping converted into share capital a €2.5 million current account balance owed to it by Direct Optic Participations. This transaction took place on December 28, 2012, and increased Téléshopping's equity interest in Direct Optic from 25.4% to 47.8%. This increased percentage has no impact on the role or power of TF1 vis-à-vis Direct Optic Participations.

The investment continues to be accounted for as an associate by the equity method in the consolidated financial statements.

TF1 SA OTHER COMMITMENTS

None.

3.3 AVAILABLE INFORMATION IN OTHER PART OF THE REGISTRATION DOCUMENT

3.3.1 Risks factors and Report on remuneration

With regard to risk factors and compensation of the Executive Director, see chapter 2, pages 55-69 of the registration document.

3.3.2 Human resources and environment update

With regard to human resources and environment update, see chapter 7, pages 227-281 of the registration document.

3.3.3 Information concerning the TF1 company and its capital

With regard to Information concerning the TF1 company and its capital, see chapter 6, pages 201-226 of the registration document.

3.4 STATEMENT OF COMPANY OPERATIONS OVER THE LAST FIVE BUSINESS YEARS

Nature of indicators (in €)	2008	2009	2010	2011	2012
I - End of year financial position					
a) Company capital	42,682,098	42,682,098	42,682,098	42,206,601	42,124,864
b) Number of shares issued	213,410,492	213,410,492	213,410,492	211,033,003	210,624,321
c) Number of convertible bonds					
II - Overall operational results					
a) Turnover excluding taxes	1,578,094,919	1,376,578,316	1,484,569,148	1,447,246,247	1,356,804,475
b) Profits before tax, employee participation, liquidations and provisions	231,461,449	201,671,020	225,847,859	210,521,154	101,904,156
c) Tax on profits	23,176,898	(17,671,273)	33,468,225	45,163,305	17,693,069
d) Employee participation	3,605,647	256,981	4,645,162	4,620,881	1,761,302
e) Profits after tax, employee participation, liquidations and provisions	138,921,498	198,396,034	157,208,740	114,484,653	120,521,749
f) Amount of profits distributed	100,302,931	91,766,512	117,375,771	116,013,152	115,658,171 (1)
III - Operational results per share					
a) Profits after tax and employee participation but before liquidations and provisions	0.96	1.03	0.88	0.76	0.39
b) Aggregate employment earnings	0.65	0.93	0.74	0.54	0.57
c) Expenditure on benefits	0.47	0.43	0.55	0.55	0.55 (1)
IV - Employees					
a) Number of employees (2)	1,536	1,597	1,604	1,633	1,562
b) Total payroll costs (3)	121,186,526	118,312,622	120,882,687	124,695,330	147,100,157
c) Total of employee benefit costs	54,153,178	69,307,854	64,780,999	61,269,845	67,676,216

(1) Dividend submitted for approval to the General Meeting of April 18, 2013.
(2) Permanent Contracts.
(3) Included expenses to be cashed out.

2012 FINANCIAL STATEMENTS AFR

The consolidated financial statements of the TF1 group for the year ended December 31, 2012 should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2011 and the year ended December 31, 2010, prepared in accordance with international financial reporting standards, as presented in the 2011 French-language *Document de référence* filed with the *Autorité des Marchés Financiers* (AMF) on March 15, 2012 as number D.12.0163, an English-language version of which (the 2011 registration document) is available on the TF1 corporate website *via* the link http://www.groupe-tf1.fr/en/finance/financial-results-publications/financial-reports/2011-6451274-843.html.

The financial statements have been audited, and an unqualified opinion has been issued by the auditors.

4.1 CONSOLIDATED FINANCIAL STATEMENTS

4.1.1 Consolidated balance sheet

ASSETS *(€m)*	**Note**	**Dec. 31, 2012**	**Dec. 31, 2011**
Goodwill	7	874.3	874.3
Intangible assets		129.8	142.0
Audiovisual rights	*8.1*	*55.2*	*70.8*
Other intangible assets	*8.2*	*74.6*	*71.2*
Property, plant and equipment	9	216.8	230.8
Investments in associates	10	161.1	1.3
Non-current financial assets	12.1	15.8	167.6
Non-current tax assets	28.2.2	10.6	5.8
Total non-current assets		**1,408.4**	**1,421.8**
Inventories		632.1	648.5
Programmes and broadcasting rights	*11*	*615.2*	*635.6*
Other inventories		*16.9*	*12.9*
Trade and other debtors	12.4	1,302.0	1,241.8
Current tax assets		14.5	0.5
Other current financial assets	12	2.1	5.9
Cash and cash equivalents	12.5	258.7	35.9
Total current assets		**2,209.4**	**1,932.6**
Held-for-sale assets		-	-
TOTAL ASSETS		**3,617.8**	**3,354.4**
Net surplus cash/(Net debt)	15	236.3	(40.6)

SHAREHOLDERS' EQUITY AND LIABILITIES *(€m)*	Note	Dec. 31, 2012	Dec. 31, 2011
Share capital	13.1	42.1	42.2
Share premium and reserves		1,506.7	1,350.2
Net profit for the period attributable to the Group		136.0	182.7
Shareholders' equity attributable to the Group		**1,684.8**	**1,575.1**
Minority interests		117.0	12.1
Total shareholders' equity		**1,801.8**	**1,587.2**
Non-current debt	14 & 15	13.6	18.0
Non-current provisions	16.1	39.3	40.0
Non-current tax liabilities	28.2.2	9.8	9.9
Total non-current liabilities		**62.7**	**67.9**
Current debt	15	8.8	58.5
Trade and other creditors	14	1,687.2	1,563.7
Current provisions	16.2	53.5	56.6
Current tax liabilities		2.9	20.2
Other current financial liabilities	14	0.9	0.3
Total current liabilities		**1,753.3**	**1,699.3**
Liabilities relating to held-for-sale assets		-	-
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3,617.8**	**3,354.4**

4.1.2 Consolidated income statement

(€m)	Note	2012	2011
Net advertising revenue		1,775.5	1,821.5
TF1 channel		*1,402.8*	*1,504.1*
Other media		*372.7*	*317.4*
Diversification revenue excluding advertising		845.1	798.2
Revenue	17	**2,620.6**	**2,619.7**
Other operating revenue		0.4	0.8
External production costs	18	(772.5)	(702.9)
Other purchases and changes in inventory	19	(442.2)	(432.3)
Staff costs	20	(423.9)	(432.8)
External expenses	21	(488.2)	(469.7)
Taxes other than income taxes	22	(147.0)	(145.2)
Depreciation and amortisation, net		(71.8)	(78.4)
Provisions and impairment, net		(12.6)	(29.9)
Other operating income	23	126.0	87.5
Other operating expenses	23	(130.7)	(133.9)
Current operating profit		**258.1**	**282.9**
Non-current operating income	24	-	-
Non-current operating expenses	24	(47.7)	-
Operating profit		**210.4**	**282.9**
Income associated with net debt	25	0.6	1.4
Expenses associated with net debt	25	(0.6)	(0.9)
Cost of net debt		**-**	**0.5**
Other financial income	26	7.6	5.9
Other financial expenses	26	(1.8)	(0.8)
Income tax expense	28	(70.5)	(88.7)
Share of profits/(losses) of associates	10	(6.4)	(13.7)
Net profit from continuing operations		**139.3**	**186.1**
Net profit from discontinued or held-for-sale operations		**-**	**-**
Net profit		**139.3**	**186.1**
attributable to the Group		**136.0**	**182.7**
attributable to minority interests		*3.3*	*3.4*
Weighted average number of shares outstanding ('000)	29	210,716	212,436
Basic earnings per share from continuing operations (€)	29	0.65	0.86
Diluted earnings per share from continuing operations (€)	29	0.64	0.86

STATEMENT OF RECOGNISED INCOME AND EXPENSE

(€m)	2012	2011
Consolidated net profit for the period	**139.3**	**186.1**
Items not reclassifiable to profit or loss		
Actuarial gains/losses on employee benefits	(7.2)	2.4
Net tax effect of equity items not reclassifiable to profit or loss	2.5	(0.8)
Share of non-reclassifiable income and expense of associates recognised in equity	-	-
Items reclassifiable to profit or loss		
Remeasurement of hedging instruments	(3.8)	2.3
Remeasurement of available-for-sale financial assets	-	-
Change in cumulative translation adjustment of controlled entities	0.1	0.2
Net tax effect of equity items reclassifiable to profit or loss	1.4	(0.8)
Share of reclassifiable income and expense of associates recognised in equity	-	-
Income and expense recognised directly in equity	**(7.0)**	**3.3**
TOTAL RECOGNISED INCOME AND EXPENSE	**132.3**	**189.4**
attributable to the Group	***129.0***	***186.0***
attributable to minority interests	*3.3*	*3.4*

4.1.3 Consolidated statement of changes in equity

(€m)	Note	Share capital	Share premium	Treasury shares	Reserves	Income and expense recognised directly in equity	Share-holders' equity attributable to the Group	Minority interests	Total share-holders' equity
Balance at december 31, 2010		**42.7**	**3.7**	**(0.4)**	**1,489.4**	**3.5**	**1,538.9**	**8.7**	**1,547.6**
Capital increase (share options exercised)		-	0.1	-	-	-	0.1	-	0.1
Share-based payment		-	-	-	1.0	-	1.0	-	1.0
Purchase of treasury shares		-	-	(26.5)	-	-	(26.5)	-	(26.5)
Cancellation of treasury shares		(0.5)	(3.8)	26.2	(21.9)	-	-	-	-
Dividends paid		-	-	-	(117.2)	-	(117.2)	-	(117.2)
Other transactions with shareholders		-	-	-	(7.2)	-	(7.2)	-	(7.2)
Total transactions with shareholders		**(0.5)**	**(3.7)**	**(0.3)**	**(145.3)**	**-**	**(149.8)**	**-**	**(149.8)**
Consolidated net profit for the period		**-**	**-**	**-**	**182.7**	**-**	**182.7**	**3.4**	**186.1**
Income & expense recognised directly in equity		**-**	**-**	**-**	**-**	**3.3**	**3.3**	**-**	**3.3**
Other movements (changes in accounting policy, changes in scope of consolidation, other changes)		-	-	-	-	-	-	-	-
Balance at december 31, 2011		**42.2**	**-**	**(0.7)**	**1,526.8**	**6.8**	**1,575.1**	**12.1**	**1,587.2**
Capital increase (share options exercised)		-	-	-	-	-	-	-	-
Share-based payment		-	-	-	0.7	-	0.7	-	0.7
Purchase of treasury shares		-	-	(2.3)	-	-	(2.3)	-	(2.3)
Cancellation of treasury shares		(0.1)	-	3.0	(3.0)	-	(0.1)	-	(0.1)
Dividends paid		-	-	-	(116.0)	-	(116.0)	(1.0)	(117.0)
Other transactions with shareholders		-	-	-	93.0	-	93.0	102.6	195.6
Total transactions with shareholders		**(0.1)**	**-**	**0.7**	**(25.3)**	**-**	**(24.7)**	**101.6**	**76.9**
Consolidated net profit for the period		**-**	**-**	**-**	**136.0**	**-**	**136.0**	**3.3**	**139.3**
Income & expense recognised directly in equity		**-**	**-**	**-**	**-**	**(7.0)**	**(7.0)**	**-**	**(7.0)**
Other movements (changes in accounting policy, changes in scope of consolidation, other changes)		-	-	-	5.4	-	5.4	-	5.4
Balance at december 31, 2012		**42.1**	**-**	**-**	**1,642.9**	**(0.2)**	**1,684.8**	**117.0**	**1,801.8**

See Note 13, "Consolidated shareholders' equity", for a breakdown of these changes.

4.1.4 Consolidated cash flow statement

(€m)	Note	2012	2011
Consolidated net profit (including minority interests)		139.3	186.1
Depreciation, amortisation, provisions and impairment (excluding current assets)		75.3	79.7
Intangible assets and goodwill		*44.7*	*48.2*
Property, plant and equipment		*30.4*	*29.7*
Financial assets		*(0.2)*	*0.2*
Non-current provisions		*0.4*	*1.6*
Other non-cash income and expenses		(9.2)	(14.6)
Effect of fair value remeasurement		(5.2)	(2.5)
Share-based payment		0.7	1.0
Net (gain)/loss on asset disposals		0.4	(3.5)
Share of (profits)/losses and dividends of associates		6.4	13.7
Dividend income from non-consolidated companies		(1.2)	(1.7)
Sub-total		**206.5**	**258.2**
Cost of net debt		-	(0.5)
Income tax expense (including deferred taxes)		70.5	88.7
Operating cash flow		**277.0**	**346.4**
Income taxes (paid)/reimbursed		(102.1)	(73.2)
Change in operating working capital needs		87.6	(82.1)
Net cash generated by/(used in) operating activities		**262.5**	**191.1**
Cash outflows on acquisitions of property, plant and equipment and intangible assets		(51,4)	(100.9)
Cash inflows from disposals of property, plant and equipment and intangible assets		1.1	1.9
Cash outflows on acquisitions of financial assets		(3.4)	(5.4)
Cash inflows from disposals of financial assets		0.1	-
Effect of changes in scope of consolidation		(6.4)	8.8
Purchase price of investments in consolidated activities		*(6.4)*	*(4.8)*
Proceeds from disposals of investments in consolidated activities		-	*16.8*
Net liabilities related to consolidated activities		-	-
Other cash effects of changes in scope of consolidation		-	*(3.2)*
Dividends received		1.2	1.7
Change in loans and advances receivable		0.2	(0.8)
Net cash generated by/(used in) investing activities		**(58.6)**	**(94.7)**
Cash received on exercise of share options		-	0.1
Purchases and sales of treasury shares		(2.3)	(26.5)
Other transactions between shareholders	30.3	192.3	-
Dividends paid during the year		(117.0)	(117.2)
Cash inflows from new debt contracted		0.4	0.2
Repayment of debt (including finance leases)		(4.7)	(8.7)
Net interest paid (including finance leases)		-	0.5
Net cash generated by/(used in) financing activities		**68.7**	**(151.6)**
CHANGE IN CASH POSITION OF CONTINUING OPERATIONS		**272.6**	**(55.2)**
Cash position of continuing operations at start of period		**(18.2)**	**37.0**
Change in cash position of continuing operations during the period		272.6	(55.2)
Cash position of continuing operations at end of period	30.1	**254.4**	**(18.2)**

4.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Significant events of 2012

1.1 STRATEGIC PARTNERSHIP WITH THE DISCOVERY COMMUNICATIONS GROUP

Under the terms of the partnership agreement signed on December 21, 2012 relating to the activities of Eurosport, the pay-TV channels and production activities, the TF1 group sold a 20% equity interest in the Eurosport group and in the TV Breizh, Ushuaïa TV, Stylía and Histoire pay-TV theme channels to the Discovery Communications group.

The sale of the 20% interest in the Eurosport group was completed on the basis of an enterprise value of €850 million, plus the net cash held by Eurosport on December 31, 2012. This transaction generated a gain of €84.3 million net of taxes.

The terms of the agreement give the Discovery Communications group the option to increase its equity interest in the Eurosport group to 51% in two years' time, which if exercised would give the TF1 group the option to sell the remaining 49% to the Discovery Communications group (see Note 33, "Off balance sheet commitments").

The sale of the 20% interest in the theme channels was completed on the basis of an enterprise value of €70 million, plus the net cash held by the theme channels. This transaction generated a gain of €8.7 million net of taxes. The terms of the agreement give the Discovery Communications group the option to increase its equity interest in the theme channels to 49% in two years' time (see Note 33, "Off balance sheet commitments").

In accordance with the revised IAS 27, the gains arising on these transactions (amounting to €93 million, net of tax) were treated as arising from transactions between shareholders and recognised in consolidated shareholders' equity attributable to the Group, with no impact on profit or loss for the period.

1.2 PHASE II OF THE OPTIMISATION PLAN

Phase II of the optimisation plan is described in the "Outlook" section of the Management Review. The costs incurred have been reported in "Non-current operating expenses", as described in Note 24 below.

1.3 GROUPE AB

The call option over TF1's 33.5% equity interest in Groupe AB, held by Claude Berda since June 10, 2010, expired on June 11, 2012 without having been exercised. Because the call option no longer exists, the significant influence that TF1 used to exercise over Groupe AB has been re-established, as a result of which (i) the equity interest in Groupe AB has been accounted for as an associate by the equity method since June 11, 2012, and (ii) the fair value remeasurement of the equity interest, amounting to €5.9 million, has been recognised in "Other financial income". See Note 3, "Significant changes in scope of consolidation", and Note 10, "Investments in associates".

Note 2 Accounting policies

2.1 DECLARATION OF COMPLIANCE AND BASIS OF PREPARATION

The consolidated financial statements of the TF1 group for the year ended December 31, 2012 have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union, as required under EC Regulation 1606/2002 of July 19, 2002.

They include the financial statements of TF1 SA and its subsidiaries and jointly controlled entities, and the TF1 group's interests in associated undertakings. They also reflect the recommendations issued by the CNC (the French national accounting standard-setter) on the presentation of financial statements (recommendation no. 2009-R-03 of July 2, 2009).

The consolidated financial statements are presented in millions of euros.

They were adopted by the Board of Directors on February 19, 2013, and will be submitted for approval by the shareholders at the forthcoming Ordinary General Meeting to be held on April 18, 2013.

2.2 NEW AND AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS

2.2.1 New standards, amendments and interpretations endorsed by the European Union and mandatorily applicable or eligible for early adoption in periods beginning on or after January 1, 2012

In preparing its consolidated financial statements for the year ended December 31, 2012, the TF1 group applied the same standards, interpretations and accounting policies as those used in the preparation of its consolidated financial statements for the year ended December 31, 2011, plus any new standards, amendments and interpretations applicable from January 1, 2012.

The principal new standards, amendments and interpretations endorsed by the European Union or eligible for early adoption are:

- amendment to IFRS 7, "Disclosures – Transfers of Financial Assets": mandatorily applicable from January 1, 2012, no impact on the financial statements;
- amendment to IAS 1, "Presentation of items of Other Comprehensive Income (OCI)": early adopted with effect from January 1, 2011, impact on the presentation of the statement of recognised income and expense;

- amendment to IAS 19, "Employee Benefits": mandatorily applicable from January 1, 2013, with early adoption permitted with effect from January 1, 2012. The TF1 group has early adopted this amendment in the consolidated financial statements for the year ended December 31, 2012; the impact is not material, as the TF1 group already recognised actuarial gains and losses on defined-benefit employee benefit plans directly in equity.

The TF1 group has decided not to early adopt any of the other standards issued by the IASB and endorsed by the European Union that companies may elect to early adopt with effect from January 1, 2012.

2.2.2 New standards, amendments and interpretations endorsed by the European Union and applicable subsequent to December 31, 2012

Standard/Interpretation	IASB effective date	Expected impact on TF1
Revised IAS 27: Separate Financial Statements	January 1, 2014	No impact on the financial statements
Revised IAS 28: Investments in Associates and Joint Ventures	January 1, 2014	Under review
IFRS 10: Consolidated Financial Statements	January 1, 2014	Under review
IFRS 11: Joint Arrangements	January 1, 2014	Under review
IFRS 12: Disclosure of Interests in Other Entities	January 1, 2014	Under review
IFRS 13: Fair Value Measurement	January 1, 2013	Under review
Amendment to IFRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters	July 1, 2013	No impact on the financial statements
Amendment to IAS 12: Deferred Tax – Recovery of Underlying Assets	January 1, 2013	No impact on the financial statements

2.2.3 New standards, amendments and interpretations issued by the IASB but not yet endorsed by the European Union

Standard/Interpretation	IASB effective date	Expected impact on TF1
IFRS 9: Financial Instruments (classification and measurement of financial assets)	January 1, 2015	Not quantifiable at present (endorsement process suspended by the European Union)
Amendment to IAS 32: Offsetting Financial Assets and Financial Liabilities	January 1, 2014	Under review

2.3 CHANGES IN ACCOUNTING POLICY

TF1 did not make any changes in accounting policy during 2012 other than those required to comply with new or amended IFRS requirements applicable on or after January 1, 2012 (as shown in Note 2.2.1), which have no material effect on the financial statements.

2.4 SELECTION OF ACCOUNTING TREATMENTS, EXERCISE OF JUDGMENT AND USE OF ESTIMATES

Preparation of the consolidated financial statements requires TF1 management to exercise judgement in the selection of accounting treatments and to use estimates for the measurement of assets, liabilities, income and expenses, which may have a material impact on the amounts reported in the financial statements.

2.4.1 Accounting policies

The principal accounting treatments involving the exercise of judgment are listed below, along with a reference to the Note that describes the main analytical methods used in applying each treatment:

- Goodwill and impairment testing (Notes 2.8 and 2.11);
- Recognition and measurement of audiovisual rights (Note 2.8.1);
- Recognition and measurement of programmes, broadcasting rights and sports transmission rights (Note 2-12);
- Classification of financial instruments (Notes 2.11 and 2.17);
- Revenue recognition (Note 2.20).

2.4.2 Use of estimates

Preparation of the consolidated financial statements requires the TF1 group to make various estimates and use various assumptions regarded as realistic and reasonable. Subsequent events or circumstances may result in changes to these estimates or assumptions, which could affect the value of the Group's assets, liabilities, equity or net profit.

The principal accounting policies requiring the use of estimates are:

- impairment of goodwill (Note 7): the carrying amount of goodwill in the TF1 consolidated financial statements is reviewed annually using the method described in Note 2-10-1. These impairment tests are sensitive to medium-term financial forecasts and to the discount rates used to estimate the value in use of cash-generating units (CGUs);
- impairment of audiovisual rights (Note 8.1): impairment testing of audiovisual rights is based on an analysis of projected future revenues;

- impairment of programmes and broadcasting rights (Note 11): impairment testing of programmes and broadcasting rights is based on the probability of transmission, assessed mainly on the basis of future programming schedules;
- measurement of provisions for retirement benefit obligations (Note 16.1-2): these provisions are calculated by the TF1 group itself using the projected unit credit method, as described in Note 2-19-1. This calculation is sensitive to assumptions regarding the discount rate, the salary inflation rate and the staff turnover rate;
- provisions (Note 16): provisions are established to cover probable outflows of resources to third parties with no corresponding inflow of resources for the Group. They include provisions for all kinds of litigation and claims, the amount of which is estimated based on assumptions regarding the most likely outcomes. In determining these assumptions, TF1 management may rely on the assessments of external advisors;
- fair value of financial instruments (Notes 12 and 14): the fair value of financial instruments is determined by reference to market prices. In the case of derivatives, market prices are determined and supplied to the TF1 group by its bankers. Where no quoted market price is available, fair value is estimated using other valuation methods such as the discounted cash flow method.

2.5 CONSOLIDATION METHODS

2.5.1 Subsidiaries

Subsidiaries are companies over which TF1 exercises control. Control is presumed to exist where the parent company has the power directly or indirectly to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. Subsidiaries are included in the consolidation from the date on which control is effectively transferred to the Group. Divested subsidiaries are excluded from the consolidation from the date on which the Group ceases to have control.

TF1 accounts for investees over which it exercises exclusive control using the full consolidation method. Under this method, all assets, liabilities, equity, income and expenses of each subsidiary are combined on a line-by-line basis in the consolidated financial statements. Minority interests in equity and in net profit are identified separately under “Minority interests” in the consolidated balance sheet and the consolidated income statement.

2.5.2 Jointly controlled entities

A jointly controlled entity is one in which the power to govern the financial and operating policies of the entity is contractually shared by TF1 with one or more other parties, none of which exercises control. TF1 accounts for interests in such entities using the proportionate consolidation method. Under this method, TF1 includes its own share of the subsidiary’s assets, liabilities, equity, income and expenses in the relevant lines of its own consolidated financial statements.

2.5.3 Associates

An associate is an enterprise in which TF1 exercises significant influence, which means that TF1 has the power to participate in the financial and operating policy decisions of the investee without exercising control. Significant influence is presumed to exist if the parent company holds, directly or indirectly, 20% or more of the voting power of the investee. This presumption is reviewed in light of the way in which the investee is effectively governed and managed.

TF1 accounts for investments in associates using the equity method. Under this method, the investment in the associate is initially recorded in the balance sheet at acquisition cost. The carrying amount is then increased or decreased by the Group’s share of the associate’s profits or losses and of other changes in the equity of the associate subsequent to the acquisition date.

2.6 FOREIGN CURRENCY TRANSLATION

2.6.1 Translation of the financial statements of foreign entities

The financial statements of foreign operations are translated into euros, the reporting currency of the TF1 group. All assets and liabilities of foreign entities are translated at the closing exchange rate; income and expenses are translated at the average rate for the period. Translation differences arising from this treatment, and from retranslating the opening equity of foreign entities at the closing exchange rate, are taken to equity under “Share premium and reserves”. On disposal of a foreign entity, these differences are taken to profit or loss as part of the gain or loss on disposal.

- Specific treatment on transition to IFRS

The TF1 group applied the option allowed under IFRS 1, under which existing cumulative translation differences arising from the translation of the financial statements of foreign subsidiaries into euros were deemed to be zero. The balance as of January 1, 2004 under French generally accepted accounting principles (“French GAAP”) was reclassified to reserves, with no impact on shareholders’ equity attributable to the Group. Consequently, the gain or loss on a subsequent disposal of any consolidated entity or associate will exclude translation differences that arose before the date of transition to IFRS.

2.6.2 Translation of transactions denominated in foreign currencies

Transactions denominated in foreign currencies carried out by subsidiaries and jointly controlled entities are initially translated into the functional currency of the subsidiary or entity using the exchange rate at the transaction date. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated at the closing exchange rate. Any resulting translation differences are taken to profit or loss. Non-monetary assets and liabilities denominated in a foreign currency are recognised at historical cost and translated using the exchange rate at the transaction date.

2.7 BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method in accordance with IFRS 3. A revised version of IFRS 3 became effective on January 1, 2010 without retrospective effect. The main effects of the revision are a tightening of the "control" criterion in accounting for a business combination, and broader use of fair value accounting.

The treatment applied by TF1 to business combinations with effect from January 1, 2010 is as follows:

The cost of a business combination is the fair value, at the date of exchange, of the assets transferred, the liabilities incurred or assumed, and the equity instruments issued by the Group, in exchange for control over the acquiree.

The identifiable assets, liabilities and contingent liabilities of the acquiree that satisfy the IFRS recognition criteria are recognised at their fair value at the acquisition date, except for non-current assets held for sale which are recognised at fair value less costs to sell in accordance with IFRS 5.

Any excess of the cost of a business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities at the acquisition date is recognised as goodwill. Minority interests may also be measured at fair value (the "full goodwill" method), giving rise to additional goodwill; this option may be elected separately for each business combination.

Subsequent changes in percentage interest with no loss of control over the acquiree are accounted for as transactions between shareholders, with the difference between the purchase price (or sale price) and the carrying amount of the interest acquired (or sold) recognised in equity.

In the case of step acquisitions, equity interests held prior to acquisition of control are remeasured at fair value, with the effect of the remeasurement recognised in profit or loss. The same applies to equity interests retained after loss of control.

Costs directly incurred to effect a business combination are recognised in profit or loss.

If the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected, the TF1 group recognises any adjustments to these provisional values within twelve months following the acquisition date. If the adjustment between provisional and final fair value accounting materially affects the presentation of the financial statements, the comparative information for the period preceding the final accounting for the combination is restated as though the final accounting had been completed at the acquisition date.

If the share of the fair value of the identifiable assets and liabilities acquired exceeds the cost of the combination, the excess is recognised immediately in the income statement as negative goodwill.

Subsequent to initial recognition, goodwill is measured at cost less any impairment losses, determined using the method described in Note 2-10. Any impairment losses are charged as an operating item in the income statement, and may not be subsequently reversed.

- Specific treatment on transition to IFRS

In accordance with the option allowed under IFRS 1, the TF1 group elected not to remeasure goodwill arising on business combinations effected prior to January 1, 2004.

- Accounting treatment of business combinations predating January 1, 2010:

Because the revised IFRS 3 (Business Combinations) was not retrospectively applied, goodwill arising on business combinations predating January 1, 2010 has been maintained at its December 31, 2009 carrying amount. Goodwill on these transactions was determined using the accounting treatments applicable as of the date of the transactions. The main divergences in accounting treatment are as follows:

  - in a step acquisition, the previously-held equity interest was not remeasured,
  - costs directly incurred to effect a business combination were included in the cost of the combination, and hence were included in the amount of goodwill recognised prior to January 1, 2010,
  - the election to measure minority interests at fair value was not available, which meant that the full goodwill method was not permitted,
  - changes in percentage interest with no change in control over the acquiree generated additional goodwill in the case of an acquisition, and a gain or loss in the event of a disposal.

2.8 INTANGIBLE ASSETS

Separately acquired intangible assets are initially recognised at acquisition cost or (if acquired in a business combination) at fair value as of the acquisition date.

Subsequent to the acquisition date, intangible assets are measured at initial recognition cost less accumulated amortisation and impairment losses.

Intangible assets with finite useful lives are amortised over their expected useful lives.

Intangible assets with indefinite useful lives are not amortised.

2.8.1 Audiovisual rights

This item primarily includes shares in films and audiovisual programmes produced or co-produced by TF1 Films Production, TF1 Vidéo and TF1 Production; distribution and trading rights owned by TF1 DA and TF1 Entreprises; and music rights owned by Une Musique.

Audiovisual rights are recognised as an asset in the balance sheet at historical cost under "Audiovisual rights" on the following dates:

- date of end of shooting or censor's certificate for film co-productions;
- date of signature of contract for acquired audiovisual distribution and/or trading rights and music rights.

Amortisation periods for these categories of audiovisual rights are as follows:

- shares in film co-productions: amortised in line with revenues over 8 years;
- audiovisual distribution rights: amortised in line with revenues, with a minimum of 3 years straight-line;
- audiovisual trading rights: straight-line basis over 5 years;
- music rights: amortised over 2 years, 75% in the first year and the remaining 25% in the second year;
- films co-produced by TF1 Films Production are amortised in line with revenues over a limited time-frame, taking account of the timing of revenue sources; this policy is consistent with industry practice.

A provision for impairment is recorded individually if estimated future revenues do not cover the net carrying amount.

2.8.2 Other intangible assets

Other acquired intangible assets are carried at acquisition cost less accumulated amortisation and impairment losses. These mainly comprise operating licences (other than broadcasting licences and audiovisual rights), trademarks and similar rights, and software.

These assets are amortised on a straight-line basis over their expected useful lives, except for certain commercial trademarks owned by the TF1 group and regarded as having an indefinite useful life, which are not amortised. These trademarks are tested for impairment (see Note 2-10-1).

2.9 PROPERTY, PLANT AND EQUIPMENT

2.9.1 Property, plant and equipment owned outright

Property, plant and equipment is carried at acquisition cost net of accumulated depreciation and impairment losses.

Depreciation is charged on a straight-line basis over the expected useful life of the asset, taking account of any residual value of the asset:

- buildings: 25 to 50 years;
- technical installations: 3 to 7 years;
- other property, plant and equipment: 2 to 10 years;
- land is not depreciated.

Where an asset is made up of components with different useful lives, these components are recorded as separate items within property, plant and equipment.

Gains or losses on disposals of property, plant and equipment represent the difference between the sale proceeds and the net carrying amount of the asset, and are included in “Other operating income and expenses”.

2.9.2 Property, plant and equipment acquired under finance leases

Property, plant and equipment held under leases which transfer substantially all the risks and rewards of ownership of the asset to the TF1 group is recognised as an asset in the balance sheet at the inception date of the lease, at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability; the finance charge is recognised in the income statement under “Expenses associated with net debt”, a component of “Cost of net debt”.

Assets held under finance leases are depreciated over the same periods as assets of the same type owned outright.

2.10 IMPAIRMENT OF NON-CURRENT ASSETS

At each balance sheet date, TF1 assesses whether there are internal or external events or circumstances which indicate that a non-current asset may have been impaired. If there is such an indication, or if the asset is required to be tested for impairment annually (goodwill, and intangible assets with indefinite useful lives), the recoverable amount of the asset is estimated.

2.10.1 Goodwill and indefinite-lived intangible assets

The recoverable amount of an asset is the higher of value in use or fair value less costs to sell. If fair value less costs to sell cannot be reliably measured, the recoverable amount of an asset is its value in use.

The value in use of assets to which independent cash flows can be directly allocated is determined individually. All other assets are grouped within cash-generating units (CGUs) to determine their value in use. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The value in use of an asset or a CGU is measured using the discounted cash flow (DCF) method, based on 3-year cash flow projections approved by TF1 management and the Board of Directors plus a standard annual cash flow figure for the time horizon beyond the 3-year business plan. The cash flows used are determined on an after-tax basis.

These cash flow projections are discounted using an after-tax discount rate, determined on the basis of the weighted average cost of capital (calculated on the basis of market parameters, such as beta and capitalisation) of a sample of companies representative of the business sector to which the asset being tested belongs.

The fair value less costs to sell of an asset or CGU is measured, where possible, by reference to the price in a binding sale agreement in an arm’s length transaction.

An impairment loss is recognised where the recoverable amount of an asset or CGU is less than its carrying amount. Impairment losses on finite-lived and indefinite-lived items of property, plant and equipment and intangible assets may be reversed subsequently if the recoverable amount of the asset becomes greater than its carrying amount again. The only impairment losses that may not be reversed are those relating to goodwill.

2.10.2 Investments in associates

Because goodwill included in the carrying amount of investments in associates is not presented separately, this goodwill is not tested individually for impairment, in accordance with IAS 36. The total carrying amount is tested for impairment by comparing its recoverable amount to its carrying amount if there is evidence that the investment is impaired.

2.10.3 Other non-current assets

The methods used to test other non-current assets (in particular, audiovisual rights) for impairment are described in the relevant sections.

2.11 FINANCIAL ASSETS

Financial assets may be classified in one of four categories: available-for-sale financial assets, loans and receivables measured at amortised cost, held-to-maturity investments, and assets at fair value through profit or loss. In accordance with IAS 1, financial assets are classified as either current assets or non-current assets.

Financial assets are recognised at the settlement date.

2.11.1 Available-for-sale financial assets

These assets are initially recognised at fair value, which corresponds to acquisition cost plus transaction costs. At subsequent balance sheet dates, available-for-sale financial assets are remeasured at fair value. Changes in fair value are recognised in equity, and are not transferred to the income statement until the asset in question is sold.

The TF1 group classifies in this category equity interests in companies over which the Group exercises neither control nor significant influence. The fair value of listed securities is determined using the fair value measurement principles described in Note 12. Unlisted securities whose fair value cannot be measured reliably are carried at cost.

Available-for-sale financial assets are tested individually for impairment. Unrealised gains and losses are recognised in equity. If there is objective evidence of a significant and prolonged decline in value, an impairment loss is recognised in the income statement.

2.11.2 Loans and receivables

These financial assets are initially recognised at fair value plus directly attributable transaction costs. At each subsequent balance sheet date, they are measured at amortised cost using the effective interest method.

This category includes trade debtors, other debtors, loans receivable, deposits and caution money, loans and advances to non-consolidated equity investments, cash, and current account advances to associates and non-consolidated entities.

Loans and receivables are assessed individually for objective evidence of impairment. An asset is regarded as impaired if the carrying amount is greater than the estimated recoverable amount as determined in impairment tests.

Impairment losses are recognised in profit or loss, but may be reversed if the recoverable amount increases in subsequent periods.

2.11.3 Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold until maturity. They are measured and carried at amortised cost calculated using the effective interest method.

Held-to-maturity investments are assessed individually for objective evidence of impairment, and regarded as impaired if the carrying amount is greater than the estimated recoverable amount as determined in impairment tests. Impairment losses are recognised in profit or loss.

2.11.4 Financial assets at fair value through profit or loss

These assets are measured at fair value, with changes in fair value recognised in profit or loss.

This category includes:

- assets classified as held for trading, which comprise assets acquired for the purpose of reselling them in the near term at a profit or which are part of a portfolio of financial instruments that are managed together and for which there is a pattern of short-term profit taking;
- assets designated by the Group on initial recognition as financial instruments at fair value through profit or loss.

2.12 PROGRAMMES AND BROADCASTING RIGHTS

In order to secure programming schedules for future years, the TF1 group enters into binding contracts, sometimes for a period of several years, under which the Group acquires (and the other party agrees to deliver) programme rights and sports transmission rights.

A programme is treated as ready for transmission and recognised in inventory under “Programmes and broadcasting rights” when the following two conditions are met: technical acceptance (for in-house and external productions), and opening of rights (for external productions).

In the case of rights and programmes for which these two criteria have not been met (programmes not yet delivered, sports rights for which the right to broadcast is not activated until the date of the event, etc.), the Group takes the view that it does not control the asset, since it has neither the right nor the ability to broadcast the programme. Consequently, these rights are not recognised in the balance sheet.

However, any advance payments made to acquire such rights are recognised as supplier prepayments.

The line "Programmes and broadcasting rights" in the balance sheet includes:

- in-house productions, made by TF1 group companies for TF1 channels;
- external productions, comprising broadcasting rights acquired by the TF1 group's channels and co-production shares of broadcasts made for the TF1 group's channels.

The value of programmes and broadcasting rights is measured as follows:

- in-house production: at overall production cost (direct costs plus a portion of indirect production costs);
- broadcasting rights and co-productions: at purchase cost, less consumption for the year calculated at each balance sheet date.

TF1 SA programmes (which account for most of the Group's programme inventory) are deemed to have been consumed as transmitted. If they are acquired for a single transmission, they are regarded as having been consumed in full at the time of this transmission. If they are acquired for two or more transmissions, consumption is calculated according to the type of programme using the rules described below, unless otherwise specified in the acquisition contract:

RULES BY TYPE OF PROGRAMME

	Dramas with a running time of at least 52 minutes	Films, TV movies, serials and cartoons	Other programmes and broadcasting rights
1st transmission	80%	50%	100%
2nd transmission	20%	50%	-

"Other programmes and broadcasting rights" in the table above refers to children's programmes (other than cartoons), entertainment shows, plays, factual and documentary programmes, news, sport, and dramas with a running time of less than 52 minutes.

A provision for impairment is recorded once it becomes probable that a programme will not be transmitted, or if the contractual value at which it was recognised in inventory exceeds the value attributable to it using the rules described above. Probability of transmission is assessed on the basis of the most recent programming schedules approved by management. If rights are resold, a provision is recorded once the sale is probable to cover any excess of the value at which the rights were initially recognised in inventory (or the amount of advance payments) over the actual or estimated selling price.

Programmes that have not been broadcast and the rights to which have expired are written off as a component of current operating profit, and any previously-recognised provisions are reversed.

Rights ordered under irrevocable contracts but not yet available for transmission (see above) are disclosed in Note 11, in the section relating to contracts entered into by TF1 to secure future programming schedules, and are priced at the contractual amount (or the estimated future cash outflow in the case of output deal contracts) less any advance payments made.

2.13 FINANCIAL ASSETS USED FOR TREASURY MANAGEMENT PURPOSES

Financial assets used for treasury management purposes are securities held for trading purposes which although they are monetary investments do not qualify as cash equivalents. They are classified as financial assets at fair value through profit or loss held for trading.

2.14 CASH AND CASH EQUIVALENTS

The line "Cash and cash equivalents" in the balance sheet comprises cash, cash equivalents, and debit balances on treasury current accounts.

Cash consists of liquidity available in bank current accounts and sight deposits. Cash equivalents are assets held in order to meet short-term treasury needs. Investments qualify as cash equivalents if they are readily convertible into cash, are subject to an insignificant risk of changes in value, and have a maturity of less than three months. Treasury current accounts represent cash invested with non-consolidated equity investees or with associates, the uneliminated portion of treasury current accounts with companies consolidated by the proportionate consolidation method, and current accounts with other Bouygues group entities.

Cash and treasury current accounts are classified in the "Loans and receivables" category and carried at amortised cost.

2.15 HELD-FOR-SALE ASSETS

A non-current asset or a group of assets and liabilities is classified as "held-for-sale" if its carrying amount will be recovered principally through a sale transaction rather than through continuing use, and a sale is highly probable. If material, such assets and asset groups are reported separately from other assets or asset groups, and are measured at the lower of their carrying amount or fair value less costs to sell.

An operation is treated as discontinued or held-for-sale when it is a separate line of business that is material to the Group, and either (i) the criteria for classification as a held-for-sale asset are met or (ii) it has been sold by the TF1 group.

Discontinued and held-for-sale operations are presented on a separate line in the income statement for each of the periods reported, showing the post-tax profit or loss of discontinued or held-for-sale operations until the date of sale and the post-tax gain or loss arising from the sale of such operations or from remeasuring the assets and liabilities of such operations at fair value less costs to sell.

If material, cash flows relating to discontinued and held-for-sale operations are shown in a separate section at the foot of the consolidated cash flow statement for all the periods reported.

2.16 TREASURY SHARES

Treasury shares acquired by the TF1 group are deducted from consolidated equity. No gains or losses arising on the purchase, sale or cancellation of treasury shares are recognised in the income statement.

2.17 FINANCIAL LIABILITIES

Financial liabilities are classified in one of two categories: financial liabilities at fair value through profit or loss, and financial liabilities at amortised cost.

Financial liabilities at fair value through profit or loss comprise:

- liabilities regarded as held for trading, comprising liabilities incurred principally with a view to repurchasing them in the near term;
- liabilities designated by the Group on initial recognition as financial instruments at fair value through profit or loss.

The TF1 group's non-derivative financial liabilities mainly comprise bond issues, borrowings (including credit facilities contracted with banks or with the Group), treasury current accounts with credit balances, bank overdrafts, and finance lease obligations.

These liabilities are measured at amortised cost.

Where a financial liability is wholly or partially hedged by an interest rate instrument, the hedged portion is accounted for under hedge accounting rules (see Note 2-18-1).

2.17.1 Bond issues

Bond issues are initially recognised at the amount of the issue proceeds net of issue costs.

Subsequently, bond issues are measured at amortised cost using the effective interest method. The effective interest rate takes account of issue costs and redemption premium, which are recognised in the balance sheet as a deduction from the nominal value of the bond issue and amortised using the effective interest method over the term of the bond issue. Amortisation and interest charges are recognised in the income statement under "Expenses associated with net debt". The portion of accrued interest falling due within less than one year is recorded in "Current debt".

2.17.2 Other financial liabilities

Other current and non-current financial liabilities comprise borrowings, treasury current accounts with credit balances, bank overdrafts and finance lease obligations, and are measured at amortised cost.

- Commitments to buy out minority shareholders:

Commitments to buy out minority shareholders are recognised as a financial liability, in accordance with IAS 32.

Since January 1, 2010, the effective date of the amended IAS 27, TF1 has elected to recognise these financial liabilities by debiting equity, with no impact on the recognition of minority interests. Apart from discounting effects (recognised in "Expenses associated with net debt"), the effects of subsequent changes in the liability are also recognised in equity.

For commitments to buy out minority shareholders relating to a business combination completed prior to January 1, 2010, TF1 recognised the excess of the amount of the liability over the carrying amount of the related minority interests, and subsequent changes in the fair value of the liability (other than discounting effects), as goodwill.

2.18 DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are initially recognised at fair value as of the inception date of the contract, and are subsequently measured at fair value in accordance with IAS 39.

The TF1 group uses derivative financial instruments such as swaps, interest rate options, forward currency purchases and currency options to hedge its exposure to fluctuations in interest rates and exchange rates. Group policy is to trade on the financial markets solely for hedging purposes related to its business activities, and not to trade for speculative purposes.

2.18.1 Derivative financial instruments designated as hedges

For hedge accounting purposes, a hedge may be classified into one of two categories:

- fair value hedges, which hedge the exposure to changes in fair value of a recognised asset or liability, or a firm commitment, such as a fixed-rate loan or borrowing or an asset or liability denominated in a foreign currency;
- cash flow hedges, which hedge the exposure to variability in cash flows attributable to:
  - an asset or liability such as a floating-rate loan or borrowing,
  - a highly probable forecast transaction, or
  - foreign exchange risk relating to a firm commitment.

At the inception of a hedge, TF1 formally designates the financial instrument to which hedge accounting will apply, and documents:

- the hedging relationship;
- the effectiveness of the hedging relationship, by conducting effectiveness tests both at inception and throughout all the financial reporting periods during which the hedge is designated.

Hedging instruments that qualify for hedge accounting are accounted for as follows:

- fair value hedges: changes in the fair value of the hedging instrument are recognised in profit or loss for the period symmetrically with changes in the fair value of the hedged item. The hedging instrument and the hedged item are both recognised in the balance sheet at fair value;
- cash flow hedges: the gain or loss (net of taxes) arising on the effective portion of the hedging instrument is recognised in equity, and the gain or loss on the ineffective portion is recognised in profit or loss. The amounts recognised in equity are taken to profit or loss in the period in which the hedged transaction affects the income statement.

2.18.2 Derivative financial instruments not designated as hedges

Gains and losses arising from changes in the fair value of derivatives not designated as hedges within the meaning of IAS 39 are recognised in the income statement.

2.19 PROVISIONS AND CONTINGENT LIABILITIES

A provision is recorded when a legal or constructive obligation to a third party arising from a past event will certainly or probably result in an outflow of resources that can be measured reliably. Provisions are reviewed at each balance sheet date, and adjusted where necessary to reflect the best estimate of the obligation as of that date.

Contingent liabilities are obligations whose existence will be confirmed only by the occurrence of future events or for which the outflow of resources cannot be measured reliably. No provision is recorded for contingent liabilities.

2.19.1 Non-current provisions

The main types of non-current provisions are:

- Provisions for retirement benefits

The Group's employees are entitled to retirement benefits under defined-contribution and defined-benefit plans, which may be partially managed by the Group's pension funds.

The employees of the TF1 group's French subsidiaries belong to general and top-up French pension schemes. These are defined-contribution plans, under which the TF1 group's obligation is limited to the payment of a periodic contribution based on a specified percentage of staff costs. These contributions are expensed in profit or loss for the period under "Staff costs".

The pension cost recognised for defined-benefit plans is determined using the projected unit credit method at the expected retirement date, based on final salary, and taking account of:

- vested benefit entitlements under collective agreements for each category of employee based on length of service,
- staff turnover rate, calculated using historical average data for employees leaving the Group,
- salaries and wages, including a coefficient for employer's social security charges as currently payable,
- an annual salary inflation rate,
- life expectancy of employees, determined using statistical tables,
- a discount rate, applied to the obligation and reviewed annually.

The Group's obligation is partially covered by an insurance contract. The provision for retirement benefits recognised in the balance sheet represents the total obligation less the value of this contract.

Actuarial gains and losses arise on defined-benefit post-employment benefit plans as a result of changes in the actuarial assumptions used to measure the obligation and plan assets from one period to the next, and of differences between actual market conditions and the expected market conditions used in the assumptions. With effect from January 1, 2007, the TF1 group has recognised actuarial gains and losses directly in equity (net of deferred taxes) in the period in which they occur, in accordance with the option offered by the amendment to IAS 19.

- Provisions for litigation, claims and risks

These provisions cover litigation, claims and non-recurring risks for which settlement occurs outside the normal operating cycle.

They are measured as the probable outflow of resources resulting from ongoing litigation or claims arising from an event prior to the balance sheet date. Provisions for litigation and claims include the estimated amount payable to third parties in respect of litigation and claims. They also include provisions for charges relating to disputes with tax and social security authorities; in such cases, the amount shown on reassessment notices issued by the authorities is provided for unless the company concerned regards it as highly probable that it will successfully defend its position against the authorities.

2.19.2 Current provisions

Current provisions mainly comprise provisions for litigation and claims arising in the normal operating cycle and for which settlement will probably occur within twelve months. They are measured in the same way as non-current provisions (see above).

2.20 REVENUE RECOGNITION

The TF1 group recognises revenue when:

- it is probable that the economic benefits associated with the transaction will flow to the Group;
- the amount of revenue can be measured reliably;
- at the transaction date, it is probable that the amount of the sale will be recovered.

The specific revenue recognition policies applied to each business line are as follows:

- sales of advertising airtime are recognised on transmission of the advertisement or commercial:
  - for sales of advertising airtime on media not owned by the Group, TF1 recognises the agency commission as revenue unless it has offered the media owner a recovery guarantee for selling the airtime, in which case TF1 recognises as revenue the gross amount of airtime sales invoiced to the advertisers,
  - the TF1 group makes marginal use of barter transactions involving advertising with media other than television, such as radio or print media. These transactions, which are exchanges of dissimilar services within the meaning of SIC 31, are reported on a non-netted basis, with matching amounts recognised as income in "Revenue" and as expenses in "External expenses";
- fees charged by theme channels to cable and satellite operators that broadcast them are calculated on a per subscriber basis or as a fixed annual fee invoiced to the operator. Subscriber-based fees are recognised monthly on the basis of statements received from the operator. Fixed annual fees are recognised as revenue on a straight-line basis over the course of the year;
- sales of audiovisual rights under licence are recognised when the licensee has acknowledged that the programme conforms with the terms of the licence (technical acceptance);
- revenue from sales of merchandise and products by the Group's publishing and distribution activities is reported net of (i) provisions for expected goods returns and (ii) paybacks made in connection with some distribution contracts;
- in the case of services that require recourse to technical service-providers, the Group recognises as revenue the cost of the service borne by the end user if the Group bears the financial, after-sales and legal risks associated with the service. In other cases, where the Group regards itself as acting purely as agent, only the net fee collected is recognised as revenue.

Other operating revenues mainly comprise sales-based royalties invoiced under licence agreements.

The activities carried on by the TF1 group do not to any material extent include sales comprising separately identifiable components within the meaning of IAS 18.

2.21 GRANTS

Grants received by the TF1 group mainly comprise grants received by the Group's production companies from funds set up to support the audiovisual industry (in particular grants awarded by the French National Centre for Cinematography).

Grants awarded by audiovisual industry support funds are initially recorded as deferred income in "Trade and other creditors" on the liabilities side of the balance sheet once the grant has been definitively awarded. They are taken to the income statement under "Other operating income" in line with the amortisation of the productions to which they relate, starting from the date on which the production is completed or licensed for distribution.

2.22 NON-CURRENT OPERATING INCOME AND EXPENSES

These lines comprise a very limited number of income and expense items, which are unusual and occur infrequently but are material to the consolidated financial statements. TF1 reports these items separately in its income statement in order to give users of the financial statements a better understanding of the Group's ongoing operational performance.

2.23 COST OF NET DEBT

"Cost of net debt" represents "Expenses associated with net debt", net of "Income associated with net debt".

"Expenses associated with net debt" comprise:

- interest expense on current and non-current debt;
- amortisation of financial assets and liabilities measured at amortised cost;
- expenses arising from interest rate hedges;
- expenses arising from the remeasurement of financial assets and financial liabilities at fair value, such as changes in the fair value of interest rate derivatives and changes in the fair value of cash equivalents and financial assets used for treasury management purposes;
- expenses arising on the disposal of assets used for treasury management purposes.

Interest expense is recognised in the income statement in the period in which it is incurred.

"Income associated with net debt" comprises:

- interest income associated with cash and cash equivalents and with financial assets used for treasury management purposes;
- income arising from interest rate hedges;
- other revenues generated by cash equivalents and financial assets used for treasury management purposes;
- income arising from the remeasurement of financial assets and financial liabilities at fair value, such as changes in the fair value of interest rate derivatives and changes in the fair value of cash equivalents and financial assets used for treasury management purposes;
- income generated by the disposal of assets used for treasury management purposes.

2.24 DEFERRED TAXATION

Deferred taxation is recognised using the liability method on all temporary differences existing at the balance sheet date between the carrying amount of assets and liabilities in the consolidated balance sheet and their tax base, except in the specific cases mentioned in IAS 12 (primarily goodwill).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets arising on deductible temporary differences and on the carry-forward of unused tax losses are recognised only to the extent that it is probable that they can be offset against future taxable profits.

Taxes on items recognised directly in equity are taken to consolidated reserves.

Deferred taxes are reported as non-current assets or non-current liabilities in the balance sheet, after offset within each tax group.

2.25 EARNINGS PER SHARE

Basic earnings per share is obtained by dividing net profit for the period by the weighted average number of shares outstanding during the period.

All shares conferring unrestricted rights upon the shareholder are included. Shares in the parent company held by the company itself or by consolidated companies are excluded from the average number of shares outstanding.

Diluted earnings per share is calculated by including all financial instruments giving future access to the capital of the parent company, whether these instruments are issued by the parent company itself or by a subsidiary. The dilutive effect is calculated separately for each instrument, based on the conditions prevailing at the balance sheet date. Anti-dilutive instruments are excluded.

Non-dilutive share subscription option plans are excluded from this calculation.

2.26 SHARE-BASED PAYMENT

TF1 has awarded share subscription option plans and consideration-free share allotment plans to its employees (see Note 32).

In accordance with IFRS 2, the cost of these equity-settled share-based payment plans is recognised as an expense in “Staff costs”, with the credit entry recognised in equity.

The total expense relating to share subscription option plans is measured at the grant date of the options using the Black-Scholes-Merton model, and is recognised over the vesting period.

The total expense relating to consideration-free shares is measured at the allotment date (taking into account any specific terms and conditions liable to affect fair value), and recognised over the vesting period on a straight line basis.

2.27 OPERATING SEGMENTS

TF1 organises its operating activities into strategic business units, each of which is managed appropriately to the nature of the products and services sold and the specific economic environment. This segmentation serves as the basis for the presentation of internal management data, and is also used by the Group’s operational decision-makers to monitor performance. The operating segments reported by the Group are those reviewed by the chief operational decision-maker; they are not aggregated for segment reporting purposes.

Management assesses performance on the basis of current operating profit. Segmental results, assets and liabilities include items directly or indirectly attributable to the relevant segment. Segmental capital expenditure represents total acquisitions of property, plant and equipment and intangible assets as recognised in the corresponding balance sheet line items. Inter-segment sales and transfers are conducted on an arm’s length basis.

The TF1 group reports the following operating segments:

Broadcasting France

This segment includes the TF1 channel, associated and spin-off activities regarded as inseparable from this channel, other free-to-air or pay-TV channels broadcasting primarily to France, and Metro France. Activities inseparable from TF1 include the in-house advertising airtime sales agency and companies involved in the production or co-production of programmes intended primarily for the TF1 channel (such as TF1 Production).

Audiovisual Rights

Subsidiaries whose principal activity is the production, publishing or distribution of audiovisual rights not exclusively intended for TF1 group channels are included in this segment. Production activities include delegated productions or co-productions of films. Publishing and distribution activities include all media (CD, DVD, etc) and all channels (cinemas, TV channels and all retail distribution channels).

Broadcasting International

This segment comprises subsidiaries involved in the development and broadcasting of pay-TV programmes primarily broadcast outside France.

Miscellaneous activities

This segment comprises all activities not included in any of the segments described above and (as of December 31, 2011) the subsidiary SPS.

Note 3 Significant changes in scope of consolidation

The consolidated financial statements of the TF1 group for the year ended December 31, 2012 include the financial statements of the companies listed in Note 38.

3.1 SIGNIFICANT CHANGES IN SCOPE OF CONSOLIDATION IN 2012

3.1.1 Change in percentage interest in the Eurosport group entities and theme channels

As a result of the agreement with the Discovery Communications group (see Note 1, "Significant events of 2012"), the percentage control held by the TF1 group in the Eurosport group entities, and in the Ushuaïa TV, Stylía, Histoire and TV Breizh pay-TV theme channels, has been 80% since December 21, 2012. The 20% share of the net assets of these entities acquired by the Discovery Communications group, amounting to €102.6 million, is presented in consolidated shareholders' equity attributable to minority interests. The share of profits for the period from December 22 to December 31, 2012, has not been allocated to minority interests on grounds of immateriality.

3.1.2 Inclusion of Groupe AB in the scope of consolidation as an associate by the equity method

TF1 has held a 33.5% equity interest in Groupe AB since April 2, 2007, the other principal investor being Claude Berda.

On June 10, 2010, in connection with the acquisition by TF1 of the TMC and NT1 channels from Groupe AB, TF1 granted Claude Berda a call option entitling him to buy out TF1's 33.5% interest in Groupe AB for its estimated market value of €155 million. In accordance with IAS 27, TF1 therefore ceased to account for its equity interest in Groupe AB as an associate by the equity method, instead recognising the equity interest in the balance sheet as a non-current financial asset at a value of €155 million. TF1 elected to recognise subsequent changes in the fair value of the equity interest in profit or loss, so that they would offset subsequent changes in the fair value of the option (recognised in financial income or expense, and in financial liabilities in the balance sheet).

The equity interest and the associated call option were valued on the basis of (i) the consolidated net assets of Groupe AB as remeasured at fair value in 2010, plus the profits of Groupe AB recognised since that date (including depreciation and amortisation charged against remeasured assets) and (ii) a multiple-based approach applicable to Groupe AB.

Because no material change in the fair value of the equity interest occurred during the life of the option, both the equity interest and the option were maintained at their initial values, *i.e.* €155 million and zero respectively.

As of the expiry date of the option (June 10, 2012), TF1's equity interest in Groupe AB was valued at €160.9 million. The fair value of the equity interest was adjusted accordingly, and a symmetrical financial liability (of €5.9 million) representing the fair value of the option was also recognised. Because the option was not exercised, the financial liability was extinguished, generating a gain (recognised in "Other financial income") in the financial statements for the six months ended June 30, 2012.

The option having expired, the TF1 group has regained the significant influence that it used to exercise over Groupe AB.

Consequently, this equity interest is now once again accounted for as an associate by the equity method, with effect from June 11, 2012.

3.1.3 Direct Optic Participations

In accordance with the terms of the agreements signed on March 1, 2011, Téléshopping converted into share capital a €2.5 million current account balance owed to it by Direct Optic Participations. This transaction took place on December 28, 2012, and increased Téléshopping's equity interest in Direct Optic from 25.4% to 47.8%. This increased percentage has no impact on the role or power of TF1 vis-à-vis Direct Optic Participations.

The investment continues to be accounted for as an associate by the equity method in the consolidated financial statements.

3.2 SIGNIFICANT CHANGES IN SCOPE OF CONSOLIDATION IN 2011

3.2.1 Acquisition of Metro France Publications

The acquisition of an additional 65.7% equity interest in Metro France Publications from Metro International on July 28, 2011 gave the TF1 group exclusive control over Metro France Publications. In the consolidated financial statements for the year ended December 31, 2011, the interest in Metro France Publications – previously accounted for as an associate by the equity method – was fully consolidated with effect from July 28, 2011.

3.2.2 Divestment of the SPS group

Following the sale on May 2, 2011 of the TF1 group's entire interest in the SPS Group, the companies of the SPS Group ceased to be included in the scope of consolidation with effect from that date.

3.2.3 Divestment of TCM Gestion and TCM DA

The 50% equity interests held in TCM DA and TCM Gestion were sold on April 19, 2011. These entities, previously accounted for by the proportionate consolidation method, were deconsolidated as of that date.

3.2.4 Divestment of the 1001 Listes companies

Following completion of the sale of 1001 Listes and 1001 Listes Belgique on February 4, 2011, these two entities were deconsolidated with effect from January 1, 2011.

Note 4 Operations held for sale

Where the Group is in the process of selling an operation or significant assets, these operations or assets are reported separately in accordance with IFRS 5. The cash impact of material changes during the period is disclosed in Note 30.2.

There were no operations or significant assets held for sale that required to be reported separately under IFRS 5 either at December 31, 2012 or at December 31, 2011.

Note 5 Interests in jointly controlled entities

The TF1 group owns interests in jointly controlled entities, a list of which is provided in Note 38.

The table below shows the share of the assets, liabilities, revenue and operating profit of these entities as included in the consolidated financial statements.

TF1 share	**TF6 / Série Club**		**TCM(1)**	
(€m)	**2012**	**2011**	**2012**	**2011**
Non-current assets	23.1	22.6	-	-
Current assets	8.0	7.0	-	-
TOTAL ASSETS	**31.1**	**29.6**	**-**	**-**
Shareholders' equity	22.4	21.4	-	-
Non-current liabilities	-	1.4	-	-
Current liabilities	8.7	6.8	-	-
TOTAL LIABILITIES & EQUITY	**31.1**	**29.6**	**-**	**-**
Revenue	**14.4**	**12.8**	**-**	**-**
Current operating profit/(loss)	**-**	**(1.0)**	**-**	**(2.5)**

(1) TCM DA was divested on April 19; 2011.

Note 6 Segment information

6.1 INFORMATION BY OPERATING SEGMENT

The contribution of each operating segment to the consolidated financial statements was as follows:

	Broadcasting France		Audiovisual Rights		Broadcasting International		Miscellaneous Activities[6]		Total TF1	
(€m)	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
INCOME STATEMENT (EXTRACT)										
Revenue	**2,084.8**	**2,134.8**	**129.8**	**115.5**	**406.0**	**367.9**	**-**	**1.5**	**2,620.6**	**2 619,7**
Current operating profit/(loss)	**155.1**	**266.5**	**(1.3)**	**(40.1)**	**56.6**	**65.2**	**-**	**(8.7)**	**210.4**	**282,9**
Depreciation and amortisation, net	(35.4)	(35.2)	(30.2)	(35.2)	(6.2)	(7.5)	-	(0.5)	(71.8)	(78,4)
Provisions and impairment, net	2.0	(15.6)	(12.0)	(13.1)	(2.6)	(1.2)	-	-	(12.6)	(29,9)
Non-current operating income and expenses[1]	(41.9)	-	(4.5)	-	(1.3)	-	-	-	(47.7)	-
Share of profits/(losses) of associates[2]	(6.4)	(4.1)	-	(0.2)	-	-	-	(9.4)	(6.4)	(13,7)
Net profit from discontinued/held-for-sale operations	-	-	-	-	-	-	-	-	-	-
BALANCE SHEET										
Segmental assets[3]	825.5	835.5	28.4	44.2	367.0	367.4	-	-	1,220.9	1 247,1
Segmental liabilities[4]	62.5	72.5	23.2	17.1	7.1	7.0	-	-	92.8	96,6
Investments in associates[7]	161.1	1.3	-	-	-	-	-	-	161.1	1,3
Capital expenditure[5]	29.2	90.9	22.4	27.1	5.0	4.2	-	0.2	56.6	122,4

(1) In 2012, non-current operating income and expenses consisted of the non-recurring exceptional costs generated by phase II of the optimisation plan.
(2) The share of profits/losses from associates reported by each segment is as follows:
- *Broadcasting France: the €6.4 million share of losses for 2012 relates primarily to the interests in Groupe AB, WBTV and Direct Optic Participations (for details see Note 10, "Investments in associates"); the €4.1 million share of losses for 2011 relates primarily to the interest in WBTV.*
- *Miscellaneous Activities: for 2011, the share of losses relates to Metro France Publications, in which the TF1 group held an interest of 34.3% until July 28, 2011.*

(3) Segmental assets include audiovisual rights, other intangible assets, goodwill, and property, plant and equipment.
(4) Segmental liabilities include current and non-current provisions.
(5) See the "Capital Expenditure" table below for a reconciliation of capital expenditure with the consolidated cash flow statement.
(6) In 2011, this segment consisted of the SPS group, which was divested in the second quarter of 2011
(7) Investments in associates include Groupe AB with effect from June 11, 2012.

Capital expenditure

Reconciliation with the consolidated cash flow statement:

(€m)	2012	2011
Capital expenditure	56.6	122.4
Investment grants received	(11.2)	(12.7)
Change in creditors related to acquisitions of intangible assets	9.0	(9.2)
Change in creditors related to acquisitions of property, plant & equipment	(3.0)	0.4
Cash outflows on acquisitions of property, plant & equipment and intangible assets	**51.4**	**100.9**

Income statement by function

	Broadcasting France		Audiovisual Rights		Broadcasting International		Miscellaneous Activities		Total TF1	
(€m)	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011 (1)
Revenue	2,084.8	2,134.8	129.8	115.5	406.0	367.9	-	1.5	2,620.6	2,619.7
Cost of sales	(1,473.3)	(1,453.7)	(99.4)	(119.0)	(221.3)	(192.5)	-	(10.2)	(1,794.0)	(1,775.4)
Research and Development expenses	(5.3)	(7.3)	-	-	-	-	-	-	(5.4)	(7.3)
Selling expenses	(126.5)	(136.6)	(8.1)	(15.1)	(73.7)	(62.9)	-	-	(208.2)	(214.5)
Administrative expenses	(282.6)	(270.7)	(19.1)	(21.5)	(53.2)	(47.3)	-	-	(354.9)	(339.5)
CURRENT OPERATING PROFIT/ (LOSS)	**197.1**	**266.5**	**3.2**	**(40.1)**	**57.8**	**65.2**	**-**	**(8.7)**	**258.1**	**283.0**

(1) Following the introduction of new accounting and financial information systems in 2011 and 2012, the allocation of costs by function has been altered; the new allocation has been applied retrospectively to the 2011 figures2011.

6.2 INFORMATION BY GEOGRAPHICAL SEGMENT

For geographical segment reporting purposes, segmental revenue is allocated according to the location of the customer, while segmental assets and capital expenditure are allocated according to the location of the asset.

	France		Continental Europe		Other Countries		Total TF1	
(€m)	Revenue	2011	2012	2011	2012	2011	2012	2011
Segmental assets	2,171.0	2,226.7	388.2	344.4	61.4	48.6	2,620.6	2,619.7
Capital expenditure	1,217.8	1,243.5	3.0	3.5	0.1	0.1	1,220.9	1,247.1
Investissements bruts d'exploitation	56.0	120.4	0.6	2.0	-	-	56.6	122.4

The TF1 group was not dependent on any one customer for more than 10% of its consolidated revenue in either the year ended December 31, 2012 or the year ended December 31, 2011.

Note 7 Goodwill

Goodwill is allocated to cash generating units (CGUs) as follows:

(€m)	Broadcasting France	Audiovisual Rights	Broadcasting International	Total
Goodwill at January 1, 2012	**538.0**	**-**	**336.3**	**874.3**
Acquisitions	-	-	-	-
Disposals	-	-	-	-
Reclassifications	-	-	-	-
Impairment	-	-	-	-
Other	-	-	-	-
Goodwill at December 31, 2012	**538.0**	**-**	**336.3**	**874.3**
Gross value	*548.3*	-	*336.3*	*884.6*
Accumulated impairment	*(10.3)*	-	-	*(10.3)*

During the third quarter of 2012, the TF1 group finalised the purchase price allocation of Metro France (consolidated since July 28, 2011); the final amount of goodwill recognised on this acquisition was €9.1 million.

Based on impairment tests conducted using the method described in Note 2.10, no impairment of goodwill was identified at December 31, 2012.

(€m)	Broadcasting France	Audiovisual Rights	Broadcasting International	Miscellaneous Activities	1001 Listes
Goodwill at January 1, 2011	528.9	-	336.3	18.3	883.5
Acquisitions	9.1	-	-	-	9.1
Disposals	-	-	-	(18.3)	(18.3)
Reclassifications	-	-	-	-	-
Impairment	-	-	-	-	-
Other	-	-	-	-	-
Goodwill at December 31, 2011	538.0	-	336.3	-	874.3
Gross value	*548.3*	-	*336.3*	-	*884.6*
Accumulated impairment	*(10.3)*	-	-	-	*(10.3)*

In 2011, the "Acquisitions" line includes goodwill arising from the acquisition of control over Metro France on July 28, 2011, amounting to €9.1 million (based on a 100% interest, including goodwill on the previously-held equity interest).

Impairment testing of goodwill

The recoverable amounts of the Broadcasting France and Broadcasting International cash generating units (CGUs) were determined by calculating the value in use using the discounted cash flow (DCF) method, based on three-year cash flow projections compiled from plans and budgets approved by the TF1 Board of Directors. Cash flows beyond the projection horizon were extrapolated at a perpetual growth rate that reflects past experience and incorporates prudent assumptions about the growth potential of the markets in which each CGU operates, and their competitive positions in those markets.

The business plans used in impairment testing are prepared on the basis of revenue growth rates and operating margins consistent with actual data for the last 5 years, and build in a number of factors including:

- the impact of the economic situation on advertising spend in the particularly unsettled current environment;
- the ongoing adaptation of the TF1 channel business model, including the implementation of phase II of the optimisation plan, which aims to achieve €85 million of new recurring savings by end 2014 on top of the €155 million of recurring savings already generated between 2007 and 2011;
- the effect of future major sporting events;
- the development of the free-to-view offering across all free media, including the free-to-view DTT channels and digital activities (MYyTF1) driven by new technologies;
- the improvement in available funds that allows the Group to envisage potential new developments.

However, these business plans do not build in the expected synergies from the partnership with the Discovery Communications group.

The perpetual growth rates used for impairment testing at end 2012 were 2% for the Broadcasting France CGU and 3% for the Broadcasting International CGU. The after-tax discount rate applied at end 2012 was 8.21%, and was determined by reference to external data sources using the method described in Note 2-10-1.

For each CGU, an analysis was performed of the sensitivity of these calculations to changes in the discount rate, the perpetual revenue growth rate and the normative current operating margin (taken individually or in combination). The scenarios used in this analysis include the impact on perpetual cash flows of a reduction of up to 1 point in the revenue growth rate, a reduction of up to 2 points in current operating margin, and an increase of up to 1 point in the discount rate.

These analyses identified no probable scenario in which the recoverable amount of any CGU would fall below the carrying amount of the corresponding assets.

Note 8 Intangible assets

8.1 AUDIOVISUAL RIGHTS

Movements during the year ended December 31, 2012 were as follows:

2012 *(€m)*	January 1	Increases	Decreases	Changes in scope of consolidation, reclassifications	December 31
Gross value	1,112.9	31.1	(0.8)	(5.5)	1,137.7
Amortisation	(1,000.8)	(40.1)	0.5	(0.3)	(1,040.7)
Impairment	(41.3)	(14.2)	13.7	-	(41.8)
Audiovisual rights	**70.8**	**(23.2)**	**13.4**	**(5.8)**	**55.2**

Movements during the year ended December 31, 2011 were as follows:

2011 *(€m)*	January 1	Increases	Decreases	Changes in scope of consolidation, reclassifications	December 31
Gross value	1,090.6	40.5	(1.5)	(16.7)	1,112.9
Amortisation	(974.3)	(45.4)	1.1	17.8	(1,000.8)
Impairment	(38.8)	(15.8)	17.9	(4.6)	(41.3)
Audiovisual rights	**77.5**	**(20.7)**	**17.5**	**(3.5)**	**70.8**

The movements reported in "Changes in scope of consolidation, reclassifications" mainly comprise the deconsolidation of TCM DA following the divestment of this business on April 19, 2011, and the first-time consolidation of Sofica Valor 6 in the year ended December 31, 2011.

The table below shows the maturities of audiovisual rights acquisition contracts entered into by TF1 to secure future programming schedules:

Audiovisual rights *(€m)*	Less than 1 year	1 to 5 years	More than 5 years	Total
2012	**19.6**	**0.2**	**-**	**19.8**
2011	13.7	0.3	-	14.0

8.2 OTHER INTANGIBLE ASSETS

2012 (€m)	January 1	Increases	Decreases	Changes in scope of consolidation, reclassifications	December 31
Indefinite-lived trademarks	52.0	-	-	-	52.0
Concessions, patents & similar rights	40.4	2.5	(1.0)	2.9	44.8
Other	14.6	6.1 (1)	(0.7)	(2.7)	17.3
Gross value	**107.0**	**8.6**	**(1.7)**	**0.2**	**114.1**
Impairment of indefinite-lived trademarks	-	(0.6)	-	-	(0.6)
Amortisation	(34.3)	(3.6)	0.4	-	(37.5)
Impairment	(1.5)	-	0.1	-	(1.4)
Amortisation and impairment	**(35.8)**	**(4.2)**	**0.5**	**-**	**(39.5)**
Other intangible assets	**71.2**	**4.4**	**(1.2)**	**0.2**	**74.6**

(1) The increase in the gross value of other intangible assets was mainly due to expenditure on internal IT projects (SAP).

The €0.6 million carrying amount of the Excessif trademark was written down in full as of December 31, 2012.

Apart from the Excessif trademark, impairment tests performed on the Group's other indefinite-lived trademarks (using the method described in Note 2.10) did not indicate any evidence of impairment as of December 31, 2012.

2011 *(€m)*	January 1	Increases	Decreases	Changes in scope of consolidation, reclassifications[3]	December 31
Indefinite-lived trademarks	52.0	-	-	-	52.0
Astra satellite user rights[2]	18.9	-	(18.9)	-	-
Concessions, patents & similar rights	40.3	1.2	(0.5)	(0.6)	40.4
Other	14.3	5.9[1]	(0.6)	(5.0)	14.6
Gross value	**125.5**	**7.1**	**(20.0)**	**(5.6)**	**107.0**
Impairment of indefinite-lived trademarks	-	-	-	-	-
Astra satellite user rights	(17.8)	(1.1)	18.9	-	-
Amortisation	(33.0)	(3.6)	0.4	1.9	(34.3)
Impairment	(4.8)	-	-	3.3	(1.5)
Amortisation and impairment	**(55.6)**	**(4.7)**	**19.3**	**5.2**	**(35.8)**
Other intangible assets	**69.9**	**2.4**	**(0.7)**	**(0.4)**	**71.2**

(1) The increase in the gross value of other intangible assets was mainly due to expenditure on internal IT projects (SAP).
(2) The Astra contract expired in 2011 and was replaced by an operating lease.
(3) Mainly comprising the effect of the deconsolidation of SPS.

The impairment tests performed on indefinite-lived trademarks as of December 31, 2011 indicated no evidence of impairment.

Note 9 Property, plant and equipment

The table below shows movements in property, plant and equipment, and in depreciation and impairment, during the year ended December 31, 2012:

2012 *(€m)*	January 1	Increases	Decreases	Changes in scope of consolidation, reclassifications	December 31
Land	60.9	-	-	-	60.9
Buildings	101.3	-	-	-	101.3
Technical facilities	192.0	9.5	(4.5)	(7.5)	189.5
Technical facilities held under finance leases	20.0	-	(0.2)	10.6	30.4
Other property, plant and equipment	112.2	6.2	(2.5)	(1.2)	114.7
Property, plant & equipment under construction	2.0	1.2	-	(2.0)	1.2
Gross value	**488.4**	**16.9**	**(7.2)**	**(0.1)**	**498.0**
Buildings	(15.2)	(2.4)	0.1	-	(17.5)
Technical facilities	(155.2)	(14.0)	4.6	6.5	(158.1)
Technical facilities held under finance leases	(10.9)	(5.8)	0.1	(7.1)	(23.7)
Other property, plant and equipment	(76.3)	(10.0)	3.8	0.6	(81.9)
Depreciation and impairments	**(257.6)**	**(32.2)**	**8.6**	**-**	**(281.2)**
Property, plant and equipment	**230.8**	**(15.3)**	**1.4**	**(0.1)**	**216.8**

The table below shows movements in property, plant and equipment, and in depreciation and impairment, during the year ended December 31, 2011:

2011 *(€m)*	**January 1**	**Increases**	**Decreases**	**Changes in scope of consolidation, reclassifications**	**December 31**
Land(1)	45.7	15.2	-	-	60.9
Buildings(1)	58.0	43.3	-	-	101.3
Technical facilities	201.6	7.9	(15.5)	(2.0)	192.0
Technical facilities held under finance leases	15.4	-	(0.3)	4.9	20.0
Other property, plant and equipment	119.5	7.7	(11.9)	(3.1)	112.2
Property, plant & equipment under construction	1.9	0.6	-	(0.5)	2.0
Gross value	**442.1**	**74.7**	**(27.7)**	**(0.7)**	**488.4**
Buildings	(13.0)	(2.2)	-	-	(15.2)
Technical facilities	(156.6)	(15.0)	15.6	0.8	(155.2)
Technical facilities held under finance leases	(6.5)	(3.1)	0.3	(1.6)	(10.9)
Other property, plant and equipment	(79.9)	(9.7)	11.8	1.5	(76.3)
Depreciation and impairments	**(256.0)**	**(30.0)**	**27.7**	**0.7**	**(257.6)**
Property, plant and equipment	**186.1**	**44.7**	**-**	**-**	**230.8**

(1) On December 21, 2011, the TF1 group paid €58.5 million to acquire a property (previously 100% rented) occupied by staff from TF1 SA and LCI.

Note 10 Investments in associates

The table below gives a breakdown of investments in associates:

(€m)	**Groupe AB(4)**	**WBTV(1)**	**Metro France Publications(2)**	**Other(3)**	**Total**
Country	**France**	**Belgium**	**France**	**France**	
January 1, 2011	**-**	**2.8**	**11.1**	**-**	**13.9**
Share of profit/(loss), net of dividends received	-	(3.8)	(1.5)	(0.5)	(5.8)
Impairment losses	-	-	(7.9)	-	(7.9)
Changes in scope of consolidation and reclassifications	-	-	(1.7)	1.5	(0.2)
Provision for risks	-	1.0	-	0.3	1.3
December 31, 2011	**-**	**-**	**(0.0)**	**1.3**	**1.3**
Share of profit/(loss), net of dividends received	(1.4)	(0.7)	-	(0.7)	(2.8)
Impairment losses	-	(2.0)	-	(1.6)	(3.6)
Changes in scope of consolidation and reclassifications	160.9	3.7	-	2.6	167.2
Provision for risks	-	(1.0)	-	-	(1.0)
December 31, 2012	**159.5**	**-**	**(0.0)**	**1.6**	**161.1**

(1) Under the terms of an agreement with Claude Berda and Groupe AB signed in November 2012, the TF1 group subscribed €3.7 million for its share of a capital increase carried out by WBTV. On completion of this transaction, the TF1 group also agreed to sell its 49% equity interest in WBTV to Claude Berda before March 31, 2013 for €1, thereby generating an additional impairment loss of €2 million as of December 31, 2012.

(2) Metro France Publications has been fully consolidated since July 28, 2011. In 2011, the impact of remeasuring Metro France Publications at fair value on acquisition of control was recognised by an impairment loss taken against the carrying amount of the equity-accounted investment.

(3) Primarily Direct Optic Participations: €1.6 million in 2012 (47.8% equity interest held), €1.5 million in 2011 (25.4% equity interest held). This interest was covered by an impairment provision of €1.6 million as of December 31, 2012.

(4) This entity has been included in the consolidation since June 11, 2012 (see Note 1-3, "Groupe AB").

The table below gives summary information about material investments in associates:

TF1 group share	Groupe AB(1)(2)		WBTV(2)	
(€m)	2012	2011	2012	2011
Non-current assets	126.2	138.9	1.1	6.1
Current assets	86.0	75.3	0.9	1.4
TOTAL ASSETS	**212.2**	**214.2**	**2.0**	**7.5**
Shareholders' equity	159.9	161.2	(11.7)	(6.7)
Non-current liabilities	20.3	24.4	6.2	6.2
Current liabilities	32.0	28.6	7.5	8.0
TOTAL LIABILITIES AND EQUITY	**212.2**	**214.2**	**2.0**	**7.5**
Revenue	**41.7**	**45.8**	**2.2**	**2.8**
Current operating profit/(loss)	**12.8**	**18.8**	**(0.9)**	**(1.9)**

(1) Included in the consolidation with effect from June 11, 2012.
(2) 2011 and 2012 figures are based on accounts to end September (the most recent accounts available), and equity interests of 33.5% for Groupe AB and 49% for WBTV.

Figures relating to other associates are not material for the years ended December 31, 2012 and 2011.

Note 11 Programmes and broadcasting rights

The table below shows the movement in programme and broadcasting rights inventory, valued in accordance with the accounting policy described in Note 2.12.

(€m)	Jan. 1, 2011	Net movements	Change in scope of consolidation, reclassifications	Dec. 31, 2011	Net movements	Change in scope of consolidation, reclassifications	Dec. 31, 2012
Gross value	**770.5**	**8.4**	**(1.4)**	**777.5**	**(30.0)**	**(1.0)**	**746.5**
Impairment	(152.8)	8.1[2]	2.8	(141.9)	10.1[1]	0.5	(131.3)
Inventories	**617.7**	**16.5**	**1.4**	**635.6**	**(19.9)**	**(0.5)**	**615.2**

(1) €56.5 million of impairment losses charged, €66.6 million of impairment losses reversed.
(2) €49.4 million of impairment losses charged, €57.5 million of impairment losses reversed.

The programme and broadcasting rights inventory reported above is owned primarily by TF1 SA and the TF1 Acquisition de droits economic interest grouping.

The table below shows the maturity of broadcasting and sports transmission rights acquisition contracts entered into by TF1 to secure future programming schedules.

2012 (€m)	Less than 1 year	1 to 5 years	More than 5 years	Total
Programmes and broadcasting rights[1]	589.3	640.9	38.1	1,268.3
Sports transmission rights	188.5	349.0	-	537.5
TOTAL	**777.8**	**989.9**	**38.1**	**1,805.8**

(1) Some of these contracts were expressed in foreign currencies: €14.3 million in Swiss francs, €1.4 million in pounds sterling, and €360.9 million in U.S. dollars.

2011 (€m)	Less than 1 year	1 to 5 years	More than 5 years	Total
Programmes and broadcasting rights[1]	582.4	851.9	76.8	1,511.1
Sports transmission rights	185.3	401.7	3.9	590.9
TOTAL	**767.7**	**1,253.6**	**80.7**	**2,102.0**

(1) Some of these contracts were expressed in foreign currencies: €18.9 million in Swiss francs, €3.1 million in pounds sterling, and €282.7 million in U.S. dollars.

Programmes and broadcasting rights relate mainly to TF1 SA (€468.0 million in 2012, vs. €623.6 million in 2011) and to the Acquisition de Droits economic interest grouping (€728.2 million in 2012, vs. €809.3 million in 2011).

Sports transmission rights commitments relate mainly to TF1 SA and TF1 DS (€187.4 million in 2012, vs. €260.3 million in 2011) and to Eurosport (€350.1 million in 2012, vs. €330.6 million in 2011).

Note 12 Financial assets

12.1 CATEGORIES OF FINANCIAL ASSETS

The table below shows financial assets by category:

2012 *(€m)*	Financial assets at fair value through profit or loss			Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments	Total
	Designated at fair value on initial recognition	Held for trading	Level(1)				
Other non-current financial assets	-	-		13.2	2.7	-	15.9
Trade and other debtors	-	-		-	1,302.0	-	1,302.0
Other current financial assets	-	2.1		-	-	-	2.1
Currency derivatives	-	*2.1*	*II*	-	-	-	*2.1*
Interest rate derivatives	-	-		-	-	-	-
Financial assets used for treasury management purposes	-	-		-	-	-	-
Cash and cash equivalents	-	-		-	258.7	-	258.7

(1) See the section on "Fair value measurement methods for financial assets" below.

2011 *(€m)*	Financial assets at fair value through profit or loss			Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments	Total
	Designated at fair value on initial recognition	Held for trading	Level (1)				
Other non-current financial assets	155.0	-	III	9.8	2.8	-	167.6
Trade and other debtors	-	-		-	1,241.8	-	1,241.8
Other current financial assets	-	5.9		-	-	-	5.9
Currency derivatives	-	*5.9*	*II*	-	-	-	*5.9*
Interest rate derivatives	-	-		-	-	-	-
Financial assets used for treasury management purposes	-	-		-	-	-	-
Cash and cash equivalents	-	-		-	35.9	-	35.9

(1) See the section on "Fair value measurement methods for financial assets" below.

12.2 FAIR VALUE MEASUREMENT METHODS FOR FINANCIAL ASSETS

The amended IFRS 7 establishes a three-level hierarchy of fair value measurement methods for financial instruments:

- level I: measurement based on quoted prices in active markets;
- level II: measurement based on observable market parameters;
- level III: measurement based on non-observable market parameters.

No transfers between these levels were made in either 2012 or 2011.

The fair value of financial instruments is where possible measured by reference to the market price derived from trading on a national stock exchange or over-the-counter market. Where no listed market price is available, fair value is estimated using alternative measurement methods, such as the discounted cash flow method, based on either observable (level II) or non-observable (level III) parameters.

The methods used by the TF1 group are as follows:

- equity investments in non-consolidated companies:
  - Groupe AB: From July 1, 2010 to June 11, 2012,, the 33.5% equity interest held by the TF1 group was measured at fair value through profit or loss at a carrying amount of €155 million, since a call option over this interest (exercisable on or before June 11, 2012) had been granted to the Groupe AB management team. As of December 31, 2011, there was no material change in the fair value of this asset (level III). On June 11, 2012, the option expired without having been exercised, and consequently the significant influence that TF1 previously exercised over Groupe AB was re-established; since that date, the equity interest has been accounted for as an associate by the equity method. The fair value of the interest as of June 11, 2012 was measured at €160.9 million (see Note 3.1.2, "Inclusion of Groupe AB in the scope of consolidation as an associate by the equity method"),
  - other equity investments in non-consolidated companies are classified as available-for-sale financial assets and measured at acquisition cost, since their fair value cannot be measured reliably;
- derivatives: the fair value of interest rate derivatives and currency derivatives is estimated using valuations obtained from bank counterparties or from financial models generally used in the financial markets, on the basis of market data as of the balance sheet date (level II method);
- because of their short maturities, the carrying amount of trade and other debtors, cash, and treasury current accounts is regarded as the best approximation of their fair value.

12.3 OTHER NON-CURRENT FINANCIAL ASSETS

Other non-current financial assets comprise:

(€m)	2012	2011
Equity investments in non-consolidated companies	13.2	164.8
Loans and advances to non-consolidated companies	0.7	0.7
Loans	-	-
Deposits and caution money	1.9	2.1
Other non-current financial assets	**15.8**	**167.6**

12.3.1 Equity investments in non-consolidated companies

The main equity investments in non-consolidated companies break down as follows:

(€m)	% interest at year-end	Gross value 2012	Gross value 2011	Impairment 2012	Impairment 2011	Carrying amount 2012	Carrying amount 2011
Groupe AB(1)	33.5%	-	155.0	-	-	-	155.0
A1 International	50.0%	12.8	12.8	(12.8)	(12.8)	-	-
En Direct Avec	13.3%	4.0	4.0	(4.0)	(4.0)	-	-
Wikio	9.1%	3.5	3.5	-	-	3.5	3.5
Prima TV	5.0%	1.4	1.4	-	-	1.4	1.4
SHIP	27.4%	0.8	0.8	(0.8)	(0.8)	-	-
Sofica Valor 7	20.1%	3.4	-	-	-	3.4	-
Soread	11.6%	1.6	1.6	(1.6)	(1.6)	-	-
Sylver	49.0%	3.7	3.7	-	-	3.7	3.7
TF1 Publications	99.9%	0.5	0.5	(0.5)	(0.5)	-	-
Other		3.3	3.3	(2.1)	(2.1)	1.2	1.2
Equity investments in non-consolidated companies		**35.0**	**186.6**	**(21.8)**	**(21.8)**	**13.2**	**164.8**

(1) The TF1 group regained significant influence over Groupe AB on June 11, 2012 (see Note 1-3, "Groupe AB").

Impairment tests were performed on all these investments, and indicated no evidence of impairment in 2012 or 2011.

12.4 TRADE AND OTHER DEBTORS

(€m)	Gross value 2012	Impairment 2012	Carrying amount 2012	Carrying amount 2011
Trade debtors	800.2	(18.0)	782.2	750.5
Supplier prepayments[(1)]	220.7	(8.8)	211.9	189.4
Other operating debtors[(2)]	239.6	-	239.6	232.1
Other debtors	156.8	(103.9)	52.9	42.8
Prepayments	15.4	-	15.4	27.0
Trade and other debtors	**1,432.7**	**(130.7)**	**1,302.0**	**1,241.8**

(1) This line includes advance payments in respect of acquisitions of programmes and sports transmission rights.
(2) Primarily amounts due to the government, local authorities, employees and social security authorities.

(€m)	2012	2011
Impairment as of January 1	**(126.8)**	**(117.5)**
Additional provisions booked during the year	(24.4)	(34.2)
Reversals for debtors written off during the year	13.2	21.4
Recovered during the year	7.3	4.8
Changes in scope of consolidation and reclassifications	-	(1.2)
Impairment as of December 31	**(130.7)**	**(126.7)**

12.5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following items:

(€m)	2012	2011
Cash	35.6	21.3
Money-market mutual funds[(1)]	-	12.2
Treasury current accounts[(2)]	223.1	2.4
Cash and cash equivalents	**258.7**	**35.9**

(1) In 2011, investments held by Sofica Valor 6.
(2) These accounts are with associates, jointly controlled entities, non-consolidated companies, and Bouygues group companies (including €222 million with Bouygues Relais).

Note 13 Consolidated shareholders' equity

13.1 TF1 SHARE CAPITAL

As of December 31, 2012, the share capital of TF1 SA consisted of 210,624,321 fully paid ordinary shares. Movements in share capital during 2012 were as follows:

Number of shares	Number of shares outstanding	Number of treasury shares	Total number of shares
January 1, 2011	**213,395,867**	**14,625**	**213,410,492**
Capital increases	11,111	-	11,111
Purchases of treasury shares	(2,473,975)	2,473,975	-
Cancellation of treasury shares	-	(2,388,600)	(2,388,600)
January 1, 2012	**210,933,003**	**100,000**	**211,033,003**
Capital increases	3,000	-	3,000
Purchases of treasury shares(1)	(311,682)	311,682	-
Cancellation of treasury shares		(411,682)	(411,682)
December 31, 2012	**210,624,321**	**-**	**210,624,321**
Par value	*€0.20*	*€0.20*	*€0.20*

(1) Treasury shares: see Note 13.2.3 on share buybacks below.

13.2 CHANGES IN EQUITY NOT AFFECTING THE INCOME STATEMENT

13.2.1 Dividends

The table below shows the amount of dividend paid by the TF1 group in respect of previous years, and the amount of dividend in respect of the year ended December 31, 2012 that will be submitted by the Board of Directors for approval by the Ordinary General Meeting of shareholders to be held on April 18, 2013.

	To be paid in 2013*	Paid in 2012	Paid in 2011	Paid in 2010
Total dividend *(€m)*	115.7	116.0	117.4	91.8
Dividend per ordinary share *(€)*	0.55	0.55	0.55	0.43

* *Proposed dividend.*

Because the 2012 dividend is subject to approval by the shareholders, it has not been recognised as a liability in the consolidated financial statements as at December 31, 2012.

13.2.2 Share-based payment

The matching entry for the movement in this reserve during the period is charged to "Staff costs" in the income statement (see Note 20).

13.2.3 Share buybacks

Under the authorisations granted by the shareholders at the Annual General Meeting of April 15, 2010 and renewed on April 14, 2011 and April 19, 2012, the TF1 group repurchased 311,682 of its own shares for €2.3 million in 2012, with a view to their cancellation. In addition, the Group cancelled 100,000 treasury shares during 2012 that were already held at the start of the year.

13.2.4 Change in minority interests

The €102.6 million recorded for "other transactions with shareholders" represents the 20% interest in the net assets of the Eurosport group entities, and in the Histoire, Stylía, TV Breizh and Ushuaïa TV theme channels, acquired by the Discovery Communications group (see Note 3.1-1, "Change in percentage interest in the Eurosport group entities and theme channels").

13.2.5 Put options granted to minority interests

As part of the renegotiation during 2011 of the shareholders' agreement between the TF1 group and the founders of Place des Tendances, the founders were granted a put option over their 20% interest in the company.

In 2011, this option was valued at €7.2 million on the basis of the terms of the agreement and the business plan, and recognised in the TF1 consolidated balance sheet (see Note 14-2, "Fair value of financial liabilities"). There was no material change in the fair value of this option during 2012.

13.3 CASH FLOW HEDGE RESERVE

(€m)	2012	2011
Reserve at January 1	**5.9**	**3.6**
Cash flow hedges reclassified to profit or loss during the period[1]	(2.6)	(3.0)
Change in fair value of new cash flow hedges contracted during the period	(0.6)	3.1
Change in fair value of existing portfolio of cash flow hedges during the period	(0.6)	2.2
Pre-hedging balancing payment reclassified to profit or loss for the period	-	-
Reserve at December 31	**2.1**	**5.9**

(1) Amounts reclassified from equity to profit or loss are recognised as a component of operating profit.

Note 14 Financial liabilities

14.1 CATEGORIES OF FINANCIAL LIABILITIES

The table below shows financial liabilities by category:

	Financial liabilities at fair value through profit or loss				
2012 *(€m)*	**Designated at fair value on initial recognition**	**Held for trading**	**Level[1]**	**Financial liabilities at amortised cost**	**Total**
Non-current debt	-	-		(13.6)	(13.6)
Current debt	-	-		(8.8)	(8.8)
Trade and other creditors	-			1,687.2	1,687.2
Other current financial liabilities	-	0.9		-	0.9
Currency derivatives	-	*0.9*	*II*	-	*0.9*
Interest rate derivatives	-	-		-	-

(1) See Note 12-2, "Fair value measurement methods for financial assets".

	Financial liabilities at fair value through profit or loss				
2011 *(€m)*	**Designated at fair value on initial recognition**	**Designated at fair value on initial recognition**	**Level[1]**	**Financial liabilities at amortised cost**	**Total**
Non-current debt	-	-		(18.0)	(18.0)
Current debt	-	-		(58.5)	(58.5)
Trade and other creditors	-	-		1,563.7	1,563.7
Other current financial liabilities	-	0.3		-	0.3
Currency derivatives	-	*0.3*	*II*	-	*0.3*
Interest rate derivatives	-	-		-	-

(1) See Note 12-2, "Fair value measurement methods for financial assets".

14.2 FAIR VALUE OF FINANCIAL LIABILITIES

Because of their short maturities, the carrying amount of bank overdrafts, trade and other creditors and current debt is regarded as a reasonable approximation of their fair value.

The fair value of derivatives is estimated using valuations obtained from bank counterparties or from financial models generally used in the financial markets, on the basis of market data as of the balance sheet date (level II method), except for the transactions described below whose fair value was determined by reference to level III parameters (as described in Note 12-2, "Fair value measurement methods for financial assets").

- Call option over the equity interest in Groupe AB:

A call option over the equity interest in Groupe AB had been granted to Groupe AB management; this option was exercisable at any time up to and including June 11, 2012 at a price of €155 million.

This option represented a financial liability, changes in the fair value of which were recognised in profit or loss.

As of December 31, 2011, this item was maintained at its original amount of zero, since there had been no material change in its fair value. As of June 11, 2012, the fair value of the option was determined to be €5.9 million; because it had not been exercised, its expiry generated a gain of this amount, recognised in "Other financial income".

- Liabilities relating to commitments to buy out minority interests:

In 2011, TF1 group recognised as a non-current financial liability the put option granted to the founders of Place des Tendances in respect of their 20% equity interest in that entity. The fair value of this option was measured at €7.2 million. As of December 31, 2012 there had been no material change in the fair value of this option, which is due to expire in 2016 at the latest.

14.3 BREAKDOWN OF TRADE AND OTHER CREDITORS

(€m)	2012	2011
Trade creditors	827.6	780.9
Advance payments received	5.6	7.9
Tax and employee-related liabilities(1)	390.9	369.4
Creditors related to acquisitions of non-current assets	30.1	43.4
Other creditors	408.3	303.8
Audiovisual industry support fund grants(2)	9.2	7.1
Current accounts with credit balances	-	-
Deferred and prepaid income and similar items(3)	15.5	51.2
Trade and other creditors	**1,687.2**	**1,563.7**

(1) Mainly comprises VAT payable, and amounts owed to employees and social security bodies.

(2) Audiovisual industry support fund grants included in creditors mainly comprise grants awarded by the French National Centre for Cinematography (CNC) to TF1 Films Production, TF1 Production, and TF1 Droits Audiovisuels.

(3) Mainly comprises prepaid income. As at December 31, 2011, this line item included a €27.1 million cash payment received in connection with a claim for reimbursement of CNC taxes; this claim was accepted by the court of first instance, but was appealed by the tax authorities. In 2012, all avenues for appeal having been exhausted, this payment was recognised in profit or loss (see Note 23, "Other operating income and expenses").

Note 15 Net debt

Net debt as reported by the TF1 group comprises the following items:

(€m)	2012	2011
Cash and cash equivalents	258.7	35.9
Financial assets used for treasury management purposes	-	-
Total cash and cash equivalents	**258.7**	**35.9**
Interest rate derivatives – assets	-	-
Interest rate derivatives – liabilities	-	-
Fair value of interest rate derivatives	**-**	**-**
Non-current debt(1)	(13.6)	(18.0)
Current debt(2)	(8.8)	(58.5)
Total debt	**(22.4)**	**(76.5)**
Net cash/(Net debt)	**236.3**	**(40.6)**

(1) Includes €7.4 million arising from the recognition since 2011 of the commitment to buy out the minority interests in Place des Tendances.

(2) For 2011, includes a drawdown of €47.1 million on a Bouygues Relais credit facility.

Note 16 Provisions

16.1 NON-CURRENT PROVISIONS

16.1.1 Breakdown of non-current provisions

The tables below show movements in non-current provisions during 2012 and 2011:

2012 *(€m)*	January 1	Charges	Reversals: used	Reversals: unused	Changes in scope of consolidation, reclassifications	December 31
Provisions for:						
Retirement benefit obligations	20.9	3.7	(0.2)	(4.3)	7.2	27.3
Long service leave	8.3	-	-	-	(8.3)	-
Commitments	10.4	2.0	(0.9)	-	-	11.5
Other	0.4	0.1	-	-	-	0.5
TOTAL NON-CURRENT PROVISIONS	**40.0**	**5.8**	**(1.1)**	**(4.3)**	**(1.1)**	**39.3**

Following a review of the impact of the amendments to IAS 19, "Employee Benefits", the TF1 group has changed the accounting classification of long service leave entitlement, which from January 1, 2012 will be accounted for as a short-term benefit and hence will no longer require a non-current provision. The existing provision as of January 1, 2012 (amounting to €8.3 million) and the related deferred tax asset (amounting to €2.1 million) have been reversed *via* equity.

2011 *(€m)*	January 1	Charges	Reversals: used	Reversals: unused	Changes in scope of consolidation, reclassifications	December 31
Provisions for:						
Retirement benefit obligations	22.7	4.4	(0.9)	(2.3)	(3.0)	20.9
Long service leave	8.0	1.1	(0.7)	(0.5)	0.4	8.3
Commitments	13.6	0.5	-	-	(3.7)	10.4
Other	0.1	-	-	(0.1)	0.4	0.4
TOTAL NON-CURRENT PROVISIONS	**44.4**	**6.0**	**(1.6)**	**(2.9)**	**(5.9)**	**40.0**

Provisions for commitments relate to the risk of loss on audiovisual assets that the Group has committed to acquire.

Other movements in provisions for retirement benefit obligations include actuarial gains and losses on these obligations, which are recognised directly in equity: the amounts involved were a net loss of €7.2 million in 2012, and a net gain of €2.4 million in 2011.

16.1.2 Provisions for retirement benefit obligations

Main actuarial assumptions

	2012	2011	2010	2009	2008
Discount rate (Iboxx A10)	3.3%	5.5%	4.6%	4.9%	3.7%
Expected rate of return on plan assets	3.1%	3.4%	3.7%	4.0%	4.0%
Expected salary inflation rate	2.0%	2.0%	2.0%	2.0%	2.0%
Life table	Insee	Insee	Insee	Insee	Insee

The staff turnover rate used in calculating the provision at December 31, 2012 was 6.6%, unchanged from 2011.

A reduction of 50 basis points in the discount rate applied would increase the obligation by €1.5 million. Under the accounting policies applied by the TF1 group, the resulting actuarial losses would be recognised directly in equity.

Expense recognised in the income statement for retirement benefit obligations

(€m)	2012	2011
Current service cost	(2.7)	(1.4)
Interest expense on the obligation	(1.1)	(1.3)
Expected return on plan assets	0.2	0.3
Past service cost	-	-
Expense recognised	**(3.6)**	**(2.4)**
comprising: net change in provisions	*0.8*	*(1.2)*
comprising: amount recognised in "Staff costs"	*(4.4)*	*(1.2)*
Actual return on plan assets	**0.2**	**0.2**

Amounts recognised in the balance sheet for retirement benefit obligations

The amount recognised in the balance sheet for the TF1 group's retirement benefit obligations breaks down as follows:

(€m)	2012	2011	2010	2009	2008
Present value of obligation	33.0	26.4	27.9	27.5	30.4
Fair value of plan assets	(5.7)	(5.5)	(5.2)	(5.0)	(4.9)
Unfunded obligation provided for	**27.3**	**20.9**	**22.7**	**22.5**	**25.5**

Changes in the present value of the retirement benefit obligation

(€m)	2012	2011
Defined-benefit plan obligation at start of period	**26.4**	**27.9**
Current service cost for the period	2.7	1.4
Interest cost (unwinding of discount)	1.1	1.3
Benefits paid	(4.4)	(1.2)
Actuarial (gains)/losses	7.2	(2.4)
Changes in scope of consolidation	-	(0.6)
Defined-benefit plan obligation at end of period	**33.0**	**26.4**

Changes in the present value of plan assets

(€m)	2012	2011
Fair value of insurance policy assets at start of period	**5.5**	**5.2**
Employer's contributions	-	-
Benefits paid	-	-
Expected return on plan assets	0.2	0.3
Actuarial gains/(losses)	-	-
Fair value of insurance policy assets at end of period	**5.7**	**5.5**

Plan assets are in the form of contributions paid into the "Fonds Club no.1", a mutual fund denominated in euros and managed by an independent financial institution. Based on financial information supplied by the fund manager, the gross return was 3.1% in 2012. As of December 31, 2012, the fund had an estimated fair value of €5.7 million.

16.2 CURRENT PROVISIONS

Movements in current provisions during 2012 were as follows:

2012 (€m)	January 1	Charges	Reversals: used	Reversals: unused	Changes in scope of consolidation, reclassifications	December 31
Provisions for:						
Litigation and claims: governmental & public bodies	10.1	1.0	(2.5)	(0.3)	-	8.3
Litigation and claims: employees	9.3	8.7	(4.1)	(1.2)	-	12.7
Litigation and claims: commercial	15.2	5.0	(2.7)	(2.3)	1.7	16.9
Contractual litigation, claims, and risks	11.7	-	-	-	-	11.7
Restructuring	-	-	-	-	-	-
Other	10.3	2.2	(0.4)	(7.2)	(1.0)	3.9
TOTAL CURRENT PROVISIONS	**56.6**	**16.9**	**(9.7)**	**(11.0)**	**0.7**	**53.5**

No material contingent liabilities had been identified as of the date of preparation of the financial statements.

Provisions for commercial litigation and claims mainly relate to ongoing disputes with customers, producers and rights-holders.

Provisions for contractual litigation, claims and risks are intended to cover risks of claims from other third parties with contractual relations with TF1, including guarantees given by TF1 in connection with divestments of equity interests.

Following a tax inspection covering 2006, 2007 and 2008, TF1 SA received a draft reassessment notice from the French tax authorities in November 2011. The company contested the main points raised in the notice and exercised its right of appeal. Following discussions with the tax authorities, an assessment notice was received at the start of January 2013, the effects of which have been fully recognised in the financial statements for the year ended December 31, 2012.

Competition law risks

On January 12, 2009, the investigative department of the French Competition Authority notified TF1 of complaints relating to practices in the pay-TV sector. One complaint against TF1 was retained, alleging anti-competitive practices in respect of the exclusive distribution of some of its pay-TV theme channels.

In a ruling of November 16, 2010 the authority rejected the complaint of anti-competitive practices on the grounds that the decision to authorise the CERES deal, under which TF1 had granted these exclusivity clauses, gave the parties rights which could not be challenged retrospectively.

However, the authority decided to refer some issues back to its investigative department:

- the definition of the relevant fibre optic and catch-up TV markets;
- whether or not the cumulative effect of these exclusive arrangements was to block access to the pay-TV market.

In a ruling of September 20, 2011, the French Competition Authority withdrew its authorisation for the 2006 takeover of TPS by Vivendi and the Canal Plus group due to failure of the Canal Plus group to fulfil a number of the commitments made at the time of the takeover. Following renotification of this transaction, the authority authorised the merger of CanalSat and TPS on July 23, 2012, subject to compliance with various injunctions.

The Canal Plus group has appealed this decision to the *Conseil d'Etat*. Reversal of this decision, and of the obligations that it imposes on the Canal Plus group (especially as regards broadcasters of independent theme channels, such as the TF1 group, could pose a risk to the business model of these channels when their distribution contracts are renewed).

There is currently no provision for these risks in the consolidated financial statements of the TF1 group.

Note 17 Operating revenues

Operating revenues comprise:

(€m)	2012	2011
Advertising revenue	1,775.5	1,821.5
Distribution of consumer products	240.2	228.1
Cable and satellite revenue	405.5	381.2
Production/distribution of audiovisual rights	71.6	63.4
Revenue from other activities	127.8	125.5
Revenue	**2,620.6**	**2,619.7**
Royalty income	0.4	0.8
Operating revenues	**2,621.0**	**2,620.5**

Note 18 External production costs

External production costs, which amounted to €772.5 million in 2012 and €702.9 million in 2011, comprise costs incurred on programmes acquired from third parties and broadcast by TF1 and by the theme channels, TMC, NT1, HD1, TV Breizh, TF6, Série Club, Stylía, Histoire and Ushuaïa TV.

Note 19 Other purchases and changes in inventory

This line consists of the following items:

(€m)	2012	2011
Purchases of services	(237.9)	(261.8)
Purchases of broadcasting rights	(142.4)	(104.4)
Purchases of goods	(38.2)	(41.4)
Other items	(23.7)	(24.7)
Other purchases and changes in inventory	**(442.2)**	**(432.3)**

Note 20 Staff costs

Staff costs break down as follows:

(€m)	2012	2011
Staff remuneration	(292.3)	(296.6)
Social security charges	(120.1)	(119.6)
Other staff costs	(1.8)	(3.7)
Statutory employee profit-sharing	(9.0)	(11.9)
Share-based payment expense	(0.7)	(1.0)
Staff costs	**(423.9)**	**(432.8)**

Defined-contribution plan expenses are included in "Social security charges", and totalled €34 million in 2012 and €33.2 million in 2011.

Expenses relating to lump-sum retirement benefits and long-service leave under the collective agreements applicable to TF1 group companies are recognised as part of the net change in non-current provisions (see Note 16.1). Lump-sum retirement benefits paid during the period are recorded in "Staff remuneration".

Share-based payment expense includes the cost of share option plans and consideration-free share allotment plans, calculated in accordance with IFRS 2.

20.1 COST OF SHARE OPTION PLANS GRANTED BY TF1

The cost of share option plans recognised in "Staff costs" breaks down as follows:

(€m)	Date of grant	Lock-up period	Total fair value	Staff costs 2012	Staff costs 2011
Plan no. 10	March 20, 2008	3 years	2.8	-	0.3
Plan no. 11	March 20, 2009	3 years	1.6	0.1	0.5
Plan no. 12	June 10, 2011	4 years	1.8	0.5	0.2
Plan no. 13	June 12, 2012	4 years	1.0	0.1	-
TOTAL				**0.7**	**1.0**

The cost of share option plans was computed using the Black-Scholes model and the following assumptions:

	Reference share price	Exercise price	Expected volatility	Average maturity	Risk-free rate	Payout ratio	Liquidity discount	Fair value per option
Plan no. 10	€13.60	€15.35	31%	5.0 years	3.67%	6.25%	-15%	€1.49
Plan no. 11	€5.71	€5.98	49%	5.2 years	2.75%	8.98%	-15%	€0.86
Plan no. 12	€12.40	€12.47	31%	5.25 years	2.61%	4.64%	-15%	€1.18
Plan no. 13	€5.72	€6.17	40%	5.18 years	1.63%	7.65%	-15%	€0.70

The average maturity used is lower than the contractual life of the option in order to take account of exercises by grantees ahead of the contractual expiry date. The volatility assumptions used are consistent with the implied volatility reflected in the price offered at the date of grant by leading banks for TF1 share options with the same maturity.

20.2 COST OF EMPLOYEE BENEFIT PLANS AWARDED BY THE BOUYGUES GROUP

The cost of plans awarded by the Bouygues group to TF1 employees was not material for 2012.

Note 21 External expenses

External expenses break down as follows:

(€m)	2012	2011
Subcontracting	(159.4)	(163.1)
Rent and associated charges	(44.5)	(42.0)
Agents' fees and professional fees	(115.0)	(110.6)
Advertising, promotion and public relations	(81.1)	(75.9)
Other external expenses	(88.2)	(78.1)
External expenses	**(488.2)**	**(469.7)**

Note 22 Taxes other than income taxes

This line comprises the following items:

(Rounded to the nearest €m)	2012	2011
Audiovisual taxes	(92.4)	(92.4)
CNC (French National Centre for Cinematography) taxes	*(84.2)*	*(84.1)*
Other	*(8.2)*	*(8.3)*
Other taxes	(54.6)	(52.8)
Local business taxes	*(14.9)*	*(15.0)*
Payroll-based taxes	*(15.0)*	*(14.8)*
Other taxes	*(24.7)*	*(23.0)*
Taxes other than income taxes	**(147.0)**	**(145.2)**

Note 23 Other operating income and expenses

Other operating income and expenses consist of the following items:

(€m)	2012	2011
Reversals of unused provisions	25.4	19.6
In-house production capitalised, and cost transfers	19.1	22.0
Operating grants	0.1	0.9
Investment grants	9.2	14.6
Foreign exchange gains	38.5	21.8
Other income	33.7	8.6
Other operating income	**126.0**	**87.5**
Royalties and paybacks to rights-holders	(81.5)	(81.4)
Bad debts written off	(5.0)	(8.6)
Foreign exchange losses	(38.8)	(26.0)
Other expenses	(5.4)	(17.9)
Other operating expenses	**(130.7)**	**(133.9)**

Other operating income for 2012 includes a €27.1 million reimbursement of taxes on television services, all avenues for appeal against this reimbursement having been exhausted in February 2012.

Note 24 Non-current operating income and expenses

Non-current operating expenses amounted to €47.7 million in 2012, comprising the non-recurring exceptional costs generated by phase II of the optimisation plan.

Note 25 Cost of net debt

Cost of net debt breaks down as follows:

(€m)	2012	2011
Interest income	0.5	1.4
Change in fair value of the hedged portion of the bond issue	-	-
Change in fair value of interest rate derivatives	-	-
Income and revenues from financial assets	0.1	-
Income associated with net debt	**0.6**	**1.4**
Interest expense on debt	(0.6)	(0.8)
Change in fair value of interest rate derivatives	-	(0.1)
Expenses associated with net debt	**(0.6)**	**(0.9)**
Cost of net debt	**-**	**0.5**

Note 26 Other financial income and expenses

Other financial income and expenses break down as follows:

(€m)	2012	2011
Dividend income	1.2	1.7
Gains on financial assets	0.2	0.4
Gains arising from changes in value of forward currency purchase contracts	0.1	3.8
Other income	6.1	-
Other financial income	**7.6**	**5.9**
Losses on financial assets	(0.1)	(0.4)
Losses arising from changes in value of forward currency purchase contracts	(1.3)	-
Other expenses	(0.4)	(0.4)
Other financial expenses	**(1.8)**	**(0.8)**

"Other financial income" includes €5.9 million for the effect of the fair value remeasurement of the equity interest in Groupe AB (see Note 3.1.2, "Inclusion of Groupe AB in the scope of consolidation as an associate by the equity method").

Note 27 Net income and expense on financial assets and financial liabilities

The table below shows income, expenses, gains and losses arising on financial assets and liabilities by category, split between items affecting financial income/expense and items affecting operating profit:

(€m)	Financial 2012	Financial 2011	Operating 2012	Operating 2011
Net income/(expense) on loans and receivables at amortised cost	0.7	1.5	(16.2)	(25.9)
Net income/(expense) on financial assets at fair value	6.0	0.1	-	-
financial assets designated at fair value through profit or loss	*5.9*	-	-	-
financial assets held for trading	*0.1*	*0.1*	-	-
Net income/(expense) on available-for-sale financial assets	1.2	1.6	-	0.1
Net income/(expense) on financial liabilities at amortised cost	(0.9)	(1.2)	-	-
Net income/(expense) on derivatives	(1.2)	3.6	0.5	(1.2)
Net income/(expense) on financial assets and financial liabilities	**5.8**	**5.6**	**(15.7)**	**(27.0)**

Note 28 Income taxes

28.1 CURRENT AND DEFERRED TAXES

28.1.1 Income statement

(€m)	2012	2011
Current taxes	(73.6)	(94.8)
Deferred taxes	3.1	6.1
Income tax expense	**(70.5)**	**(88.7)**

The tax rate used in the deferred tax calculation was 36.10% for the years ended December 31, 2012 and 2011.

The tax rate used to measure deferred tax assets and liabilities was 36.10% in the case of temporary differences that are expected to reverse before December 31, 2014, and 34.43% for temporary differences expected to reverse subsequently.

28.1.2 Tax proof

(€m)	2012	2011
Net profit attributable to the Group	**136.0**	**182.7**
Income tax expense	70.5	88.7
Net profit from discontinued operations	-	-
Minority interests	3.3	3.4
Net profit from continuing operations before tax and minority interests	**209.8**	**274.8**
Standard tax rate in France	**36.1%**	**36.1%**
Impact of fair value adjustments not recognised for tax purposes(1)	(1.0%)	0.0%
Impairment of goodwill	0.0%	0.0%
Impact of tax losses	(0.5%)	(0.4%)
Offset of tax credits	(0.6%)	(0.3%)
Share of profits and losses of associates	1.1%	1.8%
Reduced-rate taxes on securities transactions	(0.3%)	(3.9%)
Tax rate differential (change in tax rate, and rates applicable to foreign subsidiaries)	(0.9%)	(1.0%)
Other differences, net	(0.3%)	(0.1%)
Effective tax rate	**33.6%**	**32.2%**

(1) Mainly the effect of the fair value remeasurement of the equity interest in Groupe AB (see Note 3.1.2, "Inclusion of Groupe AB in the scope of consolidation as an associate by the equity method").

TF1 made a group tax election on January 1, 1989, and has renewed this election regularly since that date.

28.2 DEFERRED TAX ASSETS AND LIABILITIES

28.2.1 Change in net deferred tax position

(€m)	2012	2011
Net deferred tax asset/(liability) at January 1	**(4.1)**	**(8.4)**
Recognised in equity	3.9	(1.6)
Recognised in profit or loss	3.1	6.1
Changes in scope of consolidation and other items(1)	(2.1)	(0.2)
Net deferred tax asset/(liability) at December 31	**0.8**	**(4.1)**

(1) Includes the reversal of €-2 million in deferred tax assets on long-service leave entitlement, reclassified to equity (see Note 16.1, "Non-current provisions").

28.2.2 Main sources of deferred taxation

The main sources of deferred taxation are as follows:

(€m)	2012	2011
Provisions:		
Provisions for programmes	3.0	4.0
Provisions for retirement benefit obligations	8.7	6.6
Provisions for impairment of audiovisual rights	0.3	0.3
Provisions for trade debtors	2.7	3.0
Other provisions	19.6	18.0
Statutory employee profit-sharing scheme	3.9	4.2
Tax losses available for carry-forward	3.7	6.4
Other deferred tax assets	4.3	8.6
Offset of deferred tax assets and liabilities	(35.6)	(45.3)
Deferred tax assets	**10.6**	**5.8**
Accelerated tax depreciation	(18.5)	(19.2)
Depreciation of head office building	(8.5)	(8.5)
Remeasurement of assets	(13.5)	(13.6)
Other deferred tax liabilities	(4.9)	(13.9)
Offset of deferred tax assets and liabilities	35.6	45.3
Deferred tax liabilities	**(9.8)**	**(9.9)**
Net deferred tax asset/(liability) at December 31	**0.8**	**(4.1)**

Unrecognised deferred tax assets totalled €23.3 million (versus €24 million as of December 31, 2011), and comprised tax losses and deferred tax depreciation available for indefinite carry-forward, the recovery of which is not sufficiently probable to justify recognition.

28.2.3 Period to recovery of deferred tax assets

(€m)	Less than 2 years	2 to 5 years	More than 5 years	Offset of deferred tax assets and liabilities	Total
Deferred tax assets	**36.4**	**-**	**9.8**	**(35.6)**	**10.6**

Note 29 Earnings per share

Basic earnings per share is calculated on the basis of net profit for the year attributable to ordinary shareholders and of the weighted average number of ordinary shares outstanding during the year.

Because potentially dilutive ordinary shares have no adjusting effect on net profit for the year, diluted earnings per share is calculated on the basis of net profit for the year attributable to ordinary shareholders and of the weighted average number of ordinary shares outstanding during the year adjusted for the effects of all potentially dilutive ordinary shares. Diluted earnings per share takes account of the dilutive effect of consideration-free share allotment plans and of share subscription option plans that are in the money at the balance sheet date (*i.e.* the exercise price is less than the quoted market price of TF1 shares).

	2012	2011
Net profit for the year (€m)		
Net profit from continuing operations (attributable to the Group)	136.0	182.7
Net profit from discontinued/held-for-sale operations	-	-
Net profit attributable to the Group	136.0	182.7
Weighted average number of ordinary shares	**210,715,775**	**212,435,958**
Basic earnings per share (in euros)		
Basic earnings per share from continuing operations	0.65	0.86
Basic earnings per share from discontinued/held-for-sale operations	-	-
Basic earnings per share	0.65	0.86
Average number of ordinary shares after dilution	**211,199,188**	**213,274,329**
Diluted earnings per share (in euros)		
Diluted earnings per share from continuing operations	0.64	0.86
Diluted earnings per share	0.64	0.86

The average number of ordinary shares after dilution is obtained by taking account of the following dilutive effects:

(Number of shares)	2012	2011
Weighted average number of ordinary shares for the period	210,715,775	212,435,958
Dilutive effect of share subscription option plans	483,413	838,371
Dilutive effect of consideration-free share allotment plan	-	-
Average number of ordinary shares after dilution	**211,199,188**	**213,274,329**

In 2012, only share subscription option plans no. 11 (awarded March 20, 2009) and no. 13 (awarded June 12, 2012) were in the money (*i.e.* the adjusted exercise price was lower than the average TF1 share price during the period).

In 2011, only share subscription option plan no. 11 (awarded March 20, 2009) was in the money.

Note 30 Notes to the consolidated cash flow statement

30.1 DEFINITION OF CASH POSITION

The cash flow statement analyses changes in the cash position of continuing operations only. Changes in the cash position of discontinued and held-for-sale operations are presented separately at the foot of the cash flow statement.

The cash position analysed in the cash flow statement comprises cash and cash equivalents, treasury current accounts (debit and credit balances), and bank overdrafts. A reconciliation between the cash position in the cash flow statement and the “Cash and cash equivalents” line in the balance sheet is presented below:

(€m)	2012	2011
Cash and cash equivalents in the balance sheet	258.7	35.9
Cash relating to held-for-sale assets	-	-
Treasury current account credit balances	(2.5)	(2.9)
Bank overdrafts	(1.8)	(51.2)
Closing cash position per the cash flow statement	**254.4**	**(18.2)**

30.2 EFFECT OF CHANGES IN SCOPE OF CONSOLIDATION

The effect of acquisitions of subsidiaries on the cash flow statement is shown below:

(€m)	2012	2011
Cash and cash equivalents acquired	-	1.2
Financial assets acquired	6.4	-
Other assets acquired	-	11.7
Minority interests acquired	-	-
Other liabilities acquired	-	(15.1)
Net assets acquired (A)	6.4	(2.3)
Goodwill (B)	-	7.1
Cash outflow (A) + (B)	**6.4**	**4.8**
Cash acquired	-	(1.2)
Cash of companies joining the scope of consolidation during the period without being acquired	-	(12.3)
Net cash outflow	**6.4**	**(8.7)**

Movements during 2012 relate mainly to the investments made in WBTV and Direct Optic Participations. Movements during 2011 were mainly attributable to the acquisition of Metro France and the first-time consolidation of Sofica Valor 6.

The cash flow effect of divestments of subsidiaries breaks down as follows:

(€m)	2012	2011
Cash received	-	16.8
Cash divested	-	(16.7)
Subscriptions to capital increases carried out by subsidiaries	-	-
Net cash inflow/(outflow)	**-**	**0.1**

The net cash inflow in 2011 related mainly to the divestment of 1001 Listes (see Note 3.2, "Significant changes in scope of consolidation in 2011").

The cash flow statement line "Effect of changes in scope of consolidation" for 2012 and 2011 breaks down as follows:

(€m)	2012	2011
Net cash inflow/(outflow) on acquisitions of subsidiaries	(6.4)	8.7
Net cash inflow/(outflow) on divestments of subsidiaries	-	0.1
Effect of changes in scope of consolidation	**(6.4)**	**8.8**

30.3 OTHER TRANSACTIONS BETWEEN SHAREHOLDERS

The net cash inflow of €192.6 million in 2012 relates to the transaction with the Discovery Communications group (see Note 1, "Significant Events of 2012").

30.4 CHANGE IN DEBT

The impact of changes in debt on the TF1 group's cash position is shown below.

(€m)	2012	2011
Finance lease payments made during the period	(4.7)	(4.7)
Net change in borrowings	-	(4.0)
Loans received from associates	-	-
Other movements	0.4	0.2
Net change in the period	**(4.3)**	**(8.5)**

Note 31 Risk management

31.1 CAPITAL MANAGEMENT STRATEGY

The TF1 group has a policy of maintaining a stable capital base and has no plans for any specific corporate actions, other than share buybacks (see the Annual Financial Report in the registration document).

In terms of equity capital, TF1 uses various indicators, including gearing (defined as the ratio of net debt to equity). Gearing provides investors with an indication of the Group's level of indebtedness relative to the level of equity capital. It is calculated on the basis of net debt as defined in Note 15 and of shareholders' equity as shown in the balance sheet, including reserves used to recognise changes in the fair value of cash flow hedges and of available-for-sale financial assets. At end 2012, the TF1 group had a positive net cash position (of €236.3 million), so gearing was zero. At end 2011, gearing was 2.5%.

31.2 FINANCIAL RISK MANAGEMENT STRATEGY

Liquidity risk and market risks (interest rate risk, foreign exchange risk and own equity risk) are managed centrally by the TF1 group's Financing, Treasury and Investor Relations Department. The Group also has policies in place to limit the risk of dependence on counterparties.

31.2.1 Liquidity risk

The Financing, Treasury and Investor Relations Department is responsible for ensuring that the TF1 group has access to adequate and sustainable sources of funding commensurate with its needs. This involves:

- daily multi-currency pooling of surplus cash held by all Group entities, to minimise the need for external funding;
- analysis and periodic updating of cash flow projections for all Group entities;
- negotiating and permanently maintaining an adequate cushion of credit facilities, with phased maturities.

The Group assesses liquidity risk by reference to the global drawdown on its confirmed credit facilities, net of available cash.

The net cash/debt position in the balance sheet at year-end is shown below:

(€m)	2012	2011
Cash and cash equivalents	258.7	35.9
Financial liabilities	(22.4)	(76.5)
Net cash/(net debt)	**236.3**	**(40.6)**
Borrowing capacity	1,050.6	1,030.2

The global drawdown rate on the Group's borrowing capacity at December 31, 2012 was zero (versus 3.9% at December 31, 2011).

Financing risk

Given the accelerated timetable for the implementation of the Basel III capital adequacy rules by European banks and the difficult economic climate, French companies are having to adapt their long-term financing strategies in light of the reduced accessibility of bank credit on reasonable terms.

The TF1 group's financing strategy is based on its ability to cope with market fluctuations and a deteriorating economy while retaining its financial autonomy vis-à-vis the financial and banking markets. The strategy is devised so as to retain the possibility of seizing opportunities for organic growth or acquisitions. However, the Group manages and renews its portfolio of credit facilities so as to optimise the cost of such financing. The Group's credit facilities are spread among a significant number of French and international banks. They are bilateral facilities and are not subject to covenants regarding financial ratios. At end 2012, the global drawdown rate was zero.

As of December 31, 2012, TF1 had:

- bilateral bank facilities of €1,040.0 million. These confirmed bank facilities are supplemented by a cash pooling agreement with the Bouygues group. As of December 31, 2012, nothing was drawn down under this cash pooling agreement;
- a finance lease obligation of €10.6 million relating to technical installations.

	Authorised facilities			Drawdowns			Available facilities
2012 *(€m)*	< 1 year	1-5 years	Total	< 1 year	1-5 years	Total	
Confirmed bilateral facilities	205.0	835.0	1,040.0	-	-	-	1,040.0
Finance leases	4.4	6.2	10.6	4.4	6.2	10.6	-
Bouygues cash pooling agreement	-	-	-	-	-	-	-
TOTAL	**209.4**	**841.2**	**1,050.6**	**4.4**	**6.2**	**10.6**	**1,040.0**

2011 *(€m)*	Authorised facilities < 1 year	Authorised facilities 1-5 years	Authorised facilities Total	Drawdowns < 1 year	Drawdowns 1-5 years	Drawdowns Total	Available facilities
Confirmed bilateral facilities	150.0	865.0	1,015.0	-	-	-	1,015.0
Finance leases	4.4	10.8	15.2	4.4	10.8	15.2	-
Bouygues cash pooling agreement	-	-	-	47.1	-	47.1	(47.1)
TOTAL	**154.4**	**875.8**	**1,030.2**	**51.5**	**10.8**	**62.3**	**967.9**

Credit rating

The TF1 group has a credit rating from Standard and Poors, which currently stands at BBB+/stable outlook/A-2.

Maturity of non-derivative financial liabilities

The table below provides a schedule of undiscounted future repayments (principal and interest) of financial liabilities, based on residual contractual maturities:

2012 *(€m)*	Carrying amount	Residual contractual amount < 1 year	Residual contractual amount 1-5 years	Residual contractual amount Total
Finance leases	10.6	4.4	6.2	10.6
Trade and other creditors	1,687.2	1,687.2	-	1,687.2
Other financial liabilities	11.8	4.4	7.4	11.8
TOTAL	**1,709.6**	**1,696.0**	**13.6**	**1,709.6**

2011 *(€m)*	Carrying amount	Residual contractual amount < 1 year	Residual contractual amount 1-5 years	Residual contractual amount Total
Finance leases	15.2	4.4	10.8	15.2
Trade and other creditors	1,563.7	1,563.7	-	1,563.7
Other financial liabilities	61.3	54.1	7.2	61.3
TOTAL	**1,640.2**	**1,622.2**	**18.0**	**1,640.2**

Investment of surplus cash

The TF1 group exercises great care in choosing the vehicles in which it invests temporary or structural cash surpluses. Group policy requires such investment vehicles to be:

- liquid, *i.e.* immediately accessible (current accounts, interest-bearing sight deposit accounts, etc), with a maturity of no more than 3 months;
- paid interest on the basis of money-market indices, with no capital risk other than counterparty risk;
- ontracted with high-grade counterparties.

The table below shows how surplus cash was invested at December 31 :

(€m)	2012	2011
Interest-bearing bank account	0.3	0.2
Bouygues Relais cash pooling agreement	222.0	-
Money-market mutual funds	-	12.2
Negotiable certificates of deposit	-	-
Other treasury current accounts	36.3	23.5
TOTAL	**258.7**	**35.9**

31.2.2 Market risks

The TF1 group manages its exposure to interest rate and exchange rate risk by using hedging instruments such as swap contracts, forward purchases and sales, and interest rate and currency options. Derivatives are used solely for hedging purposes and are never used for speculative purposes.

The Financing, Treasury and Investor Relations Department manages interest rate and currency hedges centrally for the Group. It tracks the financial markets on a daily basis, and periodically updates the positions to be hedged after netting similar types of exposures between Group entities. It submits hedging scenarios to the Purchasing/Finance directorate for approval; once they have been approved, it executes and administers the relevant market transactions.

31.2.2.1 Interest rate risk

The TF1 group is exposed to interest rate risk as a result of its financing needs. The objective of the interest rate risk management strategy is to lock in a fixed rate, or to a guarantee a maximum rate for cost of net debt over the short and medium term.

Exposure and sensitivity to interest rate risk:

No interest rate hedges were in place as of December 31, 2011 or 2012. The fixed/floating split of financial assets and liabilities, and associated hedges, is shown, below:

	Financial assets		Financial liabilities		Net pre-hedging exposure		Hedging instruments		Net post-hedging exposure	
2012 *(€m)*	**Fixed**	**Floating**	**Fixed**	**Floating**	**Fixed**	**Fixed**	**Floating**	**Fixed**	**Floating**	**Fixed**
Less than 1 year	0.3	258.4	(4.4)	(4.4)	(4.1)	254.0	-	-	(4.1)	254.0
1 to 5 years	-	-	(13.6)	-	(13.6)	-	-	-	(13.6)	-
TOTAL	**0.3**	**258.4**	**(18.0)**	**(4.4)**	**(17.7)**	**254.0**	**-**	**-**	**(17.7)**	**254.0**

As of December 31, 2012, the net post-hedging exposure was a €17.7 million fixed-rate financial liability, and a €254.0 million floating-rate financial asset.

	Financial assets		Financial liabilities		Net pre-hedging exposure		Hedging instruments		Net post-hedging exposure	
2011 *(€m)*	**Fixed**	**Floating**	**Fixed**	**Floating**	**Fixed**	**Fixed**	**Floating**	**Fixed**	**Floating**	**Fixed**
Less than 1 year	0.2	35.7	(4.4)	(54.1)	(4.2)	(18.4)	-	-	(4.2)	(18.4)
1 to 5 years	-	-	(18.0)	-	(18.0)	-	-	-	(18.0)	-
TOTAL	**0.2**	**35.7**	**(22.4)**	**(54.1)**	**(22.2)**	**(18.4)**	**-**	**-**	**(22.2)**	**(18.4)**

As of December 31, 2012 the net post-hedging exposure was a €22.2 million debt position at fixed rate, and an €18.4 million debt position at floating rate.

The sensitivity analysis shown below measures the theoretical impact on cost of net debt of an immediate and constant movement of 1% (100 basis points) across the entire yield curve for 2011 and 2012.

- It represents the impact of applying this 1% movement to the net floating-rate position, assumed to be constant over 1 year;

	2012		2011	
(€m)	**Pre-tax impact on profit or loss**	**Pre-tax impact on equity**	**Pre-tax impact on profit or loss**	**Pre-tax impact on equity**
Impact of a movement of +1% in interest rates	2.5	-	(0.2)	-
Impact of a movement of -1% in interest rates	N/S(1)	-	0.2	-

(1) As of December 31, 2012, the level of short-term interest rates is such that TF1 has no material exposure given that it has a positive net cash position.

Interest rate derivatives

The TF1 group has not held any interest rate derivatives since 2011.

31.2.2.2 Foreign exchange risk

The TF1 group's exposure to foreign exchange risk is of an operational nature, and derives from (i) recurring cash flows under multi-year broadcasting and sports transmission rights acquisition contracts (primarily in the U.S. dollar and pound sterling) and (ii) foreign-currency cash flows from sales of subscriptions to the Eurosport channel from countries outside the euro zone.

During 2012, nearly 95% of the Group's cash inflows were in euros; 2% were in U.S. dollars.

Over 90% of cash outflows (including acquisitions of audiovisual rights) were in euros, 5% in U.S. dollar, and 1% in sterling.

The objective of the Group's foreign exchange risk management strategy is to lock in or guarantee a maximum exchange rate on its net long position and a minimum exchange rate on its net short position in each of the currencies used, over a rolling 12-to-18-month period.

Exposure and sensitivity to foreign exchange risk:

The table below shows the Group's exposure to foreign exchange risk at December 31, 2012:

At 2012 closing exchange rates *(€m)*	USD(1)	GBP(2)	Other currencies(3)	Total
Assets	25.4	6.5	21.9	53.8
Liabilities	(43.7)	(11.0)	(14.2)	(68.9)
Off balance sheet commitments	(299.3)	(1.4)	(14.0)	(314.7)
Pre-hedging position	**(317.6)**	**(5.9)**	**(6.3)**	**(329.8)**
Forwards and futures	70.0	-	(22.9)	47.1
Currency swaps	-	3.1	8.5	11.6
Net post-hedging position	**(247.6)**	**(2.8)**	**(20.7)**	**(271.1)**

(1) Net exposure in USD: Some Group entities (TF1, Eurosport, TF1 Droits Audiovisuels) enter into multi-year rights acquisition contracts in the course of their ordinary activities that give rise to off balance sheet commitments, which are partially matched against future recurring USD revenue streams.
(2) Net exposure in GBP: This mainly relates to the ordinary activities of Eurosport in the United Kingdom.
(3) The main currencies involved are the Norwegian krone (NOK), the Swedish krona (SEK), the Danish krone (DKK), the Australian dollar (AUD), and the Swiss franc (CHF). The net post-hedging position is matched by future revenue streams in the currency.

The consolidated net post-hedging negative currency exposure (translated into euros at the closing exchange rate) as of December 31, 2012 was €271 million, compared with €288 million as of December 31, 2011.

At 2011 closing exchange rates *(€m)*	USD(1)	GBP(2)	Other currencies(3)	Total
Assets	30.6	8.3	21.5	60.4
Liabilities	(60.8)	(8.7)	(13.9)	(83.4)
Off balance sheet commitments	(355.3)	12.4	(18.6)	(361.5)
Pre-hedging position	**(385.5)**	**12.0**	**(11.0)**	**(384.5)**
Forwards and futures	99.6	-	16.9	116.5
Currency swaps	(17.9)	(0.5)	(2.0)	(20.4)
Net post-hedging position	**(303.8)**	**11.5**	**3.9**	**(288.4)**

(1) Net exposure in USD: Some Group entities (TF1, Eurosport, TF1 Droits Audiovisuels) enter into multi-year rights acquisition contracts in the course of their ordinary activities that give rise to off balance sheet commitments, which are partially matched against future recurring USD revenue streams.
(2) Net exposure in GBP: This mainly relates to the ordinary activities of Eurosport in the United Kingdom.
(3) The main currencies involved are the Norwegian krone (NOK), the Swedish krona (SEK), the Danish krone (DKK), the Australian dollar (AUD), and the Swiss franc (CHF). The net post-hedging position is matched by future revenue streams in the currency.

The sensitivity analysis shown below measures the impact on profit or loss and equity of an immediate unfavourable uniform movement of 1% in the euro against all the other currencies involved, and represents the sum total of:

- the impact of applying this 1% movement to the net pre-hedging positions presented above;
- the change in the fair value of the portfolio of foreign exchange instruments in place at the balance sheet date, applying the accounting treatments specified in IAS 39.

	2012				2011			
	Pre-tax impact on profit or loss		Pre-tax impact on equity		Pre-tax impact on profit or loss		Pre-tax impact on equity	
(€m)	+1%	-1%	+1%	-1%	+1%	-1%	+1%	-1%
USD	2.5	(2.5)	(0.7)	0.7	3.9	(3.9)	(0.8)	0.9
GBP	-	-	-	-	(0.1)	0.1	-	-
Other currencies	0.2	(0.2)	0.2	(0.3)	0.5	(0.6)	(0.1)	0.2
TOTAL	**2.7**	**(2.7)**	**(0.5)**	**0.4**	**4.3**	**(4.4)**	**(0.9)**	**1.1**

At end 2012, the sensitivity of the TF1 group's equity (including net profit for the period) to changes in the net accounting position in currencies other than the euro arising from a uniform unfavourable movement of 1% in the euro against all the currencies would be -€2.3 million, before taking account of the effects of such a movement on the Group's future foreign-currency cash flows. The comparable figure at end 2011 was -€3.3 million.

Change in the value of foreign exchange instruments

The change in the value of instruments not eligible for hedge accounting was -€1.2 million.

The change in the value of instruments eligible for hedge accounting was -€3.2 million. This comprises a change of -€3.8 million in the value of effective hedges (*i.e.* highly correlated to changes in the value of hedged items), recognised as a component of equity in the cash flow hedge reserve, and a change of +€0.6 million in the value of ineffective hedges, recognised in profit or loss under "Other financial income and expenses".

Currency derivatives by currency

The tables below give a breakdown of currency hedging derivatives by currency:

		Notional amount of hedge				Fair value *(in euros)*	
			In euros				
Dec. 31, 2012 ***(in millions)***	**Currency**	**In foreign currency**	**Total**	**< 1 year**	**1-5 years**	**Total**	**Of which designated as cash flow hedges**
Currency swaps	USD	-	-	-	-	-	-
	GBP	2.6	3.1	3.1	-	0.0	-
	Other currencies[(1)]		8.5	8.5	-	0.0	-
Forward purchases	USD	92.3	70.0	47.4	22.6	1.1	1.1
Forward sales	Other currencies[(2)]		22.9	22.9	-	0.1	0.1
TOTAL HEDGES			**104.5**	**81.9**	**22.6**	**1.2**	**1.2**

(1) NOK, SEK, DKK, CHF, AUD.
(2) NOK, SEK, DKK, AUD.

		Notional amount of hedge				Fair value *(in euros)*	
			In euros				
Dec. 31, 2011 ***(in millions)***	**Currency**	**In foreign currency**	**Total**	**< 1 year**	**1-5 years**	**Total**	**Of which designated as cash flow hedges**
Currency swaps	USD	23.2	17.9	17.9	-	0.1	-
	GBP	0.4	0.5	0.5	-	0.0	-
	Other currencies[(1)]		2.0	2.0	-	(0.0)	-
Forward purchases	USD	128.9	99.6	68.0	31.6	5.8	4.7
Forward sales	Other currencies[(2)]		16.9	16.9	-	(0.3)	(0.1)
TOTAL HEDGES			**136.9**	**105.3**	**31.6**	**5.6**	**4.6**

(1) NOK, SEK, DKK, CHF, AUD
(2) NOK, SEK, DKK, AUD

The notional amount represents the amount sold or purchased forward in the currency. The fair value is the difference between the amount sold or purchased in that currency (measured at the closing forward exchange rate) and the nominal value measured at the closing spot exchange rate.

Accounting classification and treatment

All foreign exchange instruments used by the TF1 group are contracted to hedge its exposure to financial risks. In accordance with IAS 39, these derivatives are classified as fair value hedges or cash flow hedges depending on the strategy applied. However, some instruments are ineligible for hedge accounting because they do not meet the IAS 39 criteria, in particular where there has been a reversal of the initial strategy.

(€m)	Ineligible for hedge accounting	Designated as fair value hedges	Designated as cash flow hedges	Fair value
2012				
Currency derivatives – assets	0.0	-	2.1	2.1
Currency derivatives – liabilities	(0.0)	-	(0.9)	(0.9)
TOTAL	**0.0**	**-**	**1.2**	**1.2**
2011				
Currency derivatives – assets	1.2	-	4.7	5.9
Currency derivatives – liabilities	0.0	-	(0.3)	(0.3)
TOTAL	**1.2**	**-**	**4.4**	**5.6**

Transactions designated as cash flow hedges are used by TF1 SA to hedge sport transmission rights and audiovisual rights acquisition contracts, on which the amount and timing of payments are precisely agreed on a contractual basis; and by Eurosport to hedge future foreign-currency revenue streams. Other transactions are allocated to other audiovisual rights acquisition contracts, but do not meet all the criteria required to establish the existence of a hedging relationship under IAS 39.

Credit risk and counterparty risk

The TF1 group applies policies designed to limit its exposure to counterparty risk, and in particular (i) the risk of non-recovery of trade debtors in connection with its ordinary activities, (ii) the risk of being unable to recover assets held by financial counterparties and (iii) the risk that financial counterparties will default on their commitments to the Group.

The TF1 group believes that its exposure is limited, given that the cost of such risks has historically been immaterial both in overall terms and for each business segment.

In 2012, no client of the Group alone represents more than 5% of the consolidated revenues. The five largest clients do not represent more than 12% of the consolidated revenues. The ten largest clients represent no more than 18% of consolidated revenues.

In 2012, no supplier of the Group alone represents more than 5% of the consolidated revenues. The five largest suppliers do not represent more than 15% of the consolidated revenues. The ten largest suppliers do not account for more than 25% of the consolidated revenues, given the characteristics of certain providers such as authors' societies or production studios.

Risk of non-recovery of debtors

			Past due			
2012 *(€m)*	Carrying amount	Not past due	Total	< 6 months	6-12 months	> 12 months
Trade debtors	800.1	657.4	142.7	106.4	17.9	18.4
Provision for impairment of trade debtors	(18.0)	(1.3)	(16.7)	(3.4)	(4.7)	(8.6)
TRADE DEBTORS, NET	**782.1**	**656.1**	**126.0**	**103.0**	**13.2**	**9.8**

			Past due			
2011 *(€m)*	Carrying amount	Not past due	Total	< 6 months	6-12 months	> 12 months
Trade debtors	768.2	597.4	170.8	132.9	15.1	22.8
Provision for impairment of trade debtors	(17.7)	(2.9)	(14.8)	(2.5)	(2.6)	(9.7)
TRADE DEBTORS, NET	**750.5**	**594.5**	**156.0**	**130.4**	**12.5**	**13.1**

Advertising airtime

TF1 Publicité sells advertising airtime on media for which it acts as agent (TV channels, radio stations and websites) to advertisers who in some cases have become regular airtime buyers over the years, developing well-established partnerships. TF1 Publicité applies risk management policies adapted to the profile of its customer base.

The policy used to manage the underlying counterparty risk is based on the operating terms of TF1 Publicité, of which its customers are perfectly aware. These include:

- upfront payment in full, in advance of broadcast, for airtime orders placed by a new advertiser;
- upfront payment for new advertising campaigns from any advertiser with a track record of payment incidents. If these payment terms are rejected, TF1 Publicité may refuse to sell airtime to the defaulting buyer;
- payment of annual rebates in the form of "end-of-order" credit notes issued at the start of the following year, the final amount of which is contingent on the buyer paying its invoices on time.

On top of these procedures, TF1 Publicité has a Credit Management department which performs regular financial health-checks on advertisers, issues preventive payment reminders to agencies and advertisers, and (in the event of late payment) systematically issues graded reminders, charges late payment interest, and prepares legal recovery proceedings.

These procedures have helped TF1 Publicité keep the risk of non-payment by advertisers to less than 0.15% of total annual billings (inclusive of VAT).

Theme channel subscriptions

There is no significant risk of non-recovery as regards revenues payable by cable operators present in France. As regards sales outside France, Eurosport has effective cash collection procedures for debts owed by cable and satellite operators. The risk of non-payment by these operators is historically low thanks to the use of financial health-checks on customers and the fragmentation of these markets, which gives an inherently very high level of risk diversification.

Other diversification activities

TF1 Vidéo and TF1 Entreprises use credit insurance to protect against the risk of non-payment by customers.

The home shopping business, carried on *via* the Téléshopping Division, is not exposed to major non-payment risks, given that payment is usually required prior to the delivery of goods or services.

There are no other significant exposures to individual customers in other Group subsidiaries that might have a lasting adverse impact on the Group's profitability.

Financial counterparties

In investing surplus cash, the TF1 group applies a policy of selecting only high-grade banks and financial institutions that meet minimum rating criteria and with which the Group has well-established relationships, including the provision of credit facilities to the Group (see Note 31-2-1 on liquidity risk).

Note 32 Share options

32.1 DETAILS OF SHARE OPTION PLANS

	Plan no. 10	Plan no. 11	Plan no. 12	Plan no. 13
Date of Shareholders' Meeting	April 17, 2007	April 17, 2007	April 14, 2011	April 14, 2011
Date of Board Meeting	February 20, 2008	February 18, 2009	May 12, 2011 and July 25, 2011	May 14, 2012 and July 25, 2012
Date of grant	March 20, 2008	March 20, 2009	June 10, 2011	June 12, 2012
Type of plan	subscription	subscription	subscription	subscription
Total number of options granted	2,000,000	2,000,000	1,500,000	1,437,200
to corporate officers	*56,000*	*56,000*	*7,200*	*7,200*
to the 10 employees granted the most options	*340,000*	*340,000*	*272,000*	*302,000*
Total number of options granted subject to performance conditions	-	50,000	1,500,000	1,437,200
Start date of exercise period	March 20, 2011	March 20, 2012	June 10, 2015	June 12, 2016
Expiration date	March 20, 2015	March 20, 2016	June 10, 2018	June 12, 2019
Subscription price	€15.35	€5.98	€12.47	€6.17
Terms of exercise	May be exercised from 3rd anniversary of date of grant and sold from 4th anniversary of date of grant		May be exercised and sold from 4th anniversary of date of grant	May be exercised and sold from 4th anniversary of date of grant
Number of shares subscribed at December 31, 2012	-	14,111	-	-
Cumulative number of options cancelled, not awarded, or forfeited	241,000	257,000	63,200	12,800
Number of options outstanding at the end of the period	1,759,000	1,728,889	1,436,800	1,424,400

32.2 MOVEMENT IN NUMBER OF OPTIONS OUTSTANDING

	2012		2011	
	Number of options	Weighted average subscription/ purchase price (in euros)	Number of options	Weighted average subscription/ purchase price (in euros)
Options outstanding at January 1	**5,042,986**	**11.22**	**4,558,897**	**13.18**
Options granted	1,437,200	6.17	1,500,000	12.47
Options cancelled, not awarded, or forfeited	(128,097)	10.89	(124,300)	11.74
Options exercised	(3,000)	5.98	(11,111)	5.98
Options expired	-	-	(880,500)	23.46
Options outstanding at December 31	**6,349,089**	**10.09**	**5,042,986**	**11.22**
Options exercisable at December 31	*3,487,889*	*10.71*	*1,802,000*	*15.35*

During the year ended December 31, 2012, 3,000 options were exercised. The weighted average quoted market price of TF1 shares on the exercise date was €8.64. The average residual life of options outstanding at December 31, 2012 was 51 months, compared with 66 months at December 31, 2011.

Note 33 Off balance sheet commitments

The off balance sheet commitments reported below comprise guarantee commitments given and received by the Group; reciprocal commitments not associated with the Group's operating cycles; and operating and finance lease commitments.

A commitment is reciprocal if the future commitment given by the TF1 group is inseparable from the commitment given by the other party or parties to the contract. Reciprocal commitments given and received in connection with the Group's operating cycles are reported in the Note relating to the relevant balance sheet item: Note 11 ("Programmes and broadcasting rights") for purchase contracts designed to secure future programming schedules, and Note 31.2-1 ("Liquidity risk") for confirmed bank credit facilities.

Off balance sheet commitments are stated at the amount of the outflow or inflow of resources specified in the contract. In the case of renewable contracts, the commitment is measured on the basis of the period until the next renewal date.

In the case of reciprocal commitments, the commitment given and the commitment received are measured on the basis of the net cash outflow or inflow for the TF1 group.

The various types of commitments given and received by the TF1 group are described below:

Guarantee commitments

This item comprises guarantees provided in connection with commercial contracts or leases.

None of the non-current assets held by TF1 (intangible assets, property, plant and equipment or financial assets) is subject to any pledge or mortgage.

Reciprocal contractual commitments

Image transmission

Image transmission commitments relate to the supply of television broadcasting services (Télédiffusion de France), and to the leasing of satellite capacity and transponders from private-sector companies.

Commitments relating to equity interests

This item comprises firm or optional commitments to deliver or receive securities.

- As of December 31, 2011, this item included €155 million relating to the agreement with Groupe AB;
- As of December 31, 2012, pursuant to the partnership agreement under which the Discovery Communications group acquired a 20% equity interest in the Eurosport group and the pay-TV theme channels (see Note 1, "Significant events of 2012"), the following commitments were entered into:
  - Eurosport group:
    - the Discovery Communications group has the option to acquire, during a period of one year from December 21, 2014, a further 31% interest in Eurosport SAS (the parent company of the Eurosport group), which would raise its equity interest in the company to 51%,
    - if the Discovery Communications group exercises this option, TF1 could then sell the rest of its interest in Eurosport SAS (*i.e.* 49%) to the Discovery Communications group during a period of one year from the date on which the Discovery Communications group acquires the additional 31% interest;
  - Pay-TV theme channels:
    - the Discovery Communications group has the option to acquire, during a period of one year from December 21, 2014, a further 29% interest in the pay-TV theme channels, which would raise its equity interest in the channels to 49%,
    - if the Discovery Communications group acquires an additional 31% interest in Eurosport SAS (see above) but does not acquire the additional 29% interest in the pay-TV theme channels, TF1 could then sell a further 15% equity interest in those channels to the Discovery Communications group, raising the latter's equity interest in those channels to 35%;
- WBTV: TF1 has committed to selling its entire equity interest in WBTV no later than March 31, 2013, for a symbolic €1 (see Note 10, "Investments in associates").

Other reciprocal contractual commitments

This comprises commitments given or received under various contracts associated with the non-recurring operations of Group companies.

Operating leases

This item shows (in both commitments given and commitments received) the minimum future lease payments under non-cancellable operating leases in place at the balance sheet date. Only leases that are material to the consolidated financial statements are included. Most of the leases included relate to property, in particular the premises occupied by TF1 subsidiaries and by the French companies of the Eurosport group.

Finance leases

This item shows the minimum future lease payments under finance leases in progress at the balance sheet date.

No material off balance sheet commitments, as defined in the applicable accounting standards, are omitted from the disclosures below.

33.1 GUARANTEE COMMITMENTS

(€m)	< 1 year	1-5 years	> 5 years	Total	Total 2011
Guarantee commitments					
Pledges, mortgages and collateral	-	-	-	-	-
Guarantees and endorsements given	2.3	4.8	-	7.1	3.9
Guarantee commitments given	**2.3**	**4.8**	**-**	**7.1**	**3.9**
Pledges, mortgages and collateral	-	-	-	-	-
Guarantees and endorsements received	-	1.9	-	1.9	1.9
Guarantee commitments received	**-**	**1.9**	**-**	**1.9**	**1.9**
GUARANTEE COMMITMENTS, NET	**2.3**	**2.9**	**-**	**5.2**	**2.0**

33.2 RECIPROCAL CONTRACTUAL COMMITMENTS

(€m)	< 1 year	1-5 years	> 5 years	Total	Total 2011
Miscellaneous contractual commitments					
Image transmission	54.3	104.0	6.8	165.1	153.7
Commitments relating to equity interests[(1)]	3.4	295.7	-	299.1	173.7
Other commitments	7.5	6.2	-	13.7	22.8
Miscellaneous contractual commitments given	**65.2**	**405.9**	**6.8**	**477.9**	**350.2**
Image transmission	54.3	104.0	6.8	165.1	153.7
Commitments relating to equity interests[(1)]	3.4	295.7	-	299.1	173.7
Other commitments	7.5	6.2	-	13.7	22.8
Miscellaneous contractual commitments received	**65.2**	**405.9**	**6.8**	**477.9**	**350.2**
MISCELLANEOUS CONTRACTUAL COMMITMENTS, NET	**-**	**-**	**-**	**-**	**-**

(1) *The commitments reported at end 2012 include two commitments made by TF1 to sell 31% of Eurosport and 29% of the pay-TV channels to the Discovery Communications group, measured on the basis of enterprise values as of December 31, 2012; the other commitments vis-à-vis the Discovery Communications group are subject to conditions that have not yet been fulfilled.*

33.3 OPERATING LEASES

(€m)	< 1 year	1-5 years	> 5 years	Total	Total 2011
Operating leases					
Operating lease commitments given	21.7	72.2	1.0	94.9	114.9
Operating lease commitments received	21.7	72.2	1.0	94.9	114.9
OPERATING LEASE COMMITMENTS, NET	**-**	**-**	**-**	**-**	**-**

33.4 FINANCE LEASES

(€m)	< 1 year	1-5 years	> 5 years	Total	Total 2011
FINANCE LEASES (ALREADY RECOGNISED IN THE BALANCE SHEET)	**4.4**	**6.2**	**-**	**10.6**	**15.2**

Note 34 Related-party information

34.1 EXECUTIVE COMPENSATION

Total compensation paid during 2012 to key executives of the Group (*i.e.* the 17 members of the TF1 Management Committee mentioned in the registration document) was €9.8 million, comprising:

(€m)	2012	2011
Fixed compensation	7.1	6.6
Variable compensation	2.7	2.6
Benefits in kind	N/S	N/S

Additional information:

- the portion of total share option expense and consideration-free share expense for the year relating to these key executives was €0.3 million;
- the portion of the total obligation in respect of retirement and other post-employment benefits relating to these key executives was €3.3 million.

The Bouygues Group offers the members of its Executive Committee, who include Nonce Paolini, a top-up pension of 0.92% of the reference salary for each year of service in the scheme, which represents a post-employment benefit. The expense (invoiced to TF1 by Bouygues) relating to the contribution paid in 2012 to the investment fund of the insurance company which manages the scheme was €0.5 million.

Apart from loans of shares made to key executives who are also members of the Board of Directors in connection with their duties, no material loans or guarantees were extended to key executives or members of the Board of Directors.

34.2 TRANSACTIONS WITH OTHER RELATED PARTIES

Transactions with other related parties are summarised in the table below.

	Income		Expenses		Debtors		Creditors	
(€m)	2012	2011	2012	2011	2012	2011	2012	2011
Parties with an ownership interest	45.6	26.0	(14.7)	(15.4)	252.2	12.4	37.7	56.8*
Jointly controlled entities	1.2	0.7	(2.9)	(2.2)	1.9	1.8	1.8	1.6
Associates	12.0	6.3	(20.3)	(8.8)	7.3	3.7	7.1	9.5
Other related parties	1.2	1.7	-	-	-	-	-	-
TOTAL	**60.0**	**34.7**	**(37.9)**	**(26.4)**	**261.4**	**17.9**	**46.6**	**67.9**

* *Primarily the Bouygues Relais cash pooling agreement (see Note 31.2.1).*

Agreements entered into with jointly controlled entities and with associates relate primarily to operational transactions in the course of ordinary business in the audiovisual sector, recharges of head office administrative expenses, and income and expenses arising from short-term cash pooling transactions.

Agreements executed with other related parties relate mainly to transactions with fellow-subsidiaries of Bouygues SA under agreements entered into in the course of ordinary business of a commercial nature, with the exception of transactions with Bouygues Relais under a short-term cash pooling agreement.

The off balance sheet commitments reported in Note 33 do not include any material commitments to related parties.

Note 35 Auditors' fees

The table below shows fees paid by the TF1 group to its auditors:

	Mazars				KPMG				Other firms			
	Amount		%		Amount		%		Amount		%	
(€m)	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Audit of consolidated and individual company financial statements	**(845)**	**(800)**	**96%**	**97%**	**(885)**	**(875)**	**91%**	**95%**	**(81)**	**(90)**	**77%**	**88%**
TF1 SA	*(216)*	*(216)*			*(216)*	*(216)*			-	-		
Subsidiaries	*(629)*	*(584)*			*(669)*	*(659)*			*(81)*	*(90)*		
Other procedures and services directly related to the audit engagement	**(31)**	**(27)**	**4%**	**3%**	**(68)**	**(25)**	**7%**	**3%**	**-**	**-**	**-**	**-**
TF1 SA	*(25)*	*(27)*			*(68)*	*(25)*			-	-		
Subsidiaries	*(6)*	-			-	-			-	-		
Audit-related fees	**(876)**	**(827)**	**100%**	**100%**	**(953)**	**(900)**	**98%**	**98%**	**(81)**	**(90)**	**77%**	**88%**
Other services provided by audit firms to fully consolidated subsidiaries												
Company law, tax and employment law	-	-	-	-	(17)	(16)	2%	2%	(24)	(12)	23%	12%
Other (if > 10% audit-related fees)	-	-	-	-	-	-	-	-	-	-	-	-
Other fees	**-**	**-**	**-**	**-**	**(17)**	**(16)**	**2%**	**2%**	**(24)**	**(12)**	**23%**	**12%**
TOTAL AUDITORS' FEES	**(876)**	**(827)**	**100%**	**100%**	**(970)**	**(916)**	**100%**	**100%**	**(105)**	**(102)**	**100%**	**100%**

Note 36 Dependence on licences

TF1 requires a licence to carry on its activities as a broadcaster.

The law of September 30, 1986, as amended by Law 2007-309 of March 5, 2007, stipulates that subject to certain conditions, a company's broadcasting licence may be automatically renewed. TF1 has signed the necessary agreements and provided the necessary undertakings to retain its broadcasting licence until 2022.

The following subsidiaries or jointly-controlled entities hold digital terrestrial television licences, awarded on June 10, 2003 for a ten-year period: LCI, Eurosport France, TMC, NT1 and TF6.

Note 37 Post balance sheet events

There are no material post balance sheet events to report.

Note 38 Detailed list of companies included in the consolidation

			2012		2011	
COMPANY	COUNTRY	ACTIVITY	% CONTROL(1)	CONSOLIDATION METHOD	% CONTROL(1)	CONSOLIDATION METHOD
TF1 SA	**France**	**Broadcasting**		**Parent company**		**Parent company**
BROADCASTING FRANCE						
TF1 PUBLICITE	France	TF1 advertising airtime sales	100.00%	Full	100.00%	Full
TF1 FILMS PRODUCTION	France	Co-production of films	100.00%	Full	100.00%	Full
TELESHOPPING	France	Home shopping	100.00%	Full	100.00%	Full
TV BREIZH	France	Theme channel	80.00%	Full	100.00%	Full
UNE MUSIQUE	France	Music publishing	100.00%	Full	100.00%	Full
TF6	France	Theme channel	50.00%	Proportionate	50.00%	Proportionate
TF1 ENTREPRISES	France	Merchandising, spin-offs	100.00%	Full	100.00%	Full
EUROSPORT France SA	France	Theme channel	80.00%	Full	100.00%	Full
TF1 THEMATIQUES	France	Holding company – Theme Channel Division	100.00%	Full	100.00%	Full
e-TF1	France	Internet/TV content & broadcasting	100.00%	Full	100.00%	Full
LA CHAÎNE INFO	France	Theme channel	100.00%	Full	100.00%	Full
TF1 PRODUCTION	France	Programme production	100.00%	Full	100.00%	Full
TF6 GESTION	France	TF6 management company	50.00%	Proportionate	50.00%	Proportionate
SERIE CLUB	France	Theme channel	50.00%	Proportionate	50.00%	Proportionate
MONTE CARLO PARTICIPATIONS	France	TMC holding company	100.00%	Full	100.00%	Full
TOP SHOPPING	France	Retail distribution	100.00%	Full	100.00%	Full
STYLIA	France	Theme channel	80.00%	Full	100.00%	Full
APHELIE	France	Property company	100.00%	Full	100.00%	Full
HISTOIRE	France	Theme channel	80.00%	Full	100.00%	Full
USHUAIA TV	France	Theme channel	80.00%	Full	100.00%	Full
HD1	France	Theme channel	100.00%	Full	-	-
TELE MONTE CARLO	Monaco	Theme channel	80.00%	Full	80.00%	Full
WAT	France	Internet content and services	100.00%	Full	100.00%	Full
TMC REGIE	France	TMC advertising airtime sales	80.00%	Full	80.00%	Full
SKY ART MEDIA	USA	Print media publishing	27.54%	Equity	27.54%	Equity
OUEST INFO	France	TV news images agency	100.00%	Full	100.00%	Full
ONE CAST	France	Audiovisual broadcasting/ transmission service	100.00%	Full	100.00%	Full
FIRELIE	France	Property company	100.00%	Full	100.00%	-
TF1 DISTRIBUTION	France	Distribution of TV channels	100.00%	Full	100.00%	-
SF2J	France	Producer of card & board games	100.00%	Full	100.00%	Full
DUJARDIN	France	Producer of card & board games	100.00%	Full	100.00%	Full
WB TELEVISION	Belgium	Broadcasting	49.00%	Equity	49.00%	Equity

COMPANY	COUNTRY	ACTIVITY	2012 % CONTROL[1]	2012 CONSOLIDATION METHOD	2011 % CONTROL[1]	2011 CONSOLIDATION METHOD
HOLDING OMEGA PARTICIPATIONS	France	Holding company	100.00%	Full	100.00%	Full
GROUPE AB	France	Audiovisual production, scheduling & broadcasting	33.50%	Equity	-	-
GIE TF1 Acquisitions de droits	France	Acquisition/sale of audiovisual rights	100.00%	Full	100.00%	Full
NT1	France	Theme channel	100.00%	Full	100.00%	Full
TF1 DS	France	Acquisition/sale of audiovisual rights	100.00%	Full	100.00%	Full
PREFAS 18	France	Holding company	80.00%	Full	-	-
PERELIE	France	Property company	100.00%	Full	100.00%	-
LA PLACE MEDIA	France	Advertising airtime sales	26.00%	Equity	-	-
PLACE DES TENDANCES	France	e-commerce	80.00%	Full	80.00%	Full
TF1 EXPANSION	France	Holding company	100.00%	Full	100.00%	Full
METRO FRANCE PUBLICATIONS	France	Print media publishing	100.00%	Full	100.00%	Full
AUDIOVISUAL RIGHTS						
CIBY 2000	France	Exploitation of audiovisual rights	100.00%	Full	100.00%	Full
TF1 VIDEO	France	Exploitation of video rights	100.00%	Full	100.00%	Full
GIE SONY TF1 VIDEO	France	Exploitation of video rights	50.00%	Proportionate	50.00%	Proportionate
TF1 DROITS AUDIOVISUELS	France	Exploitation of audiovisual rights	100.00%	Full	100.00%	Full
SOFICA VALOR 6	France	Exploitation of audiovisual rights	100.00%	Full	100.00%	Full
TF1 INTERNATIONAL	France	Exploitation of audiovisual rights	66.00%	Full	66.00%	Full
UGC DISTRIBUTION	France	Exploitation of audiovisual rights	34.00%	Equity	34.00%	Equity
BROADCASTING INTERNATIONAL						
EUROSPORT SAS	France	Marketing of Eurosport channel outside France	80.00%	Full	100.00%	Full
EUROSPORT BV	Netherlands	Marketing of Eurosport channel in the Netherlands	80.00%	Full	100.00%	Full
EUROSPORT TELEVISION LTD	UK	Marketing of Eurosport channel in the United Kingdom	80.00%	Full	100.00%	Full
EUROSPORT TV AB	Sweden	Marketing of Eurosport channel in Sweden	80.00%	Full	100.00%	Full
EUROSPORT MEDIA GMBH	Germany	Marketing of Eurosport channel in Germany	80.00%	Full	100.00%	Full
EUROSPORT EVENT LTD	UK	Motor race organiser	80.00%	Full	100.00%	Full
EUROSPORT ITALIA	Italy	Marketing of Eurosport channel in Italy	80.00%	Full	100.00%	Full
EUROSPORT ASIA-PACIFIC	Hong Kong	Marketing of Eurosport channel in Asia	80.00%	Full	100.00%	Full
EUROSPORT MEDIA SA	Switzerland	Marketing of Eurosport channel in Switzerland	80.00%	Full	100.00%	Full
EUROSPORT SA SPAIN	Spain	Marketing of Eurosport channel in Spain	80.00%	Full	100.00%	Full
EUROSPORT FINLAND	Finland	Marketing of Eurosport channel in Finland	80.00%	Full	100.00%	Full
EUROSPORTNEWS DISTRIBUTION LTD	Hong Kong	Marketing of Eurosport channel in Asia	80.00%	Full	98.00%	Full

			2012		2011	
COMPANY	COUNTRY	ACTIVITY	% CONTROL(1)	CONSOLIDATION METHOD	% CONTROL(1)	CONSOLIDATION METHOD
EUROSPORT NORVEGE AS	Norway	Marketing of Eurosport channel in Norway	80.00%	Full	100.00%	Full
EUROSPORT POLSKA	Poland	Marketing of Eurosport channel in Poland	80.00%	Full	100.00%	Full
EUROSPORT DANMARK APS	Denmark	Marketing of Eurosport channel in Denmark	80.00%	Full	100.00%	Full
EUROSPORT ARABIA FZ LLC	UAE	Marketing of Eurosport channel in the Middle East	80.00%	Full	100.00%	Full
EUROSPORT MEDIA DISTRIBUTION Portugal	Portugal	Marketing of Eurosport channel in Portugal	80.00%	Full	100.00%	Full
MISCELLANEOUS ACTIVITIES						
DIRECT OPTIC PARTICIPATIONS	France	e-commerce	47.85%	Equity	25.40%	Equity

(1) There is no difference between percentage control and percentage interest held in any consolidated entity.

4.3 PARENT COMPANY FINANCIAL STATEMENTS

4.3.1 Parent company income statement (French GAAP)

ASSETS *(€m)*	Note	Dec. 31, 2012 Net	Dec. 31, 2011 Net
Intangible assets	2.2 & 3.1	***36.6***	***45.8***
Concessions and similar rights		10.3	9.2
Trademarks and other intangible assets		0.0	0.0
Intangible assets in progress		2.0	3.1
Co-productions available for initial transmission		7.3	12.7
Co-productions available for retransmission		10.4	15.0
Co-productions in progress		6.6	5.8
Property, plant and equipment	2.3 & 3.2	***38.1***	***44.1***
Technical facilities		13.6	17.1
Other property, plant and equipment		24.1	26.7
Property, plant and equipment under construction		0.4	0.3
Non-current financial assets	2.4 & 3.3	***1,220.5***	***1,386.4***
Investments in subsidiaries and affiliates		1,220.1	1,285.3
Other long-term investment securities		0.1	0.8
Loans receivable		0.0	100.0
Other non-current financial assets		0.3	0.3
NON-CURRENT ASSETS		**1,295.2**	**1,476.3**
Inventories and work in progress	2.5 & 3.4	***340.8***	***400.2***
Broadcasting rights available for initial transmission		178.3	198.2
Broadcasting rights available for retransmission		160.9	200.6
Broadcasting rights in progress		1.6	1.4
Advance payments	2.6 & 3.5.1	130.3	116.6
Trade debtors	2.7 & 3.5.2	329.3	349.7
Other debtors	3.5.3	166.0	107.2
Short-term investments and cash	2.8 & 3.6	323.3	134.0
Prepaid expenses	3.7	5.3	5.3
CURRENT ASSETS		**1,295.0**	**1,113.0**
Unrealised foreign exchange losses		0.0	0.3
TOTAL ASSETS		**2,590.2**	**2,589.6**

LIABILITIES AND SHAREHOLDERS' EQUITY *(€m)*	Note	Dec. 31, 2012	Dec. 31, 2011
Share capital		42.1	42.2
Share premium		0.0	0.0
Legal reserve		4.3	4.3
Other reserves		810.5	813.4
Retained earnings		295.1	290.7
Net profit for the year		120.5	114.5
Restricted provisions	2.10	34.6	38.7
SHAREHOLDERS' EQUITY	3.8	**1,307.1**	**1,303.8**
PROVISIONS FOR LIABILITIES AND CHARGES	2.11 & 3.9	**46.9**	**80.0**
Bank borrowings(1)		0.0	1.3
Other borrowings(2)		473.6	470.1
Trade creditors		284.0	327.9
Tax and employee-related liabilities		157.7	155.4
Amounts payable in respect of non-current assets		3.2	2.5
Other liabilities		313.1	242.4
Deferred income		4.5	6.2
LIABILITIES	3.10	**1,236.1**	**1,205.8**
Unrealised foreign exchange gains		0.1	0.0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2,590.2**	**2,589.6**
(1) of which bank overdrafts and bank accounts in credit		*0.0*	*1.2*
(2) of which intra-group current accounts (including Bouygues group)		*473.6*	*470.1*

4.3.2 Parent company balance sheet (French GAAP)

(€m)	Note	2012	2011
Operating income		**1,525.4**	**1,626.9**
TF1 channel advertising revenue	2.12 & 4.1	1,339.1	1,435.2
Revenue from other services		4.2	4.7
Income from ancillary activities		13.5	7.3
Revenue		**1,356.8**	**1,447.2**
Stored production		0.1	(0.5)
Capitalised production		0.9	0.7
Operating grants		0.0	0.2
Reversals of depreciation, amortisation, provisions and impairment		71.3	81.2
Cost transfers	4.6	94.0	95.5
Other income		2.3	2.6
Operating expenses		**(1,450.0)**	**(1,429.4)**
Purchases of raw materials and other supplies	4.2	(591.9)	(610.0)
Change in inventory	4.2	(86.4)	(36.2)
External expenses		(328.9)	(348.1)
Taxes other than income taxes	4.3	(105.0)	(106.6)
Wages and salaries	4.4	(147.1)	(133.0)
Social security charges	4.4	(67.7)	(61.3)
Depreciation, amortisation, provisions and impairment			
■ amortisation of co-productions already transmitted		(17.5)	(5.6)
■ amortisation and depreciation of other non-current assets		(14.4)	(15.4)
■ impairment of intangible assets and current assets		(25.6)	(43.4)
■ provisions for liabilities and charges		(8.5)	(8.7)
Other expenses	4.5	(57.0)	(61.1)
OPERATING PROFIT		**75.4**	**197.5**
Share of profits/losses of joint operations		**0.0**	**0.0**
Financial income		112.4	131.5
Financial expenses		(80.1)	(144.2)
NET FINANCIAL INCOME	4.7	**32.3**	**(12.7)**
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS		**107.7**	**184.8**
Exceptional income		**234.8**	**37.4**
Exceptional income from operating transactions		0.8	31.4
Exceptional income from capital transactions		196.3	3.0
Reversals of provisions and impairment		37.7	3.0
Exceptional expenses		**(202.5)**	**(57.9)**
Exceptional expenses on operating transactions		(0.1)	(4.6)
Exceptional expenses on capital transactions		(195.0)	(10.6)
Depreciation, amortisation, provisions and impairment		(7.4)	(42.7)
EXCEPTIONAL ITEMS	4.8	**32.3**	**(20.5)**
Employee profit-sharing		(1.8)	(4.6)
Income taxes	4.9 & 4.10	(17.7)	(45.2)
NET PROFIT		**120.5**	**114.5**

4.3.3 Parent company cash flow statement (French GAAP)

CASH FLOW STATEMENT *(€m)*	2012	2011
1 – Operating activities		
■ Net profit for the year	120.5	114.5
■ Depreciation, amortisation, provisions and impairment(1) (2)	(19.7)	61.1
■ Investment grants released to the income statement	0.0	0.0
■ Net (gain)/loss on disposals of non-current assets	(14.4)	0.2
Operating cash flow before changes in working capital	**86.4**	**175.8**
■ Acquisitions of co-productions(2)	(8.4)	(11.3)
■ Amortisation and impairment of co-productions(2)	10.8	11.3
■ Inventories	59.4	21.5
■ Trade and other debtors	(38.0)	8.9
■ Deferred charges	27.3	(59.5)
■ Advance payments received from third parties, net	(13.7)	38.1
Change in operating working capital needs	***37.4***	***9.0***
NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES	**123.8**	**184.8**
2 – Investing activities		
■ Acquisitions of property, plant & equipment and intangible assets(1) (2)	(9.8)	(9.9)
■ Disposals of property, plant & equipment and intangible assets(1) (2)	0.0	0.0
■ Acquisitions of investments in subsidiaries and affiliates	(101.7)	(3.4)
■ Disposals of investments in subsidiaries and affiliates	192.3	0.1
■ Net change in amounts payable in respect of non-current assets	0.7	1.1
■ Net change in other non-current financial assets	100.7	59.4
NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES	**182.2**	**47.3**
3 – Financing activities		
■ Change in shareholders' equity	(3.0)	(25.8)
■ Net change in debt	3.4	(27.2)
■ Dividends paid	(115.9)	(117.2)
NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES	**(115.5)**	**(170.2)**
TOTAL CHANGE IN CASH POSITION	**190.5**	**61.9**
Cash position at beginning of period	132.8	70.9
Change in cash position	190.5	61.9
Cash position at end of period	323.3	132.8

(1) Excluding programme co-production shares.

(2) Acquisitions, consumption, disposals and retirements of programme co- production shares, accounted for as non-current assets in the parent company financial statements, are included in "Changes in operating working capital needs" in this cash flow statement in order to provide a fair representation of cash flows comparable with that presented in the consolidated financial statements.

4.4 NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

The parent company financial statements for the year ended December 31, 2012 have been prepared in accordance with legal and regulatory requirements as currently applicable in France.

These financial statements have been approved by the Board of Directors on February 19, 2013 and will be submitted for shareholders' approval during the Ordinary General Meeting on April 18, 2013.

Note 1 Significant events

1.1 STRATEGIC PARTNERSHIP WITH THE DISCOVERY COMMUNICATIONS GROUP

Under the terms of a partnership agreement signed on December 21, 2012 relating to the activities of Eurosport, the pay-TV channels and production activities, TF1 SA sold 20% of its equity interest in Eurosport SAS to the Discovery Communications group (having previously transferred Eurosport France to Eurosport SAS for €112.8 million), *via* the following transactions:

- a €112.8 million capital increase by Eurosport SAS reserved for Discovery, which enabled Discovery to acquire a 12.7% interest in the company;
- the sale of a 7.3% equity interest in Eurosport SAS for a price of €64.9 million.

This transaction took place on the basis of an enterprise value of €850 million, plus the net cash held by Eurosport as of December 31, 2012.

The terms of the agreement give the Discovery Communications group the option to increase its equity interest in the Eurosport group to 51% in two years' time, which if exercised would give TF1 SA the option to sell the remaining 49% to the Discovery Communications group (see Note 5.1, "Off balance sheet commitments").

TF1 SA also sold a 20% equity interest in Prefas 18 (a company which since December 2012 has owned the pay-TV channels TV Breizh, Histoire, Ushuaïa TV and Stylía) to the Discovery Communications group for €14.6 million. An equity injection of €72.9 million into Prefas 18 had been carried out prior to that company's acquisition of the equity interests in the pay-TV channels.

This transaction took place on the basis of an enterprise value of €70 million, plus the net cash held by the theme channels.

The terms of the agreement give the Discovery Communications group the option to increase its equity interest in the theme channels to 49% in two years' time (see Note 5.1, "Off balance sheet commitments").

1.2 LAUNCH OF PHASE II OF THE OPTIMISATION PLAN

In 2012, TF1 SA launched phase II of an optimisation plan designed to further the adaptation of its business model (refer to the Management Review for more details).

The overall costs incurred under the plan, amounting to €28.3 million, consist of staff costs and expenses relating to the rationalisation of premises.

Note 2 Accounting policies

The accounting policies described below have been applied in compliance with the principles of prudence, lawfulness and fairness in order to represent faithfully the company's assets, liabilities and financial position and the results of its operations, in accordance with the following fundamental concepts:

- going concern;
- consistency of method from one period to the next;
- accrual basis of accounting;
- and in accordance with the general rules applicable to the preparation and presentation of annual individual company financial statements in France.

The basic method used for measuring items recorded in the books of account is the historical cost method.

2.1 COMPARABILITY OF THE FINANCIAL STATEMENTS

There were no changes in accounting policy during the year ended December 31, 2012.

2.2 INTANGIBLE ASSETS

2.2.1 General principles

In order to secure programming schedules for future years, TF1 SA enters into binding contracts under which it acquires programme co-production shares and the other party agrees to deliver the programme in question.

Programme co-production shares are recognised as intangible assets at the time of technical acceptance and opening of rights, and are measured at the contractual acquisition price.

Payments made before the conditions for recognition are met are recognised in the balance sheet under "Advance payments".

Programmes acquired for a single transmission are fully amortised on transmission.

Where programmes are acquired for two or more transmissions, they are amortised as follows, according to the type of programme:

Type of programme	Dramas with a running time of at least 52 minutes	Cartoons	Other programmes
Initial transmission	80%	50%	100%
Retransmission	20%	50%	

"Other programmes" in the table above refers to children's programmes (other than cartoons), entertainment shows, plays, factual and documentary programmes, news, and dramas with a running time of less than 52 minutes.

A provision for impairment is recorded once it becomes probable that a programme with a co-production share will not be transmitted. Probability of transmission is assessed on the basis of the most recent programming schedules approved by management.

Tax depreciation is charged against co-production shares relating to programmes not yet transmitted in accordance with the policies described in Note 2.10, "Restricted provisions".

2.2.2 Co-productions available for initial transmission

Co-production rights are recorded on this line once they are opened for initial transmission on the TF1 channel.

2.2.3 Co-productions available for retransmission

Rights relating to possible repeat broadcasts are recorded on this line.

2.2.4 Co-productions in progress

This line is used to record screenplays and other texts that have not yet gone into production. The amount reported represents the sums actually paid as at the balance sheet date. The treatment of future contractual payments is described in the section on intangible assets arising from payments made to secure programming schedules for future years.

This line also includes co-production shares in programmes where shooting has been completed but technical acceptance and/or opening of rights have yet to occur.

2.2.5 Other intangible assets

Other intangible assets are measured at acquisition cost (or production cost), net of accumulated amortisation and impairment.

Software and licences are amortised on a straight line basis over their estimated useful lives.

2.3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is measured at acquisition cost, net of accumulated depreciation and impairment.

Depreciation periods and methods are summarised below:

Technical facilities	Straight line	3 to 7 years
Other property, plant and equipment	Straight line	2 to 10 years

2.4 NON-CURRENT FINANCIAL ASSETS

Equity investments are measured at acquisition cost, comprising the purchase price and transaction costs.

Annual impairment tests are performed on the basis of revenue and profit projections derived from business plans, using the discounted cash flow (DCF) method. If the value in use of an investment falls below acquisition cost, a provision for impairment is recorded. If necessary, this provision may be supplemented by a provision for impairment of the current account with the subsidiary or affiliate and a provision for liabilities and charges.

Tax depreciation is charged against transaction costs relating to acquisitions of equity interests in accordance with the policies described in Note 2.10, "Restricted provisions".

2.5 INVENTORIES AND WORK IN PROGRESS

2.5.1 General principles

In order to secure programming schedules for future years, TF1 SA enters into binding contracts (in addition to co-production share acquisition contracts) under which it acquires (and the other party agrees to deliver) programme rights and sports transmission rights.

A programme is recognised in inventory once technical acceptance and opening of rights have occurred. Programme inventory is measured at acquisition cost or total production cost (direct costs plus indirect costs attributable to the production, but excluding borrowing costs which are recognised as an expense).

Rights payments made before these conditions are met are recognised in the balance sheet under "Advance payments".

Programmes acquired for a single transmission are regarded as having been consumed in full on transmission.

Where programmes are acquired for two or more transmissions, consumption is calculated as follows:

- Programmes not individually valued in the contract:

Type of programme	Dramas with a running time of at least 52 minutes	Films, TV movies, serials and cartoons	Other programmes
Initial transmission	80%	50%	100%
Retransmission	20%	50%	

- Programmes individually valued in the contract: consumption reflects the contract price.

"Other programmes" in the table above refers to children's programmes (other than cartoons), entertainment shows, plays, factual and documentary programmes, news, and dramas with a running time of less than 52 minutes.

A provision for impairment is recognised:

- once it becomes probable that a programme will not be transmitted (probability of transmission is assessed on the basis of the most recent programming schedules approved by management);
- if the contractual value of the retransmission rights exceeds the value that would be attributed to those rights using the rules that apply to programmes that are not individually valued in a contract;
- where it is probable that a programme will be resold, and its carrying value in inventory exceeds the actual or estimated selling price.

Rights acquisition contracts not recognised in inventory at the balance sheet date are priced at the contractual amount (or the estimated future cash outflow in the case of output deal contracts) less any advance payments made in respect of the contract, which are recognised as an asset in the balance sheet in "Advance payments"; these contracts are discussed in the section on inventories.

2.5.2 Broadcasting rights available for initial transmission

Broadcasting rights are recorded on this line once they are opened for initial transmission on the TF1 channel.

2.5.3 Broadcasting rights available for retransmission

Rights relating to possible repeat broadcasts are recorded on this line.

2.6 ADVANCE PAYMENTS

Advance payments in respect of programme purchases are accounted for as described in Note 2.5.1, and may be written down if impaired.

Payments made to purchase sports transmission rights are recognised in "Advance payments" until the sporting event takes place. If the rights are resold, a provision is recorded once the sale is probable, to cover any excess of the amount of advance payments over the actual or estimated selling price.

2.7 TRADE DEBTORS

Trade debts that are the subject of ongoing legal recovery proceedings are written down in full (excluding VAT).

Provisions for risks of non-recovery of trade debts are covered by impairment provisions on the following basis:

- 100% of all trade debts (excluding VAT) more than 3 years old;
- 50% of all trade debts (excluding VAT) more than 2 years old.

2.8 SHORT-TERM INVESTMENTS AND CASH

TF1 SA provides centralised treasury management for the Group. Treasury current accounts are classified as cash in order to achieve consistency with the classification of treasury current account credit balances, included in "Other borrowings".

Short-term investments are measured at acquisition cost. A provision for impairment is recorded if the recoverable amount falls below acquisition cost.

2.9 FOREIGN-CURRENCY TRANSACTIONS AND UNREALISED FOREIGN EXCHANGE GAINS/ LOSSES

Invoices received in foreign currencies are translated into euros at the rate prevailing on the date of initial recognition, and foreign-currency liabilities are translated using the exchange rate prevailing as of December 31. Unrealised foreign exchange losses and gains are recorded on the relevant lines on the assets and liabilities sides of the balance sheet.

Unrealised foreign exchange losses on unhedged liabilities are covered by a provision included in "Provisions for liabilities and charges".

2.10 RESTRICTED PROVISIONS

This item comprises:

- tax depreciation on co-production shares for programmes not yet transmitted, calculated from the first day of the month following the end of shooting in accordance with the rules defined by the French tax authorities on July 3, 1970. The monthly percentages used are:

Month 1	20%
Month 2	15%
Months 3 to 9	5%
Months 10 to 24	2%

- tax depreciation of software and licences, in addition to the accounting depreciation recognised in the balance sheet;
- tax depreciation on transaction costs on acquisitions of equity interests, calculated over 5 years on a straight line basis.

2.11 PROVISIONS FOR LIABILITIES AND CHARGES

A provision is recorded when a legal or constructive obligation to a third party arising from a past event will certainly or probably result in an outflow of resources that can be measured reliably. Provisions are reviewed at each balance sheet date, and adjusted where necessary to reflect the best estimate of the obligation as of that date.

Contingent liabilities are obligations whose existence will be confirmed only by the occurrence of future events or for which the outflow of resources cannot be measured reliably. No provision is recorded for contingent liabilities.

2.11.1 Retirement benefits

TF1 SA's obligation in respect of retirement benefits is limited to the level of benefits stipulated in the relevant collective agreements. It is calculated using the projected unit credit method at the expected retirement date based on final salary, and recognised as a liability in "Provisions for liabilities and charges", net of amounts transferred to an insurance fund.

2.11.2 Other provisions for liabilities and charges

These mainly comprise provisions for litigation and claims. The provision is measured as the probable outflow of resources resulting from ongoing litigation or claims arising from an event prior to the balance sheet date. They include provisions for tax and social security disputes. The amount shown on reassessment notices issued by the authorities is provided for unless the company regards it as highly probable that it will successfully defend its position against the authorities. The undisputed portion of reassessment notices is recognised as a liability as soon as the amount is known.

2.12 ADVERTISING REVENUE

Sales of advertising airtime are recognised as revenue on transmission of the advertisement or commercial. The revenue recognised is the amount invoiced by advertising sales agencies (primarily TF1 Publicité) to the advertiser for the airtime, less the agency commission.

TF1 makes marginal use of barter transactions involving advertising with media other than television, such as radio or print media. These transactions are reported on a non-netted basis in "Revenue" and in "External expenses".

2.13 OFF BALANCE SHEET COMMITMENTS

Image transmission commitments represent fees payable to transmission service operators until the expiry date of their contracts.

Caution money and guarantees paid under commercial contracts are disclosed as off balance sheet commitments.

2.14 FINANCIAL INSTRUMENTS

TF1 uses financial instruments to hedge its exposure to fluctuations in interest rates and exchange rates. This exposure is generated by transactions entered into by TF1 SA itself, and by foreign exchange guarantees provided to subsidiaries in connection with the centralised management of the Group's foreign exchange risk.

Group policy is to trade on the financial markets solely for hedging purposes related to its business activities, and not to trade for speculative purposes.

Gains and losses on financial instruments used for hedging purposes are measured and recognised symmetrically with the recognition of gains and losses on the hedged item.

Note 3 Notes to the balance sheet

3.1 INTANGIBLE ASSETS

3.1.1 Intangible assets – programmes

Intangible assets mainly comprise programme co-production shares, movements in which are shown below:

(€m)	2012	2011
Co-productions in progress	10.7	8.9
Co-productions available for initial transmission	12.8	8.8
Co-productions available for retransmission	15.0	15.0
CO-PRODUCTIONS AT JANUARY 1	**38.5**	**32.7**
Acquisitions	**25.6**	**21.5**
Consumption on initial transmission	(14.5)	(4.1)
Consumption on retransmission	(3.0)	(1.5)
Total consumption on transmission	**(17.5)**	**(5.6)**
Expired	(3.0)	(0.4)
Retired or abandoned	(9.3)	(7.0)
Resold (net book value)	(4.8)	(2.8)
Decreases	**(34.6)**	**(15.8)**
CO-PRODUCTIONS AT DECEMBER 31	**29.5**	**38.4**
Breakdown of co-production shares:		
Co-productions in progress	11.8	10.7
Co-productions available for initial transmission	7.3	12.7
Co-productions available for retransmission	10.4	15.0
Total	**29.5**	**38.4**
PROVISIONS FOR IMPAIRMENT		
At January 1	**4.9**	**1.5**
Charges during the period	0.4	3.4
Reversals during the period	0.1	0.0
At December 31	**5.2**	**4.9**

As of December 31, 2012, the risk of non-transmission for co-produced programmes was €13.4 million, of which:

- €5.2 million was covered by provisions for impairment;
- €8.2 million was covered by restricted provisions previously established in accordance with the policy described in Note 2.10.

The table below shows the maturity of programme co-production share acquisition contracts entered into by TF1 to secure future programming schedules:

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total 2012	Total 2011
Co-production shares	8.8	2.9	5.5	17.2	13.8

3.1.2 Other intangible assets

Movements in other intangible assets are shown below:

Gross value *(€m)*	Jan. 1, 2012	Increases	Decreases	Transfers	Dec. 31, 2012
Software and licences	11.6	1.9	(0.9)	1.7	14.3
Other intangible assets	2.2				2.2
Intangible assets in progress	3.1	0.6	0.0	(1.6)	2.1
TOTAL	**16.9**	**2.5**	**(0.9)**	**0.1**	**18.6**
Amortisation & impairment	**Jan. 1, 2012**	**Increases**	**Decreases**	Transfers	**Dec. 31, 2012**
Software and licences	2.4	1.7			4.1
Other intangible assets	2.2				2.2
TOTAL	**4.6**	**1.7**	**0.0**		**6.3**
Net value	**12.3**				**12.3**

3.2 PROPERTY, PLANT AND EQUIPMENT

The table below shows movements in property, plant and equipment during the year:

Gross value *(€m)*	Jan. 1, 2012	Increases	Decreases	Transfers	Dec. 31, 2012
Technical facilities	79.8	2.9	(3.2)	0.1	79.6
Other property, plant and equipment	78.9	4.0	(0.7)	0.1	82.3
Property, plant and equipment under construction	0.3	0.4	0.0	(0.3)	0.4
TOTAL	**159.0**	**7.3**	**(3.9)**	**(0.1)**	**162.3**
Depreciation & impairment	**Jan. 1, 2012**	**Increases**	**Decreases**		**Dec. 31, 2012**
Technical facilities	62.7	6.6	(3.3)		66.0
Other property, plant and equipment	52.2	6.7	(0.7)		58.2
TOTAL	**114.9**	**13.3**	**(4.0)**		**124.2**
Net value	**44.1**				**38.1**

3.3 NON-CURRENT FINANCIAL ASSETS

This item breaks down as follows:

(€m)	Equity investments	Other long-term investment securities	Loans receivable	Other	Total
GROSS VALUE AT JANUARY 1, 2012	**1,533.3**	**0.8**	**100.2**	**0.3**	**1,634.6**
Increases					
Prefas 18 shares (capital increase)	72.9				72.9
WB Télévision shares (capital increase)	3.7				3.7
TF1 Production shares (capital increase)	15.0				15.0
Metro France Publications shares (capital increase)	10.0				10.0
Treasury shares		2.3			2.3
Decreases					
Eurosport France SA shares	(126.8)				(126.8)
Eurosport SAS shares	(35.5)				(35.5)
Prefas 18 shares	(14.6)				(14.6)
Eurosport loan			(100.0)		(100.0)
Treasury shares		(3.0)			(3.0)
Other items			(0.2)		(0.2)
GROSS VALUE AT DECEMBER 31, 2012	**1,458.0**	**0.1**	**0.0**	**0.3**	**1,458.4**
Provisions for impairment					
January 1, 2012	**248.0**		**0.2**		**248.2**
Charges during the period	24.9				24.9
Reversals during the period	(35.0)		(0.2)		(35.2)
December 31, 2012	**237.9**		**0.0**		**237.9**
NET VALUE AT DECEMBER 31, 2012	**1,220.1**	**0.1**	**0.0**	**0.3**	**1,220.5**

Impairment losses charged in the period, amounting to €24.9 million in total, related to TF1 Production (€20.0 million), WAT (€1.2 million) and WB Télévision (€3.7 million).

Reversals during the period related to Eurosport France (€33.5 million) and Metro France Publications (€1.5 million).

3.4 INVENTORIES AND WORK IN PROGRESS

This item mainly comprises broadcasting rights yet to be consumed, and breaks down as follows:

(€m)	Acquired rights	In-house production	Total 2012	Total 2011
Broadcasting rights available for initial transmission	227.9	0.1	228.0	226.6
Broadcasting rights available for retransmission	279.5		279.5	317.2
Broadcasting rights in progress		1.4	1.4	1.9
Inventory at january 1	**507.4**	**1.5**	**508.9**	**545.7**
Purchases during the year	**591.8**	**257.3**	**849.1**	**875.8**
Consumption on initial transmission	(535.8)	(257.1)	(792.9)	(783.0)
Consumption on retransmission	(62.7)		(62.7)	(70.7)
Total consumption on transmission	**(598.5)**	**(257.1)**	**(855.6)**	**(853.7)**
Expired	(41.8)		(41.8)	(21.1)
Retired or abandoned	(8.3)		(8.3)	(17.8)
Resold	(29.7)		(29.7)	(20.0)
Total consumption	**(678.3)**	**(257.1)**	**(935.4)**	**(912.6)**
INVENTORY AT DECEMBER 31	**420.9**	**1.7**	**422.6**	**508.9**
CHANGE IN INVENTORY	**(86.5)**	**0.2**	**(86.3)**	**(36.8)**
Closing inventory breaks down as follows:				
Broadcasting rights available for initial transmission	204.5	0.1	204.6	228.0
Broadcasting rights available for retransmission	216.4		216.4	279.5
Broadcasting rights in progress		1.6	1.6	1.4
TOTAL	**420.9**	**1.7**	**422.6**	**508.9**
PROVISIONS FOR IMPAIRMENT				
Balance at January 1	**108.7**	**0.0**	**108.7**	**123.9**
Transfers	0.0		0.0	0.7
Charges during the period	24.5		24.5	31.6
Reversals during the period	(51.4)		(51.4)	(47.5)
Balance at December 31	**81.8**	**0.0**	**81.8**	**108.7**

The table below shows the maturity of broadcasting and sports transmission rights acquisition contracts entered into by TF1 to secure future programming schedules:

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total 2012	Total 2011
Programmes and broadcasting rights(1)	701.3	585.7	37.0	1,324.0	1,621.0
Sports transmission rights(2)	44.0	182.4		226.4	279.8
TOTAL	**745.3**	**768.1**	**37.0**	**1,550.4**	**1,900.8**

(1) Includes third-party commitments entered into by GIE TF1 Acquisitions de Droits on behalf of TF1 SA, and shown in that entity's assets or off balance sheet commitments.
(2) Includes contracts entered into by TF1 DS (the company that acquires rights to sporting events broadcast by TF1, and shown in that entity's assets or off balance sheet commitments

The portion of these contracts expressed in foreign currencies was €247.8 million (expressed in U.S. dollars).

3.5 ADVANCE PAYMENTS AND DEBTORS

3.5.1 Advance payments

This mainly comprises advance payments for programme broadcasting rights acquisition contracts and sports transmission contracts (€133.8 million, against which impairment losses of €3.5 million have been charged).

3.5.2 Trade debtors

TF1 Publicité acts as agent for TF1 SA, selling advertising airtime in return for commission indexed to actual revenues. The amount owed by TF1 Publicité to TF1 SA was €300.8 million as of December 31, 2012, compared with €327.7 million as of December 31, 2011.

3.5.3 Other debtors

This item mainly comprises VAT recoverable of €66.7 million, and current accounts with subsidiaries of €74.1 million (against which impairment losses of €4.0 million have been charged).

3.5.4 Provisions for impairment of advance payments and debtors

(€m)	Jan. 1, 2012	Charges	Reversals	Dec. 31, 2012
Advance payments	9.3	0.2	(6.0)	3.5
Trade debtors		0.2		0.2
Other debtors	1.4	2.6		4.0
TOTAL	**10.7**	**3.0**	**(6.0)**	**7.7**

3.5.5 Loans receivable and debtors by due date

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total
Non-current assets		0.3		0.3
Current assets(1)	494.9	0.4		495.3
TOTAL	**494.9**	**0.7**	**0.0**	**495.6**

(1) Includes trade and other debtors, net of impairment provisions.

3.6 SHORT-TERM INVESTMENTS AND CASH

These items break down as follows:

Gross value (€m)	2012	2011
Bank deposits (sight deposits)	7.6	5.8
Treasury current accounts with debit balances(1)	315.2	127.5
Cash in hand	0.5	0.7
Cash	**323.3**	**134.0**
TOTAL	**323.3**	**134.0**
Provisions for impairment of current accounts and short-term investments		
Balance at January 1	**0.0**	**0.2**
Charges during the period		
Reversals during the period		
Transfers during the period		(0.2)
Balance at December 31	**0.0**	**0.0**
NET VALUE	**323.3**	**134.0**

(1) As of December 31, 2012, €220.0 million was placed with Bouygues Relais, and intragroup current account balances amounted to €93.2 million (compared with €127.5 million as of December 31, 2011).

3.7 PREPAID EXPENSES

Prepaid expenses amounted to €5.3 million at December 31, 2012, an identical amount to December 31, 2011.

3.8 SHAREHOLDERS' EQUITY

The share capital is divided into 210,624,321 ordinary shares with a par value of €0.20, all fully paid.

Movements in shareholders' equity during the year are shown in the table below:

(€ m)	Jan. 1, 2012	Appropriation of profit (2012 AGM) (1)	Increases	Decreases (2)	Transfers (3)	Dec. 31, 2012
Share capital	42.2			(0.1)		42.1
Share premium	0.0					0.0
Legal reserve	4.3					4.3
Retained earnings	290.7	(1.4)			5.8	295.1
Other reserves	813.4			(2.9)		810.5
Net profit for the year	114.5	(114.5)	120.5			120.5
Sub-total	**1,265.1**	**(115.9)**	**120.5**	**(3.0)**	**5.8**	**1,272.5**
Restricted provisions	38.7		6.6	(10.7)		34.6
TOTAL	**1,303.8**	**(115.9)**	**127.1**	**(13.7)**	**5.8**	**1,307.1**
Number of shares	**211,033,003**		**3,000**	**(411,682)**		**210,624,321**

(1) *Dividends paid from May 2, 2012.*
(2) *Reduction in share capital by cancellation of 411,682 repurchased shares (Board Meetings of February 15 and November 13, 2012).*
(3) *Reversal of provision for long-service leave as of January 1, 2012.*

Restricted provisions comprise the following items:

(€m)	Jan. 1, 2012	Charges	Reversals	Dec. 31, 2012
Co-production shares	25.9	2.8	(9.7)	19.0
Transaction costs on acquisitions of equity interests	4.6	1.5		6.1
Software and licences	8.2	2.3	(1.0)	9.5
TOTAL	**38.7**	**6.6**	**(10.7)**	**34.6**

3.9 PROVISIONS FOR LIABILITIES AND CHARGES

Provisions are established using the methods described in Note 2.11. Movements during the year were as follows:

(€m)	Jan. 1, 2012	Charges	Reversals (used)	Reversals (unused)	Transfers	Dec. 31, 2012
Provisions for litigation and claims	11.8	1.5	(2.4)	(1.1)	0.5	10.3
Provisions for related entities	14.4	18.3	(12.9)	(1.5)		18.3
Provisions for retirement benefit obligations	13.1	6.3		(2.6)		16.8
Provisions for long-service leave	5.8				(5.8)	0.0
Provisions for miscellaneous risks	34.9	1.4	(2.2)	(32.1)	(0.5)	1.5
TOTAL	**80.0**	**27.5**	**(17.5)**	**(37.3)**	**(5.8)**	**46.9**

Following a tax inspection covering the years 2006 to 2008, TF1 received a draft reassessment notice from the French tax authorities in November 2011. During 2012, the company contested the principal items included in this notice, and recognised in its financial statements the effects of its discussions with the tax authorities. This item also includes a risk relating to an inspection conducted by the National Centre for Cinematography (CNC).

Provisions for related entities consist of TF1 SA's share of the losses of subsidiaries, including those established in the form of partnerships, plus provisions for risks relating to subsidiaries.

The €16.8 million provision for retirement benefit obligations represents the present value of the obligation (€21.1 million) minus the fair value of plan assets (€4.3 million). The main assumptions used in calculating the present value of the obligation are:

- discount rate: 3.30%;
- salary inflation rate: 2.00%;
- age on retirement: 62.

Following changes to international accounting standards relating to employee benefits, TF1 SA has decided to alter the classification of long-service leave. With effect from January 1, 2012, long service leave entitlement is treated as a short-term employee benefit, and no longer requires a provision. The existing provision as of January 1, 2012, amounting to €5.8 million, has been reversed through retained earnings.

Reversals of provisions for miscellaneous risks include €27.0 million for the exceptional provision described in Note 4.8.

No material contingent liabilities (claims liable to result in an outflow of resources) were identified as of the balance sheet date.

3.10 LIABILITIES

3.10.1 Bank borrowings

As of December 31, 2011, this item included bank overdrafts of €1.2 million.

TF1 SA had confirmed credit facilities of €1,040 million with various banks as at December 31, 2012, none of which was drawn down at that date; of this amount, €205 million was due to expire within less than one year and €835 million after more than one year.

3.10.2 Other borrowings

This item includes surplus cash invested on behalf of subsidiaries under cash pooling agreements; the amount involved was €473.6 million, versus €423.0 million as of December 31, 2011. The balance at December 31, 2011 included a drawdown of €47.1 million under the Bouygues Relais facility.

3.10.3 Other liabilities

This item mainly comprises credit notes and accrued discounts in favour of TF1 Publicité amounting to €282.5 million (€231.1 million as of December 31, 2011).

3.10.4 Liabilities by maturity

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total
Bank borrowings	0.0			0.0
Other borrowings	473.6			473.6
Trade creditors	284.0			284.0
Tax and employee-related liabilities	157.7			157.7
Amounts payable in respect of non-current assets	3.2			3.2
Other liabilities	312.5	0.6		313.1
TOTAL	**1,231.0**	**0.6**	**0.0**	**1,231.6**

3.10.5 Accrued income and expenses

(€m)			
Accrued income included in:		**Accrued expenses included in:**	
Trade debtors	7.6	Trade creditors	143.4
Other debtors	56.7	Tax and employee-related liabilities	70.3
		Amounts payable in respect of non-current assets	0.9
		Other liabilities	282.7

3.11 DEFERRED INCOME

The deferred income of €4.5 million includes an amount of €4.1 million relating to the subsidiary TF1 Publicité, which corresponds to commitments to provide services to clients free of charge. The corresponding amount as of December 31, 2011 was €6.2 million.

Note 4 Notes to the income statement

4.1 REVENUE

Advertising revenue of €1,339.1 million was recognised in 2012, compared with €1,435.2 million in 2011.

4.2 PURCHASES OF RAW MATERIALS AND OTHER SUPPLIES AND CHANGES IN INVENTORY

This line includes broadcasting rights consumed of €678.3 million (2011: €646.2 million). See Note 3.4.

4.3 TAXES OTHER THAN INCOME TAXES

The main item included on this line is TF1 SA's contribution to the French cinematographic industry support fund, which amounted to €81.6 million in 2012 compared with €82.0 million in 2011. In 2012, this line also included €6.0 million in respect of the tax on broadcast advertising (versus €6.4 million in 2011).

4.4 WAGES, SALARIES AND SOCIAL SECURITY CHARGES

No expense was recognised in either 2012 or 2011 in respect of the TF1 group voluntary profit-sharing agreement.

The expense recognised for the employer's contribution to the company savings plan (employee share ownership plan) in 2012 was €4.1 million, compared with €4.3 million in the previous year.

4.5 OTHER EXPENSES

This item includes payments to copyright-holders and holders of related rights, amounting to €56.5 million in 2012 (versus €60.6 million in 2011).

4.6 COST TRANSFERS

This item (€94.0 million in 2012, versus €95.5 million in 2011) mainly comprises reimbursements of costs incurred by TF1 SA on behalf of its subsidiaries.

4.7 NET FINANCIAL INCOME/EXPENSE

The components of net financial income/expense are as follows:

(€m)	2012	2011
Dividends and transfers of profits/losses from partnerships	37.7	35.1
Net interest paid	2.7	1.4
Provisions for impairment of equity investments(1)	10.1	(31.4)
Provisions for impairment of current accounts	(2.6)	-
Provisions for risks relating to shares of partnership losses	(18.3)	(12.7)
Other provisions	0.5	(0.5)
Loss on assignment of current account	-	(0.8)
Foreign exchange differences	2.2	(3.8)
Net	**32,3**	**(12,7)**

(1) See Note 3.3

The "Other provisions" line includes provisions for unrealised foreign exchange losses.

Interest paid to related companies in 2012 totalled €0.9 million (2011: €4.2 million), and interest received from related companies totalled €3.4 million (2011: €5.0 million).

4.8 EXCEPTIONAL ITEMS

Exceptional items break down as follows:

(€m)	2012	2011
Retirements and losses on disposal of co-production shares	(13.1)	(7.4)
Net change in provisions (including tax depreciation)	30.3	(39.7)
Gains/(losses) on disposals of non-current financial assets	15.3	0.0
Other items	(0.2)	26.6
Net	**32.3**	**(20.5)**

The net change in provisions in 2012 includes the reversal of a €27.0 million provision (originally booked in 2011) following withdrawal by the tax authorities of their claim in a dispute relating to a reimbursement of CNC (French National Centre for Cinematography) taxes. The remainder of this item relates to the net change in tax depreciation.

The net gain on disposal of non-current financial assets of €15.3 million comprises a gain of €29.3 million on the sale of a 7.3% interest in Eurosport SAS to Discovery, and a loss of €14 million on the transfer of equity interests in Eurosport France to Eurosport SAS.

4.9 INCOME TAXES

This item breaks down as follows:

(€m)	2012	2011
Income tax expense incurred by the tax group	(41.9)	(81.6)
Income tax credit receivable from companies entitled to tax credits	22.2	39.3
Prior-year income tax expense	2.0	(2.9)
Income tax expense	**(17.7)**	**(45.2)**

“Income tax expense incurred by the tax group” and “Income tax credit receivable from companies entitled to tax credits” fell by matching amounts because the companies in which Discovery acquired an equity interest during 2012 were withdrawn from the tax group.

Exceptional items generated a tax expense of €6.4 million.

TF1 made a group tax election on January 1, 1989. Under the group tax election agreement, the tax liability borne by each company included in the election is the same as it would have borne had there been no group tax election. The group tax election included 31 companies in 2012.

The difference between the standard French tax rate of 36.10% and the effective tax rate of 12.80% is mainly due to deductions relating to income not taxed at the full rate (dividends, long-term capital gains) and adjustments related to the tax group (tax savings arising from the losses of tax group member companies, reinstatement of intragroup transactions).

The total amount of tax losses of subsidiaries that generated savings for the tax group and may generate a tax liability in the future is €15.3 million.

4.10 DEFERRED TAX POSITION

The table below shows future tax effects that were not recognised by TF1 SA at the balance sheet date but will be recognised when the underlying transactions are recognised in the income statement, calculated using a tax rate of 36.10%.

(€m)	Future increases in tax liability	Future reductions in tax liability
Restricted provisions	10.3	-
Accrued employee profit-sharing, holiday pay entitlement and social solidarity contributions, provisions for retirement benefit obligations, and other non-deductible expenses	-	11.8

Note 5 Other information

5.1 OFF BALANCE SHEET COMMITMENTS

The table shows off balance sheet commitments by type and maturity:

Commitments given (€m)	Less than 1 year	1 to 5 years	More than 5 years	Total 2012	Total 2011
Operating leases	27.6	120.7	18.1	166.4	188.7
Image transmission contracts	19.0	40.1	1.8	60.9	63.9
Property finance leases(1)	2.1	3.0		5.1	7.3
Guarantees(2)	5.6	15.8		21.4	22.3
Commitments relating to equity interests(3)		283.8		283.8	155.0
Other commitments(4)	0.8	0.1		0.9	0.2
TOTAL	**55.1**	**463.5**	**19.9**	**538.5**	**437.4**
Commitments received (€m)	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total 2012**	**Total 2011**
Operating leases	27.6	120.7	18.1	166.4	188.7
Image transmission contracts	19.0	40.1	1.8	60.9	63.9
Property finance leases(1)	2.1	3.0		5.1	7.3
Commitments relating to equity interests(3)		283.8		283.8	155.0
Other commitments(4)	1.9			1.9	6.2
TOTAL	**50.6**	**447.6**	**19.9**	**518.1**	**421.1**

(1) LOn June 1, 2010, TF1 acquired technical and computer equipment under a 5-year finance lease contracted with a bank for a total amount of €10.1 million (excluding interest). Lease payments made during 2012 amounted to €2.1 million, and estimated future lease payments amount to €5.1 million.
(2) This item relates to guarantees provided by TF1 SA against default by its subsidiaries.
(3) In 2011, the 33.5% equity interest held by TF1 in Groupe AB had since June 2010 been subject to a call option exercisable by Groupe AB management at any time up to and including June 11, 2012 at a price of €155 million. This option was not exercised in 2012.
In 2012, as a result of the partnership agreement with the Discovery Communications group and the latter's acquisition of a 20% equity interest the Eurosport group and the pay-TV theme channels (see Note 1, "Significant events"), the following commitments were entered into:
Relating to the Eurosport group:
le groupe Discovery Communications dispose de la faculté d'acquérir, à compter du 21 décembre 2014 et pendant une durée d'un an, 31 % de la société Eurosport SAS, société mère du groupe Eurosport, et de détenir ainsi 51 % du capital de la société ;
- *the Discovery Communications group has the option to acquire, during a period of one year from December 21, 2014, a further 31% interest in Eurosport SAS (the parent company of the Eurosport group), which would raise its equity interest in the company to 51%.*
- *if the Discovery Communications group exercises this option, TF1 could then sell the rest of its interest in Eurosport SAS (i.e. 49%) to the Discovery Communications group during a period of one year from the date on which the Discovery Communications group acquires the additional 31% interest.*

Relating to the pay-TV theme channels:
- *the Discovery Communications group has the option to acquire, during a period of one year from December 21, 2014, a further 29% interest in the pay-TV theme channels, which would raise its equity interest in the channels to 49%.*
- *if the Discovery Communications group acquires an additional 31% interest in Eurosport SAS (see above) but does not acquire the additional 29% interest in the pay-TV theme channels, TF1 could then sell a further 15% equity interest in those channels to the Discovery Communications group, raising the latter's equity interest in those channels to 35%.*

The commitments reported here, amounting to €283.3 million, represent the two commitments made by TF1 to sell 31% of Eurosport and 29% of the pay-TV channels to the Discovery Communications group, measured on the basis of enterprise values at December 31, 2012; the other commitments vis-à-vis the Discovery Communications group are subject to conditions that have not yet been fulfilled.
(4) Other commitments given and received mainly comprise the fair value of currency instruments (see Note 5.2.1).

Other reciprocal commitments relating to the operating cycle are reported in the notes relating to the relevant balance sheet item (in particular, commitments to secure future programming schedules) and to the financing of these items (see Note 3.10-1).

TF1 SA had not contracted any complex commitments as of December 31, 2012.

5.2 USE OF HEDGING INSTRUMENTS

5.2.1 Hedging of foreign exchange risk

TF1 is exposed to fluctuations in exchange rates as a result of:

- making and receiving commercial payments in foreign currencies;
- providing subsidiaries with a guaranteed annual exchange rate per currency, applied to annual projections of their foreign-currency cash needs or surpluses.

Periodically, TF1 updates its consolidated net exposure and reassesses its foreign exchange risk. The strategy applied is to lock in or guarantee a maximum exchange rate on its net long position and a minimum exchange rate on its net short position in each of the currencies used, over a rolling 12.to-18-month period depending on market opportunities.

TF1 buys and sells currency forward and contracts swaps to protect itself against exchange rate fluctuations.

At December 31, 2012, the equivalent value of these hedging instruments contracted with banks was €74.8 million:

- €70.0 million of forward purchases (all in U.S. dollars, valued at the closing exchange rate);
- €4.8 million of currency swaps (€1.7 million in Swiss francs and €3.1 million in pounds sterling).

5.3 EMPLOYEES

The table below shows the split of employees (permanent contracts) by grade at the balance sheet date, based on the classifications defined in the collective agreement for the French communication and audiovisual production industries:

	2012	2011	2010
Clerical and administrative	10	10	10
Supervisory	352	380	390
Managerial	971	996	960
Journalists	229	247	244
TOTAL	**1,562**	**1,633**	**1,604**

5.4 EXECUTIVE COMPENSATION

Total compensation paid during 2012 to key executives of the TF1 group (*i.e.* the 15 members of the TF1 Management Committee mentioned in the Annual Report) was €9.8 million.

The portion of the total obligation in respect of retirement and other post-employment benefits relating to these key executives was €3.3 million.

The Bouygues Group offers the members of its Executive Committee, who include Nonce Paolini, a top-up pension of 0.92% of the reference salary for each year of service in the scheme, which represents a post-employment benefit. The expense (invoiced to TF1 by Bouygues) relating to the contribution paid in 2012 to the investment fund of the insurance company which manages the scheme was €0.5 million.

Apart from loans of shares made to key executives who are also members of the Board of Directors in connection with their duties, no material loans or guarantees were extended to key executives or members of the Board of Directors.

5.5 SHARE OPTIONS AND ALLOTMENT OF CONSIDERATION-FREE SHARES

Information about the granting of share options and the allotment of consideration-free shares to employees is given in the relevant section of the Directors' Report ("Share subscription option plans and consideration-free share allotment plans").

5.6 DIRECTORS' FEES

Directors' fees paid in 2012 amounted to €0.3 million.

5.7 AMOUNTS INVOLVING RELATED COMPANIES

(€m)			
Assets		**Liabilities**	
		Debt	473.6
Advance payments/trade debtors	406.7	Trade creditors	41.2
Other debtors	74.1	Other liabilities	309.8
Cash and current accounts	315.2	Deferred income	4.1
Expenses		**Income**	
Operating expenses	217.2	Operating income	1,423.9
Financial expenses	19.1	Financial income	48.3

5.8 LIST OF SUBSIDIARIES, AFFILIATES AND OTHER EQUITY INVESTMENTS

Company/Group	Share capital	Equity other than share capital and profit/loss	Share of capital held	Gross book value of investment (1)	Net book value of investment (1)	Outstanding loans and advances	Guarantees provided (2)	Revenues for most recent financial year	Profit/(loss) for most recent financial year	Dividends received during the year
(in thousands of euros (or other currency as specified)										
I. Subsidiaries (at least 50% of the capital held by TF1 SA)										
■ TF1 PUBLICITE	2,400	1,014	100.00%	3,038	3,038	8,788	-	1,578,993	12,313	18,150
■ TF1 FILMS PRODUCTION	2,550	25,791	100.00%	1,768	1,768	-	-	42,645	3,820	-
■ TÉLÉ-SHOPPING	5,127	2,888	100.00%	5,130	5,130	1,732	-	90,868	507	3,076
■ TF1 PUBLICATIONS*	75	(1,420)	99.88%	519	0	-	-	0	4	-
■ TF1 ENTREPRISES	3,000	11,100	100.00%	3,049	3,049	-	-	43,168	6,520	1,600
■ e-TF1	1,000	496	100.00%	1,000	1,000	-	-	85,764	9,902	5,865
■ TF1 THEMATIQUES	40,000	13,489	100.00%	209,452	89,000	-	-	94	34,186	-
■ EUROSPORT	17,182	483,049	80.00%	198,713	198,713	0	-	390,342	32,324	3,000
■ ONE CAST	3,000	329	100.00%	17,940	17,940	1,402	-	11,994	973	420
■ TF1 EXPANSION	269	323,779	100.00%	291,291	291,291	-	-	0	11,947	-
■ TF1 DROITS AUDIOVISUELS	40,000	(19,217)	100.00%	116,431	62,000	23,773	15,317	54,359	1,103	-
■ LA CHAINE INFO	4,500	80	100.00%	2,059	2,059	-	238	36,052	(7,007)	-
■ OUEST INFO	40	(361)	100.00%	1,617	1,617	-	-	2,227	(10)	-
■ TF1 PRODUCTION	10,080	11,882	100.00%	39,052	14,052	10,635	-	87,465	(6,929)	-
■ TF1 INSTITUT	40	(300)	100.00%	590	590	91	-	1,104	31	-
■ TF1 MANAGEMENT	40	(17)	100.00%	40	40	-	-	0	(5)	-
■ WAT	100	246	100.00%	12,140	3,800	-	-	2,755	452	160
■ HD1	40	(14)	100.00%	40	40	188	-	328	(1,728)	-
■ PREFAS 18	73,000	0	80.00%	58,400	58,400	3,500	-	0	(80)	-
■ PREFAS 19	40	0	100.00%	40	40	-	-	0	(3)	-
■ PREFAS 20	40	0	100.00%	40	40	-	-	0	(3)	-
■ PREFAS 21	40	0	100.00%	40	40	-	-	0	(3)	-
■ PUBLICATIONS METRO FRANCE	100	5,493	100.00%	25,552	17,500	1,201	-	35,507	(4,027)	-
■ TF1 DISTRIBUTION	40	(263)	100.00%	40	40	5,349	-	59,756	(124)	-
■ HOP	11,624	37,058	100.00%	276,185	276,185	-	-	0	(3)	3,000
■ TF1 DS	100	0	100.00%	100	100	39,060	-	22,150	(63)	-
■ GIE ACQUISITION DE DROITS	0	0	93.00%	0	0	48,934	-	139,348	(11,570)	-
II. Affiliates (10% to 50% of the capital held by TF1 SA)										
■ MEDIAMETRIE*	930	19,294	10.80%	44	44	-	-	73,207	4,802	52
■ A1 INTERNATIONAL**	20	5,015	50.00%	12,809	0	-	-	0	(3,779)	-
■ MONTE CARLO PARTICIPATION	25,285	(335)	50.00%	12,642	12,642	-	-	2,165	3,915	-
■ S M R 6	105	73	14.29%	15	15	5	-	78	2	-
■ GROUPE AB*	462,687	(33)	33.50%	155,000	155,000	-	-	1,280	(389)	-
■ WB TELEVISION*	62	(4,665)	49.11%	8,237	0	-	-	0	(15,167)	-
■ MR5	38	(34)	33.33%	13	13	-	-	19,164	(31)	-

Company/Group	Share capital	Equity other than share capital and profit/ loss	Share of capital held	Gross book value of investment (1)	Net book value of investment (1)	Outstanding loans and advances	Guarantees provided (2)	Revenues for most recent financial year	Profit/ (loss) for most recent financial year	Dividends received during the year
(in thousands of euros (or other currency as specified)										
III. Other equity investments (less than 10% of the capital held by TF1 SA)										
■ E BUZZING*	8,657	41,747	9.06%	3,504	3,504	-	-	191	3,908	-
■ PRIMA TV**	6,500	3,964	5.00%	1,407	1,407	-	-	47,926	27,433	-
■ MÉDIAMETRIE EXPANSION*	1,829	87	5.00%	91	0	-	-	0	286	7
■ TF6	80	(7)	0.02%	0	0	-	121	13,897	(949)	-
■ TF6 GESTION	80	23	0.001%	0	0	-	-	5	(8)	-
■ SERIE CLUB	50	419	0.004%	2	2	-	-	9,608	670	-
■ APHELIE	2	4,498	0.05%	0	0	40	-	14,670	12,397	-
■ DUJARDIN (EX REGAIN GALORE)	463	3,082	0.01%	1	1	-	-	18,217	(292)	-
TOTAL SUBSIDIARIES, AFFILIATES & EQUITY INVESTMENTS				**1,458,031**	**1,220,100**	**144,698**	**15,676**	**-**	**-**	**35,330**

(1) Includes transaction costs where relevant.
(2) "Guarantees provided" represent guarantees given by TF1 SA to cover possible default by a subsidiary, and are disclosed in off balance sheet commitments.
** Share capital, equity other than share capital and profit/loss, revenue, and profit/loss all relate to the 2011 financial year.*
*** Share capital, equity other than share capital and profit/loss, revenue, and profit/loss all relate to the 2009 financial year.*

Note 6 Post balance sheet events

None.

5

STATUTORY AUDITORS AND INDEPENDENT VERIFIER'S REPORTS

5.1 STATUTORY AUDITORS' REPORT ON THE REPORT BY THE CHAIRMAN OF THE BOARD

This is a free translation into English of a report issued in French and provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with French law and professionnal auditing standards applicable in France.

Statutory Auditors' Report, prepared in accordance with Article L.225-235 of the French Commercial Code ("Code de Commerce"), on the Report by the Chairman of the Board of Directors of Télévision Française 1 S.A

Year ended 31 December 2012

To the Shareholders,

In our capacity as Statutory Auditors of Télévision Française 1 S.A., and in accordance with Article L.225-235 of the French Commercial Code ("Code de commerce"), we hereby report on the report prepared by the Chairman of your company in accordance with Article L.225-37 of the French Commercial Code for the year ended 31 December 2012.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report on the internal control and risk management procedures implemented by the company and containing the other disclosures required by Article L.225-37 particularly in terms of the corporate governance measures.

It is our responsibility:

- to report to you on the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- to attest that this report contains the other disclosures required by Article L.225-37 of the French Commercial Code, it being specified that we are not responsible for verifying the fairness of these disclosures.

We conducted our work in accordance with professional standards applicable in France.

INFORMATION ON THE INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

These standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consisted mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and existing documentation;
- determining if any significant weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our engagement are properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the company's internal control and risk management procedures relating to the preparation and processing of accounting and financial information contained in the report prepared by the Chairman of the Board in accordance with Article L.225-37 of the French Commercial Code.

OTHER DISCLOSURES

We hereby attest that the Chairman's report includes the other disclosures required by Article L.225-37 of the French Commercial Code.

The Statutory Auditors

Paris La Défense and Courbevoie, 19 February 2013

KPMG Audit IS
Stéphanie Ortega, Partner

Mazars
Guillaume Potel, Partner
Olivier Thireau, Partner

5.2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking users. The Statutory Auditors' report includes information specifically required by French law in such reports. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information not derived from the consolidated financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended 31 December 2012

To the Shareholders,

Following our appointment as Statutory Auditors by the Shareholders' Annual General Meeting, we hereby report to you, for the year ended 31 December 2012, on:

- the audit of the accompanying consolidated financial statements of Télévision Française 1 S.A. ("the Company");
- the justification of our assessments;
- the specific verification required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

1 OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2012 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

2 JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of Article L.823-9 of the French Commercial Code relating to the justification of our assessments, we draw your attention to the following matters:

- Each year end, the Company performs impairment tests on goodwill and intangible assets with indefinite useful lives, and also assesses whether there is any indication of impairment of other tangible and intangible assets, according to the methods described in Notes 2-10 and 7 to the consolidated financial statements. Based on the information available to us, we examined the methods used to test for impairment and the cash flow forecasts and ensured that the notes provide appropriate disclosures thereon.
- Broadcasting rights are accounted for in accordance with the accounting policies described in Notes 2-12 and 11 to the consolidated financial statements. These notes set out the methods used to account for the consumption of Broadcasting rights and the principle used to determine impairment. Based on the information available to us, we examined the method used to determine the net present value of the programs and broadcasting rights and we ensured that the notes provide appropriate disclosures thereon.
- The disposal of 20% of the shareholding in the Eurosport Group and in several Pay-TV channels to Discovery Communications is described in notes 1.1, 3.1.1, 13.2.4 and 33 to the financial statements. We have verified that the accounting methods applied and disclosure in the financial statements of this disposal are appropriate.

These assessments were made in the context of our audit of the consolidated financial statements taken as a whole and therefore contributed to the opinion expressed in the first part of this report.

3 SPECIFIC VERIFICATION

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the group's management report.

We have no matters to report regarding its fair presentation and conformity with the consolidated financial statements.

The Statutory Auditors

Paris La Défense and Courbevoie, 19 February 2013

KPMG Audit IS	Mazars	
Stéphanie Ortega, Partner	Guillaume Potel, Partner	Olivier Thireau, Partner

5.3 STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking users. The Statutory Auditors' report includes information specifically required by French law in such reports. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information not derived from the financial statements.

This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

Year ended 31 December 2012

To the Shareholders,

Following our appointment as Statutory Auditors by the Shareholders' Annual General Meeting, we hereby report to you, for the year ended 31 December 2012, on:

- the audit of the accompanying financial statements of Télévision Française 1 S.A. ("the Company");
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

1 OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2012 and of the results of its operations for the year then ended in accordance with French accounting principles.

2 JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of Article L.823-9 of the French Commercial Code relating to the justification of our assessments, we draw your attention to the following matters:

- Note 2.4 to the financial statements describes the method used to determine the value in use of investments for which an impairment charge or provision may be recorded. Based on the information available to us, we examined the method used to determine the value in use of the investments and verified that the information provided in the notes 2.4 and 3.3 were appropriate.
- Broadcasting rights are accounted for in accordance with the policies described in Notes 2.2 and 2.5 to the financial statements, which set out the associated amortization and consumption methods and principle used to determine to impairment. Based on the information available to us, we examined the method used to determine the net present value of the broadcasting rights and verified that the information provided in the notes were appropriate.
- The disposal of 20% of the shareholding in the Eurosport Group and in several Pay TV channels to Discovery Communications is described in notes 1.1, 4.8 and 5.1 to the financial statements. We have verified that the accounting methods applied and disclosure in the financial statements of this disposal are appropriate.

The assessments were made in the context of our audit of the financial statements taken as a whole and therefore contributed to the formation of the opinion expressed in the first part of this report.

3 SPECIFIC VERIFICATIONS AND INFORMATION

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L.225-102-1 of the French Commercial Code ("Code de commerce") relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements or with the underlaying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders (and holders of the voting rights) has been properly disclosed in the management report.

The Statutory Auditors

Paris La Défense and Courbevoie, 19 February 2013

KPMG Audit IS	Mazars	
Stéphanie Ortega, Partner	Guillaume Potel, Partner	Olivier Thireau, Partner

5.4 STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

This is a free translation into English of the auditors'special report dealing with regulated agreements and undertakings issued in French and it is provided solely for the convenience of English-speaking users.

The special report includes information specifically required by French law in such reports, whether modified or not.

This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

General Meeting held to approve the financial statements for the year ended December 31, 2012

To the Shareholders,

In our capacity as statutory auditors of your company, we hereby present our report on regulated agreements and commitments.

Our responsibility is to report to you, on the basis of the information provided to us, on the characteristics and principal terms of the agreements and commitments of which we have been informed or of which we have become aware during our engagement. It is not our responsibility to express an opinion as to their usefulness or merits, or to ascertain whether any other agreements or commitments exist. It is your responsibility, under the terms of Article R. 225-31 of the French Commercial Code, to assess the benefits of entering into these agreements and commitments with a view to approving them.

It is also our responsibility to provide you, to the extent necessary, with the information stipulated in Article R. 225-31 of the French Commercial Code regarding the execution during the financial year now ended of agreements and commitments already approved by the General Meeting.

We have performed the procedures we regarded as necessary in accordance with professional standards as issued by the *Compagnie Nationale des Commissaires aux Comptes* for this engagement. Those procedures involved checking that the information provided to us was consistent with the source documents.

Agreements and commitments submitted for approval by the General Meeting held to approve the financial statements for the year ended December 31, 2012

I AGREEMENTS AND COMMITMENTS AUTHORISED DURING THE FINANCIAL YEAR NOW ENDED

Pursuant to Article L.225-40 of the French Commercial Code, we have been informed of the following agreements and commitments that were authorised in advance by the Board of Directors.

WITH BOUYGUES

Shared services agreement

Authorised by the Board of Directors on February 15, 2012

The Board of Directors authorised the renewal for the 2012 financial year of the shared services agreement with Bouygues under which Bouygues provides services to TF1, especially in the fields of management, human resources, information systems and finance.

The amount invoiced by Bouygues for the 2012 financial year was €3,624,790 (excluding taxes), comprising €3,473,083 (excluding taxes) in respect of 2012 and €151,707 (excluding taxes) as an adjustment in respect of the 2011 financial year.

Authorised by the Board of Directors on November 13, 2012

The Board of Directors authorised the renewal, for a period of one year from January 1, 2013, of the shared services agreement with Bouygues under which Bouygues provides services to TF1, especially in the fields of management, human resources, information systems and finance.

The renewal of this agreement for 2013 had no financial impact in the 2012 financial year; its effects will be recognised in the 2013 financial year.

Benefits of this agreement

The purpose of this shared services agreement is to enable TF1 to benefit from services provided by its parent company.

Financial terms

This agreement is based on rules relating to the allocation and billing of the cost of shared services between companies using those services, including specific services provided at the request of TF1 and an allocation of a share of the residual costs. The amount invoiced is limited to a percentage of revenues.

Individuals and entities involved

- Bouygues: Martin Bouygues (Chairman and Chief Executive Officer, Director), Patricia Barbizet, Olivier Bouygues and Nonce Paolini (Directors).
- Bouygues is a shareholder.

Top-up pension plan for key executives

Authorised by the Board of Directors on February 15, 2012

The Board of Directors authorised the renewal for the 2012 financial year of the agreement relating to the top-up pension plan provided under a collective defined-benefit pension plan operated by Bouygues, under which members of the Bouygues Management Committee are entitled to a top-up pension based on 0.92% of their reference salary for each year's membership of the plan. This top-up plan is capped at eight times the annual French social security ceiling, and is contracted out to an insurance company.

The amount invoiced by Bouygues for the 2012 financial year was €472,788 (excluding taxes).

Authorised by the Board of Directors on November 13, 2012

The Board of Directors authorised the renewal, for a period of one year from January 1, 2013, of the top-up pension plan provided under a collective defined-benefit pension plan operated by Bouygues, under which members of the Bouygues Management Committee are entitled to a top-up pension based on 0.92% of their reference salary for each year's membership of the plan. This top-up plan is capped at eight times the annual French social security ceiling, and is contracted out to an insurance company.

The renewal of this agreement for 2013 had no financial impact in the 2012 financial year; its effects will be recognised in the 2013 financial year.

Benefits of this agreement

The purpose of this agreement is to secure the loyalty of members of the Management Committee, who include Nonce Paolini.

Financial terms

Bouygues recharges TF1 for its share of the premiums paid to the insurance company.

Individuals and entities involved

- Bouygues: Martin Bouygues (Chairman and Chief Executive Officer, Director), Patricia Barbizet, Olivier Bouygues and Nonce Paolini (Directors).
- Bouygues is a shareholder.

WITH GIE 32 AVENUE HOCHE

Provision of office space

Authorised by the Board of Directors on November 13, 2012

The Board of Directors authorised the renewal, for a period of one year from January 1, 2013, of the agreement to provide office space on the first floor at 32, avenue Hoche, Paris.

The renewal of this agreement for 2013 had no financial impact in the 2012 financial year; its effects will be recognised in the 2013 financial year.

Benefits of this agreement

Under this agreement, GIE 32 Avenue Hoche makes available to TF1 office space and meeting rooms on the 1st floor at 32 avenue Hoche, Paris, and also invoices related services such as reception services, information systems and secretarial services.

Financial terms

Billing under this agreement is on a flat fee basis.

Individuals and entities involved

- Bouygues: Martin Bouygues (Chairman and Chief Executive Officer, Director), Patricia Barbizet, Olivier Bouygues and Nonce Paolini (Directors).
- Bouygues is a member of GIE 32 Avenue Hoche.

WITH WBTV, HOLDING COMPANY OWNING 100% OF THE CAPITAL OF BTV

Divestment by TF1 of its interest in the capital of WBTV

Authorised by the Board of Directors on November 13, 2012

The Board of Directors authorised TF1 to divest its interest in the capital of WBTV, a holding company which owns 100% of the capital of BTV (broadcaster of the AB3 and AB4 channels) and which itself is owned 49% by TF1 and 51% by Claude Berda, no later than March 31, 2013.

During the 2012 financial year, TF1 made a cash injection of €3,737k. The other transactions under the agreeement had no financial impact during the 2012 financial year; their effect will be recognised in the 2013 financial year.

Benefits of this agreement

BTV has for some years been experiencing difficult competitive and economic conditions, and has been making net losses since 2009 such that it is unable to meet its liabilities.

TF1, wishing to divest its interest in WBTV, signed an agreement on November 9, 2012 setting the terms for its divestment.

Financial terms

This agreement is based around the following transactions:

- refinancing of WBTV via a cash injection of €3,740k by TF1;
- sale of the shares in WBTV to Claude Berda for €1 under a put option exercisable no later than March 31, 2013;
- waiver by TF1 of the outstanding debts owed to it by BTV no later than March 31, 2013, to be authorised by the Board of Directors on February 19, 2013.

Individuals and entities involved

- WBTV: Claude Berda (Director).
- TF1 is a shareholder.

WITH SUBSIDIARIES OF THE TF1 GROUP

Support function agreements

Authorised by the Board of Directors on February 15, 2012

The Board of Directors has authorised the signature of support function agreements with subsidiaries of the Group in respect of the 2012 financial year. These agreements, the wording of which has been amended to redefine the services provided by the support functions, cover the provision by TF1 to its subsidiaries of various services, especially in the fields of management, human resources, consultancy, finance and strategy.

Benefits of these agreements

The purpose of these agreements is to enable the subsidiaries to benefit from services provided by their parent company.

Financial terms

This agreement is based on rules relating to the allocation and billing of the cost of support functions between companies using their services, including specific services provided at the request of the subsidiary and an allocation of a share of the residual costs. The amount invoiced is limited to a percentage of revenues.

The amounts invoiced by TF1 to its subsidiaries totalled €13,507k, split as follows:

- €14,024k in respect of the 2012 financial year;
- €517k in credit notes, representing adjustments in respect of the 2011 financial year.

In € thousands (excluding taxes)	In respect of 2012	In respect of 2011	Total
TF1 PUBLICITÉ	4,181	(139)	4,042
TF1 ENTREPRISES	323	4	327
DUJARDIN	127	39	166
TF1 VIDÉO	704	(23)	681
UNE MUSIQUE	11	6	17
e-TF1	867	(75)	792
WAT	55	(7)	48
ONECAST	58	2	60
TF1 INSTITUT	5	(2)	3
TÉLÉSHOPPING	694	(30)	664
TOP SHOPPING	35	(19)	16
TF1 FILMS PRODUCTION	219	25	244
EUROSPORT	3,131	(103)	3,028
EUROSPORT France	450	1	451
LCI	597	(79)	518
STYLIA	64	(5)	59
TV BREIZH	183	(41)	142
HISTOIRE	46	5	51
USHUAIA TV	26	(2)	24
TF1 DA	347	(7)	340
TF1 PRODUCTION	1,099	30	1,129
OUEST INFO	58	(24)	34
NT1	228	(52)	176
TÉLÉ MONTE CARLO	516	(12)	504
TF1 DISTRIBUTION	0	(9)	(9)
TOTAL	**14,024**	**(517)**	**13, 507**

Authorised by the Board of Directors on November 13, 2012

The Board of Directors authorised the renewal, for a period of one year from January 1, 2013, of the support function agreements entered into with the subsidiaries of the TF1 group under which TF1 supplies its subsidiaries with various services, especially in the fields of management, human resources, consultancy, finance and strategy.

The renewal of this agreement had no financial impact in the 2012 financial year; its effects will be recognised in the 2013 financial year.

Entity involved

- Eurosport: Olivier Bouygues (Director)
- TF1 is a shareholder.

WITH LA CHAÎNE INFO - LCI

Guarantee contract with La Chaîne Info - LCI for potential coverage of major events

Authorised by the Board of Directors on February 15, 2012

The Board of Directors authorised the renewal, in respect of the 2012 financial year, of the guarantee agreement with LCI for potential coverage of major events.

LCI received a fixed sum of €5,000,000 (excluding taxes) in respect of the 2012 financial year.

Authorised by the Board of Directors on November 13, 2012

The Board of Directors authorised the renewal, for a period of one year from January 1, 2013, of the guarantee agreement with LCI for potential coverage of major events.

The renewal of this agreement for 2013 had no financial impact in the 2012 financial year; its effects will be recognised in the 2013 financial year.

Benefits of this agreement

This agreement enables the TF1 channel to take live news feeds from the LCI channel to cover major breaking news stories, such that TF1 can be guaranteed immediate coverage.

Financial terms

This agreement is based on a fixed-price sum.

Individuals and entities involved

- TF1 is a shareholder.

WITH e-TF1

Business lease agreement with e-TF1

Authorised by the Board of Directors on November 13, 2012

The Board of Directors authorised the renewal, for a period of one year from January 1, 2013, of the management lease.

Benefits of this agreement

This agreement enables e-TF1 to operate all its activities relating to interactive products or services under a management lease from TF1.

Financial terms

TF1 receives a royalty calculated by reference to e-TF1 revenue bands.

The amount of royalties invoiced by TF1 in respect of the 2012 financial year was €1,063,500 (excluding taxes).

Entity involved

- TF1 is a shareholder.

II AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL MEETING

A. AGREEMENTS AND COMMITMENTS THAT CONTINUED TO BE EXECUTED DURING THE FINANCIAL YEAR NOW ENDED

Pursuant to Article R. 225-30 of the French Commercial Code, we have been informed that the following agreements and commitments, already approved by the General Meeting in previous years, continued to be executed during the year now ended.

WITH GIE 32 AVENUE HOCHE

Provision of office space

Authorised by the Board of Directors on November 10, 2011

Under this agreement, GIE 32 Avenue Hoche invoices TF1 for office space and meeting rooms made available on the 1st floor at 32 avenue Hoche, Paris, and also invoices related services such as reception services, information systems and secretarial services.

The amount paid to GIE 32 Avenue Hoche for the provision of office space and related services in respect of the 2012 financial year was €10,529 (excluding taxes).

Individuals and entities involved

- Bouygues: Martin Bouygues (Chairman and Chief Executive Officer, Director), Olivier Bouygues, Patricia Barbizet and Nonce Paolini (Directors).
- Bouygues is a member of GIE 32 Avenue Hoche.

WITH APHÉLIE S.N.C.

Commercial lease

Authorised by the Board of Directors on May 13, 2009

On June 19, 2009, TF1 signed a commercial lease with Aphélie S.N.C. covering the Tower, North Wing and Central buildings at the *Point du Jour* property complex.

The lease was signed for a term of 9 years and 9 days, with a firm commitment for 6 years and 9 days and a rent holiday for 12 months and 9 days.

Rent invoiced by Aphélie S.N.C. in respect of the 2012 financial year amounted to €13,585,007.47 (excluding taxes).

Entity involved

- TF1 is a shareholder in Aphélie S.N.C. via its subsidiary TF1 Expansion.

WITH FIRÉLIE SAS

Commercial lease

Authorised by the Board of Directors on November 10, 2011

On January 9, 2012, TF1 signed a commercial lease with Firélie SAS covering the South Wing building. The lease was signed for a term of 9 years and 10 days from December 22, 2011, with a firm commitment for 6 years, 6 months and 10 days.

Rent invoiced by Firélie SAS in respect of the 2012 financial year amounted to €3,414,000 (excluding taxes).

Entity involved

- TF1 is a shareholder in Firélie SAS via its subsidiary TF1 Expansion.

B. AGREEMENTS AND COMMITMENTS NOT EXECUTED DURING THE YEAR NOW ENDED

We have also been informed of the following ongoing agreements and commitments, already approved by the General Meeting in previous years, that were not executed during the year now ended.

WITH AIRBY

Use of aircraft owned by Airby

Authorised by the Board of Directors on November 10, 2011

This agreement gives TF1 the opportunity to call upon Airby, a société en nom collectif held indirectly by Bouygues and SCDM, which operates a Global 5000 aircraft, or if this is unavailable a Challenger 605 aircraft, or failing that an equivalent aircraft.

With effect from January 1, 2012, billing is calculated at a single all-in tariff of €7,000 (excluding taxes) per flight hour, including the provision of the aircraft and all associated services (aircrew, fuel, etc), as and when an aircraft is used.

TF1 did not use any such aircraft during 2012, and nothing was invoiced by Airby.

Individuals and entities involved

- Bouygues: Martin Bouygues (Chairman and Chief Executive Officer, Director), Patricia Barbizet, Olivier Bouygues and Nonce Paolini (Directors).
- Bouygues is a shareholder.

The Statutory Auditors

Paris La Défense and Courbevoie, February 19, 2013

KPMG Audit IS	Mazars	
Stéphanie Ortega, Partner	Guillaume Potel, Partner	Olivier Thireau, Partner

5.5 STATUTORY AUDITORS' REPORT ON THE CAPITAL REDUCTION

This is a free translation into English of the original report issued in French, and is provided solely for the convenience of English-speaking users. It should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Annual General Meeting of April 18, 2013 – 18th resolution

To the Shareholders,

In our capacity as statutory auditors of your company, and in execution of the engagement stipulated in Article L. 225-209 of the French Commercial Code in the event of a reduction in share capital by cancellation of previously acquired shares, we have prepared this report to inform you of our assessment of the causes and terms of the proposed capital reduction.

Your Board of Directors is proposing that you delegate to it, for a period of 18 months from the date of the present Meeting, full powers to cancel, up to a maximum of 5% of the share capital per 24-month period, shares purchased by virtue of an authorisation for your company to purchase its own shares under the provisions of the aforementioned Article.

We have performed the procedures we regarded as necessary in accordance with professional standards as issued by the *Compagnie Nationale des Commissaires aux Comptes* for this engagement. Those procedures involved examining the validity of the causes and terms of the proposed capital reduction, which is not of a nature to impair the equal treatment of shareholders.

We have no comment to make on the causes and terms of the proposed capital reduction.

The Statutory Auditors

Paris La Défense and Courbevoie, March 11, 2013

KPMG Audit IS	Mazars	
Stéphanie Ortega, Partner	Guillaume Potel, Partner	Olivier Thireau, Partner

5.6 STATUTORY AUDITORS' REPORT ON THE CAPITAL INCREASE RESERVED FOR MEMBERS OF AN EMPLOYEE SAVINGS SCHEME

This is a free translation into English of the original report issued in French, and is provided solely for the convenience of English-speaking users. It should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Annual General Meeting of April 18, 2013 – 28th resolution

To the Shareholders,

In our capacity as statutory auditors of your company, and in execution of the engagement stipulated in Articles L. 225-135 *et seq* of the French Commercial Code, we hereby present our report on the proposal to delegate to the Board of Directors the competence to decide to carry out one or capital increases up to a maximum of 2% of the share capital by issuance of ordinary shares with preferential subscription rights cancelled, to be reserved for employees and corporate officers of TF1 S.A. and of French and foreign companies associated with TF1 S.A. who are members of any company or group savings scheme or any inter-company savings scheme, this being a transaction which you are required approve. This capital increase is submitted for your approval in accordance with the provisions of Article L. 225-129-6 of the French Commercial Code and Article L. 3332-18 *et seq* of the French Labour Code.

Your Board of Directors proposes, based on its report, that you delegate to it, for a period of 26 months from the date of the present Meeting, the competence to decide to carry out a capital increase and to cancel your preferential subscription rights to the ordinary shares thereby issued. It would also be for the Board of Directors to set the final terms and conditions of issue for this transaction.

It is the responsibility of the Board of Directors to prepare a report in accordance with Articles R. 225-113 and R. 225-114 of the French Commercial Code. Our responsibility is to issue an opinion on the sincerity of the quantitative information derived from the accounts, on the proposed cancellation of preferential subscription rights, and on certain other information about the issue, as provided in that report.

We have performed the procedures we regarded as necessary in accordance with professional standards as issued by the Compagnie Nationale des Commissaires aux Comptes for this engagement. Those procedures involved checking the content of the report of the Board of Directors relating to this transaction, and the methods used to determine the issue price of the shares.

Subject to a subsequent examination of the terms and conditions of any capital increase that may be decided upon, we have no comment to make regarding the methods used to determine the issue price of the ordinary shares thereby issued, as stated in the report of the Board of Directors.

Because the final terms and conditions under which the capital increase would be carried out have not been set, we do not express an opinion thereon, and consequently we do not express an opinion on the proposal to cancel preferential subscription rights as submitted to you.

In accordance with Article R. 225-116 of the French Commercial Code, we will prepare a further report if and when your Board of Directors makes use of this delegation.

The Statutory Auditors

Paris La Défense and Courbevoie, March 11, 2013

KPMG Audit IS	Mazars	
Stéphanie Ortega, Partner	Guillaume Potel, Partner	Olivier Thireau, Partner

5.7 STATUTORY AUDITORS' REPORT ON THE ISSUANCE OF SHARES AND OTHER SECURITIES WITH OR WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS

This is a free translation into English of the original report issued in French, and is provided solely for the convenience of English-speaking users. It should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Annual General Meeting of April 18, 2013 – 19th, 21st, 22nd, 23rd, 24th, 25th, 26th and 27th resolutions

To the Shareholders,

In our capacity as statutory auditors of your company, and in execution of the engagement stipulated in Articles L. 228-92 and L. 225-135 *et seq* of the French Commercial Code, we hereby present our report on the proposed delegations to the Board of Directors to carry out various issues of shares and securities, transactions which you are required to approve.

Your Board of Directors, based on its report, is proposing that you:

- delegate to the Board, with the power to sub-delegate under and in accordance with applicable law, for a period of 26 months from the date of the present Meeting, the competence to decide to carry out the following transactions and set the final terms and conditions of issue, and also proposes where appropriate that you cancel your preferential subscription rights:
  - issuance of ordinary shares and securities giving access to ordinary shares of your company, with preferential subscription rights maintained (19th resolution),
  - issuance of ordinary shares and securities giving access to ordinary shares of your company, with preferential subscription rights cancelled, via public offerings (21st resolution),
  - issuance of ordinary shares and securities giving access to ordinary shares of your company, with preferential subscription rights cancelled, via the offers referred to in Article L. 411-2 II of the French Monetary and Financial Code (22nd resolution), up to a limit of 10% of the share capital per year,
  - issuance of ordinary shares and securities giving access to ordinary shares of your company, in the event of a public exchange offer initiated by your company (26th resolution);
- authorise the Board by means of the 23rd resolution, in connection with the implementation of the delegations covered by the 21st and 22nd resolutions, to set the issue price subject to the statutory annual limit of 10% of the share capital.
- delegate to the Board, for a period of 26 months from the date of the present Meeting, the power to set the terms under which ordinary shares and securities giving access to ordinary shares may be issued as consideration for contributions in kind tendered to your company consisting of shares or securities giving access to the capital of another company (25th resolution), up to a maximum of 10% of the share capital.

The total nominal amount of capital increases carried out immediately or in the future under the 19th, 21st, 22nd, 25th and 26th resolutions may not exceed €8.4 million, with the further stipulation that the total nominal amount of capital increases carried out immediately or in the future under the 21st, 22nd, 25th and 26th resolutions may not exceed €4.2 million.

The total nominal amount of debt securities issued may not exceed €900 million for the 19th, 21st, 22nd, 25th and 26th resolutions.

These ceilings take account of the number of additional shares that may be issued on implementation of the delegations covered by the 19th, 21st and 22nd resolutions on the terms stipulated in Article L. 225-135-1 of the French Commercial Code in the event that you approve the 24th resolution.

It is the responsibility of the Board of Directors to prepare a report in accordance with Articles R. 225-113 *et seq* of the French Commercial Code. Our responsibility is to issue an opinion on the sincerity of the quantitative information derived from the accounts, on the proposed cancellation of preferential subscription rights, and on certain other information about these transactions, as provided in that report.

We have performed the procedures we regarded as necessary in accordance with professional standards as issued by the Compagnie Nationale des Commissaires aux Comptes for this engagement. Those procedures involved checking the content of the report of the Board of Directors relating to these transactions, and the methods used to determine the issue price of the shares to be issued.

Subject to a subsequent examination of the terms and conditions of any issues that may be decided upon, we have no comments to make regarding the methods used to determine the issue of price of the ordinary shares to be issued under the 21st, 22nd and 23rd resolutions, as stated in the report of the Board of Directors.

In addition, because that report does not specify the methods used to determine the issue price of the shares to be issued on implementation of the 19th, 25th and 26th resolutions, we cannot express an opinion on the choice of factors used to calculate the issue price.

Because the final terms and conditions under which the issues would be carried out have not been set, we do not express an opinion thereon, and consequently we do not express an opinion on the proposal to cancel preferential subscription rights as submitted to you in the 21st, 22nd, 23rd, 25th and 26th resolutions.

In accordance with Article R. 225-116 of the French Commercial Code, we will prepare a further report if and when your Board of Directors makes use of these delegations to issue securities giving access to the capital or to carry out issues with preferential subscription rights cancelled.

The Statutory Auditors

Paris La Défense and Courbevoie, March 11, 2013

KPMG Audit IS	Mazars	
Stéphanie Ortega, Partner	Guillaume Potel, Partner	Olivier Thireau, Partner

5.8 INDEPENDENT VERIFIER'S ATTESTATION AND ASSURANCE REPORT ON SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Year ended December 31, 2012

Independent verifier's attestation and assurance report on social, environmental and societal information

To Nonce Paolini, Chief Executive Officer,

Pursuant to your request and in our capacity as independent verifier of Télévision Française 1 S.A., we hereby report to you on the consolidated social, environmental and societal information presented in the management report issued for the year ended December 31, 2012 in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code (Code de commerce).

Management's Responsibility

The Board of Directors is responsible for the preparation of the management report including the consolidated social, environmental and societal information (the «Information») in accordance with the requirements of Article R. 225-105-1 of the French Commercial Code (Code de commerce), presented as required by the Company's internal reporting standards[(1)] (the «Guidelines») and available at the Company's headquarters.

Our Independence and Quality Control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession (Code de déontologie) and Article L. 822-11 of the French Commercial Code (Code de commerce). In addition, we maintain a comprehensive system of quality control including documented policies and procedures to ensure compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent verifier's responsibility

It is our role, on the basis of our work:

- To attest whether the required Information is presented in the management report or, if not presented, whether an appropriate explanation is given in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code (Code de commerce) and Decree no. 2012-557 dated 24 April 2012 (Attestation of presentation);
- To provide limited assurance on whether the Information is fairly presented, in all material respects, in accordance with the Guidelines (limited assurance).

1. ATTESTATION OF PRESENTATION

Our engagement was performed in accordance with professional standards applicable in France:

- we compared the Information presented in the management report with the list as provided for in Article R. 225-105-1 of the French Commercial Code (*Code de commerce*);
- we verified that the Information covers the consolidated perimeter, namely the Company and its subsidiaries within the meaning of Article L. 233-1 and the controlled entities within the meaning of Article L. 233-3 of the French Commercial Code (*Code de commerce*);

(1) « Guide Méthodologique des indicateurs du reporting social,
Guide de reporting extra-financier portant sur les Informations Environnementales et Sociétales (version numéro 2 de janvier 2013) »

- In the event of the omission of certain consolidated Information, we verified that an appropriate explanation was given in accordance with Decree no. 2012-557 dated 24 April 2012.

On the basis of our work, we attest that the required Information is presented in the management report.

2. ASSURANCE REPORT

NATURE AND SCOPE OF THE WORK

We conducted our engagement in accordance with ISAE 3000 (International Standard on Assurance Engagements) and French professional guidance.

We performed the following procedures to obtain limited assurance that nothing has come to our attention that causes us to believe that the Information is not fairly presented, in all material respects, in accordance with the Guidelines. A superior level of assessment would have requested more extensive verification works.

Our work consisted in the following:

- we assessed the appropriateness of the Guidelines as regards their relevance, completeness, neutrality, clarity and reliability, taking into consideration, where applicable, the good practices in the sector.
- we verified that the Company had set up a process for the collection, compilation, processing and control of the Information to ensure its completeness and consistency. We examined the internal control and risk management procedures relating to the preparation of the Information. We conducted interviews with those responsible for social and environmental reporting.
- we selected the consolidated Information to be tested(1) and determined the nature and scope of the tests, taking into consideration their importance with respect to the social and environmental consequences related to the Company's business and characteristics, as well as its societal commitments.
  - concerning the quantitative consolidated information that we deemed to be the most important, we have at the consolidating entity level:
    - performed tests of detail based on sampling, consisting in verifying the calculations made and reconciling the data with the supporting documents;
    - conducted interviews to verify that the procedures were applied correctly.
  - concerning the qualitative consolidated information that we deemed to be the most important, we conducted interviews and reviewed the related documentary sources in order to corroborate this information and assess its fairness. Those interviews were only performed at the level of the consolidating entity.
- As regards the other consolidated information published, we assessed its fairness and consistency in relation to our knowledge of the Company and, where applicable, through interviews or the consultation of documentary sources.
- Finally, we assessed the relevance of the explanations given in the event of the absence of certain information.

Conclusion

Based on our works described in this report, nothing has come to our attention that causes us to believe that the Information is not fairly presented, in all material respects, in accordance with the Guidelines.

Paris-La Défense, March 4, 2013

The Independent Verifier

Ernst & Young et Associés

French original signed by:

Eric Mugnier

(1) Social information: share of full-time equivalent workers represented by nonpermanent employees, training.
Environmental information: greenhouse gases emissions (scope 1 and 2), company's organization to take into account environmental issues, partnership with Ecoprod.
Societal information: CSA interventions, number of suppliers assessed by Ecovadis or in the process of assessment, revenue of the Purchasing Department covered by an assessment by Ecovadis or in the process of assessment.

6

INFORMATION ABOUT THE COMPANY AND ITS CAPITAL

6.1 INFORMATION ABOUT TF1

6.1.1 General information

Corporate name: TÉLÉVISION FRANÇAISE 1 - TF1

Registered office: 1, quai du Point du Jour - 92100 Boulogne-Billancourt, France

Trade & Companies register number: 326 300 159 RCS Nanterre

Industry segment code: 6020A

Legal form: *Société Anonyme* (public limited company) under French law with a Board of Directors

Date of incorporation: September 17, 1982

Date of expiration: January 31, 2082

Financial year: January 1 to December 31

6.1.2 Company purpose (Art. 2 of the Articles of Incorporation)

The purpose of the company is to operate an audiovisual communication service, as authorised by the laws and regulations in force, comprising the conception, production, programming and broadcasting of television programmes, and including all advertising messages and announcements.

To carry out any industrial, commercial, financial, securities or property operations, within or outside France, directly or indirectly connected to this activity and to any similar, related or complementary objects, or any operations likely to facilitate their realisation or development or to any company asset, including:

- devising, producing, acquiring, selling, renting and exploiting all recordings of images and/or sound, news reports, and films intended for television, the cinema or broadcasting,
- undertaking advertising sales transactions,
- providing services of all kinds for sound broadcasting and television,

all of these directly or indirectly, on its own behalf or on behalf of third parties, either alone or with third parties, through the creation of new companies, contributions, limited partnerships, subscriptions, the purchase of company shares or rights, mergers, partnerships, joint ventures, acquisitions, gifts or the management of any property or rights, or otherwise.

Its action is undertaken in compliance with its contract conditions and the prevailing laws.

6.1.3 Appropriation of income (Art. 26 of the Articles of Incorporation)

Five percent shall be deducted from net profits, after deduction of any previous losses, and appropriated to the legal reserve fund. This is no longer compulsory when the legal reserve reaches one-tenth of the registered capital. This deduction shall be resumed if for any reason the legal reserve falls below one-tenth of registered capital.

Distributable income comprises the year's profits plus retained earnings brought forward, minus previous losses and amounts credited to reserves, as required by law and these Articles of Incorporation.

This income shall be distributed between all shareholders in proportion to the number of shares they each own.

6.1.4 Annual General Meetings (art. 19–24 of the Articles of Incorporation)

The shareholders are convened in accordance with the rules laid down by law. General Meetings are intended for all shareholders, regardless of their holding.

6.1.5 Rights attaching to shares (art. 7–9 of the Articles of Incorporation)

All shares include a right to a share of the company's profits and assets in proportion to the portion of equity they represent. Each shareholder has as many voting rights and may cast as many votes at meetings as he or she holds shares. Pecuniary and non-pecuniary rights may be restricted by law or the Articles of Incorporation. Under Article 7 of the Articles, shareholders who have not made themselves known to the company are stripped of their voting rights; Article 8 of the Articles refers to Article 39 of Act 86-1067 of 30 September 1986, as amended, which caps voting rights. The cap is described in points 6.2 "Legal environment" and 6.4 "Ownership structure".

6.1.6 Identifiable bearer shares (Art. 7 of the Articles of Incorporation)

The company reserves the right, under the legal and regulatory conditions in force, to request at any time and at its own expense, that the central custodian responsible for keeping the account of shares in issue (hereafter the "central custodian") provide the name of the person or entity, nationality, year of birth or constitution, and address of any holder of securities conferring, immediately or at a later time, the right to vote at its General Meetings. It may also request from the central custodian information as to the quantity of shares held by each shareholder, and if appropriate any restrictions that may apply to the shares. Without information, forfeit or suspension of all or part of the voting rights from the shares, and possibly of the corresponding dividends, may be ordered.

6.1.7 Crossing statutory thresholds (Art. 7 of the Articles of Incorporation)

All persons, acting alone or in concert, who acquire at least 1%, 2%, 3% or 4% of the capital or voting rights shall be bound, within five days of the registration on their account of the shares causing them to attain or exceed this threshold, to declare to the company the total number of shares and the number of voting rights they possess by means of a return-receipted registered letter sent to the registered office.

This declaration must be undertaken under the conditions stipulated above every time the threshold of 1%, 2%, 3% or 4% is overstepped in either direction.

If they have not been declared in accordance with the above conditions, shares exceeding the proportion that should have been declared shall forfeit their voting rights as provided by law, if one or several shareholders holding at least 5% of the capital so request during the General Meeting.

6.1.8 Matters likely to have an impact in the event of a public offer

In accordance with Article L. 225-100-3 of the French Commercial Code, matters likely to have an impact in the event of a public offer are set forth below:

- capital structure: the information is provided in chapter 6, "Information about the company and its capital", under the table presenting the ownership structure;
- legal restrictions on the exercise of voting rights: Article 7 in the Articles of Incorporation provides for a system whereby the voting rights of shareholders who fail to reveal their identities are forfeited; Article 8 of the Articles of Incorporation refers to Article 39 of the amended Act 86-1067 of September 30, 1986 that provides for a system of caps on voting rights, explained in point 6.2, "Legal framework", and point 6.4, "Ownership Structure ";
- direct or indirect shareholdings of which TF1 has knowledge, as provided in Articles L. 233-7 and L. 233-12 of the French Commercial Code. The information is provided in chapter 6, "Information about the company and its capital", under the table presenting the ownership structure;

- the list of holders of any securities with special control rights: not applicable;
- control mechanisms provided for in any personal shareholding system, when the control rights are not exercised by said person. The regulations of the FCPE TF1 Actions company investment fund stipulate that it is the Supervisory Board of the Fund that exercises the voting rights and rules on the contribution of shares in the event of a public offer and not directly the employees; the FCPE held 7.2% of voting rights at December 31, 2012;
- agreements between shareholders known to the company that may lead to restrictions on the transfer of shares and the exercising of voting rights: not applicable;
- the prevailing rules on the appointment and replacement of Board members: the company is managed by a Board of Directors of twelve members subject to the dispensations provided by law. In application of Article 66 of Act 86-1067 of September 30, 1986, two seats on the Board of Directors shall be allocated to staff representatives. The nomination and dismissal of Board members are subject to the legal and statutory rules set forth in Article 10 of the Articles of Incorporation. Directors who do not represent employees are appointed and renewed or may be dismissed at any time by the Ordinary Shareholders' Meeting. Directors representing employees are elected by TF1 employees and can be dismissed only for misconduct during the exercise of their activities by legal decision. Board members may always stand for re-election. Refer to the Chairman's report for more information;
- rules applicable to changes to the Articles of Incorporation. Such changes are made in line with the legal and regulatory provisions;
- the Board's powers to issue and buy back shares, information on which can be found in chapter 6 ("Information about the company and its capital") of this document;
- agreements signed by the company that are modified or come to an end owing to a change in control at the company: France's audiovisual industry regulator, CSA, may withdraw TF1's authorization (more information on the authorisation system in chapter 6.2, "Legal framework");
- agreements on remuneration for Board members or employees if they resign or are dismissed with no real and serious cause or if their job position is discontinued as a result of a public offering: not applicable. Although the issue does not concern a severance package, a Director who is a salaried employee of the company benefits from the applicable company agreement and, hence, the severance package set out in that agreement in the event of termination of an employment contract. Jean-Pierre Pernaut and Fanny Chabirand would qualify for such a severance package.

6.1.9 Articles of Incorporation

Updated on February 19, 2013.

ARTICLE 1

LEGAL FORM

A public limited company governed by current and future legislation in force and by these Articles of Incorporation has been formed between the owners of shares hereinafter created and of any shares subsequently created.

ARTICLE 2

CORPORATE PURPOSE

The purpose of the company is:

To operate an audiovisual communication service, as authorised by the laws and regulations in force, comprising the conception, production, programming and broadcasting of television programmes, and including all advertising messages and announcements.

To carry out any industrial, commercial, financial, securities or property operations, within or outside France, directly or indirectly connected to this activity and to any similar, related or complementary objects, or any operations likely to facilitate their realisation or development or to any company asset, including:

- devising, producing, acquiring, selling, renting and exploiting all recordings of images and/or sound, news reports, and films intended for television, the cinema or broadcasting;
- undertaking advertising sales transactions;
- providing services of all kinds for sound broadcasting and television,

all of these directly or indirectly, on its own behalf or on behalf of third parties, either alone or with third parties, through the creation of new companies, contributions, limited partnerships, subscriptions, the purchase of company shares or rights, mergers, partnerships, joint ventures, acquisitions, gifts or the management of any property or rights, or otherwise.

Its action is undertaken in compliance with its contract conditions and the prevailing laws.

ARTICLE 3

NAME

Its corporate name is: "TÉLÉVISION FRANÇAISE 1" or its abbreviated form: "TF1."

All legal and other documents issued by the company must mention the corporate name, immediately preceded or followed by the words *société anonyme* ("public limited company") or the corresponding French initials "SA" and the share capital amount.

ARTICLE 4

REGISTERED OFFICE

The Registered office is located at Boulogne (92100) – 1, quai du Point du Jour.

It may be transferred to any other location in the same or an adjoining "department" (French administrative unit) by the decision of the Board of Directors, subject to ratification by the next Ordinary General Meeting, or anywhere else in France through a decision by the Extraordinary General Meeting of Shareholders.

If a transfer is decided by the Board of Directors, the latter shall be authorised to modify the Articles of Incorporation in consequence.

ARTICLE 5

DURATION

The duration of the company is set at ninety-nine (99) years as from the date of its registration in the Trade and Companies Register, except in the event of earlier dissolution or an extension decided by the Extraordinary General Meeting of Shareholders.

ARTICLE 6

AUTHORISED CAPITAL

The authorised capital is set at €42,057,516.60, divided into 210,287,583 shares with a par value of €0.20.

ARTICLE 7

FORM – PAYMENT – FRACTIONAL SHARES

I. The company's shares may be registered or bearer shares.

The shares and all other securities issued by the company shall be registered in their holders' names or, if appropriate, in the name of an intermediary, under the conditions set forth in the applicable legal and regulatory texts.

II. To identify holders of bearer shares, the company reserves the right, under the legal and regulatory conditions in force, to request at any time and at its own expense, that the central custodian responsible for keeping the account of shares in issue (hereafter the "central custodian") provide the name of the person or entity, nationality, year of birth or constitution, and address of any holder of securities conferring, immediately or at a later time, the right to vote at its General Meetings. It may also request from the central custodian information as to the quantity of shares held by each shareholder, and if appropriate any restrictions that may apply to the shares.

With respect to the list transmitted to the company by the central custodian, the company may request either from the central custodian or directly from the persons on this list whom the company believes may be registered as intermediaries for third-party accounts holding securities, the information noted in the previous paragraph concerning the owners of the securities.

These persons are required, if acting as intermediaries, to reveal the identities of the owners of the securities. The information shall be provided directly to the authorised account-keeping financial intermediary, who is responsible for transmitting it, as appropriate, to the issuing company or the central custodian.

With regard to securities in registered form, the company also reserves the right at any time to request that the registered intermediary for a third-party securities account reveal the identity of an owner of these securities.

For as long as the company believes that certain holders of its securities in either bearer or registered form, of whose identities it has been informed, are acting on behalf of third-party owners of the securities, it may request that these holders reveal the identities of the owners of these securities subject to the conditions stated above.

Following requests for information described above, the company may request any legal entity that is an owner of the company's shares representing more than one-fortieth of the share capital or voting rights to reveal to it the identity of persons holding directly or indirectly more than one-third of that legal entity's share capital or voting rights exercised at its General Meetings.

If a request is made pursuant to the stipulations of this Article 7.II and the information requested has not been transmitted within the legal and regulatory time limits, or if information transmitted is incomplete or erroneous with respect to the requested party's own status or the owners of the securities, then the shares or other securities conferring immediate or subsequent access to the capital and for which this person was registered shall forfeit their voting right for any General Meeting that may take place until the matter of identity is settled. Payment of any dividend is postponed until that date.

Furthermore, in the event that the registered person knowingly disregards the above stipulations, the court of competent jurisdiction in the area of the entity's registered office may, upon request by the company or one or more shareholders representing at least 5% of the share capital, decree the forfeit of all or part of the voting rights from the shares concerned for a period not to exceed five years. The court may also deprive the shares of the corresponding dividend for the same period.

III. All persons, acting alone or in concert, who acquire at least 1%, 2%, 3% or 4% of the capital or voting rights shall be bound, within five days of the registration on their account of the shares causing them to attain or exceed this threshold, to declare to the company the total number of shares and the number of voting rights they possess by means of a return-receipted registered letter sent to the registered office.

This declaration must be undertaken under the conditions stipulated above every time the threshold of 1%, 2%, 3% or 4% is overstepped in either direction.

If they have not been declared in accordance with the above conditions, shares exceeding the proportion that should have been declared shall forfeit their voting rights as provided by law, if one or several shareholders holding at least 5% of the capital so request during the General Meeting.

This provision is in addition to the legal provisions for declarations relative to the overstopping of shareholding thresholds.

IV. Cash shares shall be paid up under legal conditions.

V. Holders of fractional shares resulting from the exchange, consolidation, allotment or subscription of shares shall be responsible for their aggregation and any necessary purchases or sales of shares and/or rights.

ARTICLE 8

ASSIGNMENT AND TRANSFER OF SHARES

Shares shall be freely negotiable within the limit of the laws or regulations in force, including the conditions stipulated by Acts 86-1067 of September 30, 1986, 86-1210 of November 27, 1986 and 89-25 of January 17, 1989.

Subject to the international commitments made by France, no person of foreign nationality within the meaning of Article 40 of Act 86-1067 of September 30, 1986 may undertake an acquisition whose effect is to directly or indirectly increase the share of capital held by foreigners to more than 20 percent of the share capital or voting rights in the company's General Meetings.

Furthermore, a single natural person or legal entity may not directly or indirectly own a participation greater than that stipulated by the laws and regulations in force.

More generally, shareholders are bound to respect the specific provisions of the laws in force relative to the ownership or acquisition of the company's shares.

ARTICLE 9

RIGHTS AND OBLIGATIONS PERTAINING TO SHARES

I. All shares include a right to a share of the company's profits and assets in proportion to the portion of equity they represent.

In addition, they include the right to vote and to be represented in General Meetings pursuant to the laws and regulations in force.

All shares include the right, during the company's existence and in the event of liquidation, to payment of the same net amount with every allotment or repayment, so that, should the occasion arise, all shares shall be treated as one indistinct entity regarding any tax exemptions and any tax which may be borne by the company.

II. Shareholders shall be liable up to the nominal amount of the shares they possess: above this sum, all calls for capital shall be prohibited.

Rights and obligations shall be attached to the share, whoever the owner. Ownership of a share shall, as a matter of law, involve acceptance of the company's Articles of Incorporation and the decisions of the General Meeting.

ARTICLE 10

BOARD OF DIRECTORS

I. The company shall be managed by a Board of Directors of twelve members subject to the dispensations provided by law. In application of Article 66 of Act 86-1067 of September 30, 1986, two seats on the Board of Directors shall be allocated to staff representatives; one of these two seats shall be reserved for engineers, executives and those in a similar category.

II. During the existence of the company, Board members who are not staff representatives shall be appointed or reappointed to their duties by the Ordinary General Meeting of Shareholders.

III. The term of office of a Board member shall be two years.

The duties of a member who is not a staff representative shall terminate at the end of the Ordinary General Meeting ruling on the accounts of the previous business year, held during the year during which the Board member's term of office expires.

The duties of a member who is a staff representative shall terminate after the announcement of the votes of the electoral colleges appointing Board members representing the staff; this appointment must normally take place within the two weeks preceding the General Meeting covering the previous business year, held during the year in which the Board member's term of office expires.

Members of the Board may always stand for re-election.

Board members who are not staff representatives may be dismissed at any time by the Ordinary General Meeting.

Board members representing the staff may only be dismissed through the decision of the President of the Regional Court, sitting in relief proceedings, for misconduct during the exercise of their duties, at the request of the majority of the members of the Board. The decision shall be immediately enforceable.

Except in the event of termination at the employee's initiative, the termination of an employment contract of a Board member elected by the employees may only be pronounced by the trial Board of the Industrial Tribunal sitting in relief proceedings. The decision shall be immediately enforceable.

IV. Board members who are not staff representatives may be natural persons or legal entities; upon their appointment, the latter must name a permanent representative who shall be subject to the same conditions and obligations and assume the same responsibilities as if he were a member of the Board in his own right, without prejudice to the joint and several liability of the legal entity he represents; the permanent representative's term of office shall run for the duration of that of the legal entity he represents; he must be reappointed each time such legal entity's term of office is renewed.

If the legal entity terminates the term of office of its representative, it shall be bound to notify such cancellation to the company immediately by registered letter, together with the identity of its new permanent representative; likewise in the event of the permanent representative's death, resignation or prolonged indisposition.

V. If one or several seats of members of the Board who are not staff representatives become vacant between two General Meetings due to their death or resignation, the Board of Directors may appoint one or more members on a temporary basis.

If one or several seats of members of the Board who are staff representatives become vacant between two General Meetings due to their death, resignation, dismissal or the termination of their employment contract, the vacant seat shall be filled by the alternate.

Appointments of members of the Board made by the Board of Directors shall be subject to ratification by the next Ordinary General Meeting. Should no such ratification take place, decisions taken and acts accomplished previously by the Board shall remain valid.

Should only one or two members of the Board remain at their post(s), he or they, or failing this the Statutory Auditor(s), must immediately convene an Ordinary General Meeting of Shareholders in order to fill the vacant positions on the Board.

Any member of the Board appointed to replace another shall only do so for the remaining period of his predecessor's term of office.

ARTICLE 11

SHARES OF MEMBERS OF THE BOARD

Members of the Board must each own one share.

Members of the Board appointed during the existence of the company need not own any shares at the time they are appointed, but must become shareholders within three months, failing which they will automatically be considered to have resigned.

ARTICLE 12

OFFICERS OF THE BOARD

The Board of Directors shall appoint one of its members who is a natural person as Chairman, and set the period of his duties, though this may not exceed his term of office as a member of the Board.

The Chairman of the Board of Directors shall organise and direct the work of the Board, and report on this to the General Meeting of Shareholders. He shall ensure the proper functioning of the company's management bodies, and in particular ensure that the members of the Board are capable of fulfilling their duties.

If it sees fit, the Board of Directors may appoint one or several Vice Chairmen, whose period of duties it shall also fix without this exceeding their terms of office.

The Board may also appoint a Secretary, who need not be one of its members.

In the absence or indisposition of the Chairman, a Board Meeting may be chaired by the Vice Chairman fulfilling the duties of Chief Executive Officer, or the longest-serving Vice Chairman. Failing this, the Board shall appoint one of its members to act as Chairman for the Meeting.

The Chairman, Vice Chairmen and Secretary may all stand for re-election.

As from the date when shares are admitted to the official listing or to the Second Market of the Paris Stock Exchange, the age limit for performing the duties of Chairman of the Board of Directors is set at 68.

ARTICLE 13

DELIBERATIONS OF THE BOARD

I. The Board of Directors shall meet as often as the interests of the company require, at the behest of its Chairman. The Chairman of the Board must also, as provided by law, convene such a Meeting at the request of a third of its members or of the Chief Executive Officer, if the latter's duties are not assumed by the Chairman of the Board, even if the last Meeting was held less than two months previously.

The Meeting shall take place at the Registered office, or in any other place indicated in the notification to attend.

Notifications to attend may be communicated by any means, and may even be oral.

II. For deliberations to be valid, the effective presence of at least half the members of the Board shall be required.

Decisions shall be taken with a majority of votes from the members present or represented; each Board member shall dispose of one vote, and may not represent more than one of his colleagues.

Should there be an equal number of votes, the Chairman shall have the deciding vote.

Members of the Board may participate in Board Meetings by means of videoconference or telecommunications facilities, as provided by the laws and regulations.

For the calculation of the quorum and majority, Board members participating in Board Meetings *via* videoconference facilities shall be considered as present.

ARTICLE 14

POWERS OF THE BOARD OF DIRECTORS

The Board of Directors shall decide upon the strategic directions for the company's activities and ensure that they are put into practice.

Subject to the powers expressly conferred by law on Shareholders' Meetings or the Chairman of the Board of Directors or the Chief Executive Officer, if the latter's duties are not assumed by the Chairman of the Board, and within the limits of the corporate purpose, it shall deal with all matters relating to the proper functioning of the company and settle any related decisions through its deliberations. It shall undertake any checks and verifications that it deems appropriate.

In general, it shall take any decisions and exercise any prerogatives falling within the scope of its competence by virtue of the laws and regulations in force or these Articles of Incorporation.

It may decide to create committees in charge of examining questions that it or its Chairman submits for their opinion. It shall fix the composition and remit of such committees.

It may entrust to one or several of its members' special duties for one or several determined purposes.

ARTICLE 15

REMUNERATION OF MEMBERS OF THE BOARD

I. Members of the Board may receive Directors' fees whose amount, fixed by the Ordinary General Meeting of Shareholders, shall be maintained until a decision is made to the contrary and which shall be posted in the accounts under operating expenses.

II. The Board shall decide by a majority vote upon the division of these fees between its members, in a manner it considers appropriate.

III. Members of the Board may also have the right to special remuneration authorised by the Board and submitted to the approval of the General Meeting, subject to a special report by the Statutory Auditors, for assignments or mandates entrusted to them, and to the reimbursement of their travelling expenses occasioned by management requirements.

ARTICLE 16

GENERAL MANAGEMENT – DELEGATION OF POWERS

I. The General Management of the company is assumed, under his responsibility, either by the Chairman of the Board of Directors, who shall then take the title of Chairman and Chief Executive Officer, or by another natural person, whether or not a member of the Board, appointed by the Board of Directors, for whom it shall set the period of his duties, this person taking the title of Chief Executive Officer. The Chief Executive Officer may be dismissed at any time by the Board of Directors.

The Board of Directors shall choose between these two methods of General Management upon each appointment/reappointment of the Chairman of the Board or of the Chief Executive Officer if the latter's duties are not assumed by the Chairman of the Board.

This choice shall remain valid until the expiry of one of these terms of office or, should the case arise, until the Chairman of the Board decides to no longer assume the functions of Chief Executive Officer, or upon the decision of the Board of Directors for a shorter period, which may not be less than one year.

Any change in the General Management method shall not entail a modification of the Articles of Incorporation.

II. The Chief Executive Officer or the Chairman of the Board, if he assumes the duties of Chief Executive Officer, shall be vested with the widest powers to act on behalf of the company in all circumstances. He shall exercise these powers within the limits of the corporate purpose and subject to the powers expressly accorded to Shareholders' Meetings and the Board of Directors. He shall represent the company in its relations with third parties.

He may delegate any powers to any proxy of his choice within the limit of those conferred by law and the Articles of Incorporation herein. Any limitation of such powers by the decision of the Board of Directors shall be without effect as regards third parties.

III. The Board of Directors may, on the proposal of the Chief Executive Officer or the Chairman of the Board, if he assumes the duties of Chief Executive Officer, mandate a natural person, whether or not a member of the Board, to assist the former; this person shall have the title of Deputy Chief Executive Officer.

The maximum number of Deputy Chief Executive Officers appointed in this way is that fixed by the prevailing legislation.

Each Deputy Chief Executive Officer may be dismissed at any time by the Board of Directors on the proposal of the Chief Executive Officer, or the Chairman of the Board, if he assumes the duties of Chief Executive Officer. In the event of the death, resignation or dismissal of the Chief Executive Officer or the Chairman of the Board, if he assumes the duties of Chief Executive Officer, each Deputy Chief Executive Officer shall retain his functions and remit, unless the Board of Directors decides otherwise, until the appointment of another person assuming the duties of Chief Executive Officer.

In agreement with the Chief Executive Officer, or the Chairman of the Board, if he assumes the duties of Chief Executive Officer, the Board of Directors shall decide on the scope and duration of the powers delegated to each Deputy Chief Executive Officer.

As regards third parties, each Deputy Chief Executive Officer shall possess the same powers as the Chief Executive Officer or the Chairman of the Board, if he assumes the duties of Chief Executive Officer.

ARTICLE 17

REGULATED AGREEMENTS

Any agreement made, whether directly or *via* an intermediary, between the company and its Chief Executive Officer, one of its Deputy Chief Executive Officers, one of its Board members, one of its shareholders possessing a proportion of voting rights greater than 10% or, if it involves a shareholding company, the company controlling it within the meaning of Article L. 233-3, must have obtained the prior authorisation of the Board of Directors, if it does not relate to a standard transaction or is not made under normal terms and conditions.

The same shall apply to any agreements (other than those concerning a standard transaction or made under normal terms and conditions) in which any of the persons indicated in the preceding paragraph has an indirect interest.

Prior authorisation shall also be required for any agreements (other than those concerning a standard transaction or made under normal terms and conditions) taking place between the company and another company if one of the company's Board members, the Chief Executive Officer or one of the Deputy Chief Executive Officers is the owner, an associate with unlimited liability, manager, member of the Board, member of the Supervisory Board or, in general, an executive of the other company.

Prior authorisation shall also be required for any commitment benefiting the Chairman or Chief Executive Officer or one of the Deputy Chief Executive Officers made by the company or any controlled company or company controlling it within the meaning of paragraphs II and III of Article L. 233-16 and corresponding to elements of remuneration, allowance or perquisite due or likely to be due resulting from the discontinuation or change of function or subsequent to it.

In the case of the nomination to the position of Chairman or Chief Executive Officer or Deputy Chief Executive Officer of a person bound by a work contract to the company or any controlled company or company controlling it within the meaning of paragraphs II and III or Article L. 233-16, the provisions of said contract that may correspond to elements of remuneration, allowance or perquisite due or likely to be due resulting from the discontinuation or change of function or subsequent to it also require prior authorisation.

ARTICLE 18

STATUTORY AUDITORS

The company shall be audited by two Statutory Auditors who shall be appointed and exercise their assignment in accordance with the law.

Two Alternate Statutory Auditors shall also be appointed to take the place of the Statutory Auditors in the event of refusal, unforeseen difficulty, resignation or death.

ARTICLE 19

GENERAL MEETINGS

Collective decisions of the shareholders shall be taken in General Meetings, qualified as Ordinary or Extraordinary depending on the nature of the decisions they are required to take.

Each regularly constituted General Meeting shall represent the shareholders as a whole.

The deliberations of General Meetings shall be binding on all shareholders, even if absent, dissenting or legally incapable.

ARTICLE 20

NOTIFICATION TO ATTEND AND VENUE FOR GENERAL MEETINGS

General Meetings shall be convened and reach decisions as provided by law.

General Meetings shall be held at the Registered Office or any other place indicated in the notification to attend.

ARTICLE 21

ACCESS TO GENERAL MEETINGS – POWERS

All shareholders may participate in General Meetings, irrespective of the number of shares they own, in person or by proxy, on condition that they provide proof of identity and of ownership of their shares, in the form and place indicated in the notification of the Meeting, at least five days before the date of the General Meeting, as provided by law regarding the participation of shareholders in General Meetings. However, the Board of Directors may reduce or waive this time limit provided that it does so for all shareholders.

Shareholders may only be represented by their spouse or by another shareholder duly mandated as their proxy or, in the case of shareholders not resident in French territory, by an intermediary registered as a shareholder pursuant to Article L. 228-1 of the French *Code of Commerce*.

Shareholders that are legal entities shall participate in Meetings through their legal representatives or any person appointed for this purpose by the latter.

Any shareholder may, as provided by the law and regulations, vote by proxy or by correspondence at any General Meeting, either on paper or – upon the decision of the Board of Directors published in the notification of the Meeting and notification to attend, or, should the case arise, in the personal notification of the Meeting – by remote transmission.

ARTICLE 22

QUORUM – VOTING – NUMBER OF VOTES

I. In Ordinary and Extraordinary General Meetings, the quorum shall be calculated on the entire number of shares constituting the authorised capital, excluding non-voting shares as provided by law.

   Where votes by correspondence are concerned, only slips received by the company before the Meeting, within the time limit and pursuant to the conditions provided by law, shall be taken into consideration for calculating the quorum.

   Shareholders participating in the Meeting by videoconference, internet or by telecommunication means enabling them to be identified, the nature and conditions of which comply with the prevailing laws and regulations, shall be considered as present for the purposes of calculating the quorum and the majority.

II. Voting rights attached to shares are proportional to the capital they represent. At equal nominal value, each equity or dividend share entitles the holder to one vote.

III. If shares are held in usufruct, the voting rights attached to these shares shall belong to the beneficial owners in Ordinary General Meetings and to the bare owners in Extraordinary General Meetings.

ARTICLE 23

ORDINARY GENERAL MEETINGS

I. The Ordinary General Meeting shall be called upon to take all decisions that do not modify the Articles of Incorporation.

   It shall meet at least once a year, within the time limits indicated by the prevailing laws and regulations, to rule on the financial statements of the previous business year.

II. The Ordinary General Meeting may not deliberate validly, upon the first notification to attend, unless the shareholders present, represented or having voted by correspondence possess at least one-fifth of the voting shares.

   Upon a second notification to attend, no quorum shall be required.

   It shall rule with a majority of the votes at the disposal of the shareholders present or represented, including shareholders having voted by correspondence.

ARTICLE 24

EXTRAORDINARY GENERAL MEETING

I. The Extraordinary General Meeting shall have the sole power to modify the Articles of Incorporation in all their provisions. However, it may not increase the commitments of shareholders, subject to operations resulting from the exchange or consolidation of shares decided and carried out in accordance with regulatory requirements.

II. In the absence of specific legal provisions, the Extraordinary General Meeting may not deliberate validly, unless the shareholders present, represented or having voted by correspondence possess, upon the first notification to attend, at least one-quarter, and upon the second notification, at least one-fifth of the voting shares.

Failing this latter quorum, the second Meeting may be adjourned to another date no later than two months after the original date for which it was convened.

Subject to the same specific provisions, it shall rule with a two-thirds majority of the votes at the disposal of the shareholders present or represented, including shareholders having voted by correspondence.

ARTICLE 25

BUSINESS YEAR

The business year shall begin on January 1st and end on December 31st each year.

Exceptionally, the current year shall extend from September 1, 1987 to December 31, 1988.

ARTICLE 26

DETERMINATION, APPROPRIATION AND DISTRIBUTION OF PROFITS

After the deduction of amortisation and provisions, any credit balance on the profit and loss account, summarising the revenues and charges for the year, represents the profit for the year.

Five percent shall be deducted from profits, after deduction of any previous losses, and appropriated to the legal reserve fund. This is no longer compulsory when the legal reserve reaches one-tenth of the registered capital. This deduction shall be resumed if for any reason the legal reserve falls below this one-tenth.

Distributable income shall comprise the year's profits plus retained earnings brought forward, minus previous losses and amounts credited to reserves, as required by law and these Articles of Incorporation.

This income shall be distributed between all shareholders in proportion to the number of shares they each own.

However, after deduction of the appropriations to reserves required by law, the General Meeting may appropriate any amount it deems necessary to any optional ordinary or extraordinary reserve funds, or carry it forward to future years.

Dividends are primarily taken out of the year's profits. The General Meeting may, in addition, decide to appropriate sums from available reserves, provided it explicitly specifies the reserves in question.

The Ordinary General Meeting of Shareholders may grant shareholders, in respect of all or part of the dividend and interim dividend, the option of taking the dividend and interim dividend in the form of either cash or shares.

Except in the case of a reduction in capital, no distribution to shareholders shall be allowed if the effect is or would be to reduce shareholders' equity below the amount of capital plus reserves required by the law and by these Articles of Incorporation for any distribution to be permitted. Revaluation reserves are not distributable but can be partially or fully incorporated into capital.

Any loss shall be carried forward, following the General Meeting's approval, and shall be deducted from the profits of subsequent years until such time as it is extinguished.

ARTICLE 27

DISSOLUTION-LIQUIDATION

Apart from dissolution provided for by law, the company shall be dissolved on expiry of the term as defined in the Articles of Incorporation or by the decision of the Extraordinary General Meeting of Shareholders.

One or several liquidators shall then be appointed by this Extraordinary General Meeting acting under the quorum and majority conditions stipulated for Ordinary General Meetings.

The liquidator shall represent the company. He shall be invested with the widest powers to realise the assets, even by private treaty. He shall be authorised to pay creditors and distribute the remaining balance.

The General Meeting of Shareholders may authorise him to continue any ongoing business or to undertake new business transactions for the purposes of liquidation.

The net assets remaining after repayment of the shares at their par value shall be distributed between the shareholders in the same proportions as their interest in capital.

ARTICLE 28

DISPUTES

All disputes in connection with company matters arising during the company's existence or during liquidation, either between the shareholders and the company or the members of its Board, or between the company and the members of its Board, or between the shareholders themselves and relating to company matters, will be referred to the competent courts of the registered office.

6.2 LEGAL ENVIRONMENT

6.2.1 Ownership structure

Under the terms of Article 39 of Act 86-1067 of September 30, 1986 as amended, an individual or entity, acting alone or with others, shall not hold, directly or indirectly, more than 49% of the capital or voting rights of a company licensed to operate a domestic free-to-air terrestrial television service whose average annual audience (terrestrial, cable and satellite combined) is above 8% of the total television audience. A Council of State decree must define how channel audiences are to be calculated.

Under the terms of Article 39 of Act 86-1067 of September 30, 1986 as amended, when an individual or entity holds, directly or indirectly, more than 15% of the capital or voting rights of a company licensed to operate a national free-to-air television service, the same individual or entity shall not hold, directly or indirectly, more than 15% of the capital of another company holding a similar authorisation.

Under the terms of Article 40 of Act 86-1067 of September 30, 1986 as amended, no individual or entity of foreign nationality shall purchase an interest leading to foreign nationals holding, directly or indirectly, more than 20% of the capital of a company licensed to operate a domestic free-to-air television service.

Under the terms of Article 41 of the Act of September 30, 1986, as amended by the Act of July 9, 2004, one and the same person can hold, directly or indirectly, a maximum number of seven authorisations for a domestic free-to-air digital television service.

6.2.2 Licence conditions

TF1 is an audiovisual communications service subject to licence. The initial period of licence for use of frequencies, for a duration of 10 years from April 4, 1987 (Act of September 30, 1986), expired in 1997.

By reason of decision no. 96–614 of September 17, 1996, TF1 received a first renewal of its licence on April 16, 1997, without other candidates being considered, for five years.

In compliance with article 28–1 of the Act of September 30, 1986, as modified by the Act of August 1, 2000, TF1 benefited from a second “automatic” renewal of its licence for the years 2002 to 2007, by decision of the CSA (the French audiovisual regulatory body) on November 20, 2001.

Under the terms of Article 82 of the Act of September 30, 1986, as amended, this authorisation can be automatically extended for five years (to 2012), by reason of the simultaneous broadcasting (“simulcast”) of the channel’s programmes by digital terrestrial transmission. By a decision of June 10, 2003, the CSA has modified TF1’s licence in order to incorporate the provisions relating to the broadcasting of programmes on Digital Terrestrial Television.

Under the terms of Article 99 of the Act of September 30, 1986, as amended by Act 2007-309 of March 5, 2007, this authorisation is automatically extended for five years provided the channel is a member of a public interest group responsible for implementing the measures to discontinue analogue broadcasting and to ensure continued reception of the channels by viewers; on April 26, 2007, TF1 signed the agreement creating said public interest group.

Furthermore, under the terms of Article 96-2 of the Act of September 30, 1986, as amended by Act 2007-309 of March 5, 2007, this authorisation is also automatically extended by five years as of the discontinuation of analogue broadcasting provided the channel commits to ensuring the broadcasting of its programmes *via* digital free-to-air transmission to 95% of the French population. TF1 has already made this commitment to the CSA.

Consequently, the TF1 licence, according to the Act of March 5, 2007, stands as follows:

1. the term of the TF1 authorisation: 2012;
2. extension of the authorisation by 5 years under Article 99: 2017;
3. extension of the authorisation by 5 years under Article 96-2: 2022.

6.2.3 Main legal provisions and obligations

THE TEXTS

- Contract conditions set forth by Decree no. 87–43 of January 30, 1987 and the Decision regarding licensed use of frequencies of November 20, 2001, given to Télévision Française 1, complemented by the decision of June 10, 2003 and extended by the decision of February 20, 2007;
- Act 86-1067 of September 30, 1986 amended by act 94–88 of February 1, 1994, by Act 2000-719 of August 1, 2000, by Act 2005-102 of February 11, 2005, by Act 2007-309 of March 5, 2007, and by Act 2009-258 of March 5, 2009;
- European Directive on Television Without Borders of October 3, 1989 amended (latest amendment on December 11, 2007);
- Decree no. 2010-747 of July 2, 2010 on the contribution to the production of cinematographic and audiovisual works for terrestrial broadcast;
- Decree no. 90-66 of January 17, 1990, as amended by Decree no. 92–279 of March 27, 1992, by Decree no. 2001-1330 of December 28, 2001 and by Decree no. 2009-1271 of October 21, 2009 (broadcasting obligation);
- Decree no. 92–280 of March 27, 1992 as amended by Decree no. 2001-1331 of December 28, 2001, by Decree no. 2003-960 of October 7, 2003 and by Decree no. 2008-1392 of December 19, 2008 (obligations relating to advertising and sponsorship).

In terms of general obligations concerning broadcasting and investment in production, the main prevailing provisions are the following:

- a maximum of 192 cinema films per year may be broadcast, of which a maximum of 104 shall begin between 8.30pm and 10.30pm No cinema film shall be broadcast on Wednesday and Friday evenings, Saturday all day, or Sunday before 8.30pm;
- broadcasting quotas apply for the whole broadcasting time and for peak viewing hours, to cinema and audiovisual works. 60% of broadcast material shall be of European origin and 40% of French origin;
- a minimum of two-thirds of the annual broadcasting airtime shall be devoted to French-speaking programmes;
- obligation to broadcast annually a minimum of 1,000 hours of children's programmes including 50 hours of magazines and documentaries;
- obligation to broadcast annually 800 hours of television news bulletins and television news magazines;
- obligation to commission audiovisual products: invest 12.5% of the previous year's net annual advertising turnover for the commissioning of national heritage audiovisual works, of which at least 9.25% from independent producers, and to broadcast 120 hours of French-speaking or European unreleased audiovisual works (including 30 hours of rebroadcast), starting between 8pm and 9pm;
- obligation to invest 0.6% of the previous year's net advertising turnover for the commissioning of French-speaking and European cartoons (obligation as to French-speaking content included in the previous 12.5%), including at least 0.45% by independent producers;
- obligation to invest 3.2% of the previous year's net annual advertising turnover (with at least 2.5% dedicated to French-speaking cinema works and at least 75% commissioned from independent producers) in the co-production of European cinema works. This investment is to be achieved through a subsidiary of the broadcaster (TF1 Films Production) operating as a minority participator. The co-production element must be approximately equal to the broadcasting right element;
- obligation, within a period of five years following the publication of Act 2005-102 of February 11, 2005, to make accessible to the deaf and hearing-impaired all of the channel's programmes, with the exception of advertising. It is to be noted that the CSA (French audiovisual industry regulator) may exempt a section of programming from this obligation due to its nature (this concession is included in the agreement).

Respect of these legal obligations is monitored. The CSA can impose fines in compliance with the provisions of Articles 42 to 42-11 of the above Act of September 30, 1986.

In view of the need to protect children and young people, the TF1 channel has committed to adopt a 5-category signage code enabling viewers to gauge the acceptability of broadcast programmes.

6.2.4 High Definition and personal mobile television

On July 3, 2007 the CSA (French audiovisual industry regulator) launched a tender for candidates for the use of a radio-electric resource dedicated to broadcasting nationwide high-definition Digital Terrestrial Television services.

On November 21, 2007 the CSA selected TF1. The TF1 agreement was subsequently modified on May 6, 2008 (published in the Official Journal on May 31, 2008).

On November 8, 2007 the CSA launched a tender for candidates for personal mobile television (PMTV) services. On May 27 2008, the CSA selected 13 candidates, including TF1. On February 14, 2012 the CSA withdrew the PMTV licences, including TF1's.

The CSA issued a call for candidates on October 27, 2011 for six new high-definition terrestrial television channels (in DVB-T MPEG 4) on the R7 and R8 multiplexes. Authorisations have been granted in first-half 2012 for a launch in late 2012. On launch, the new channels have been accessible *via* terrestrial broadcast for roughly 25% of the population. In the long term, by no later than 2014 according to the CSA schedule, they will be accessible for over 95% of the population.

6.3 CAPITAL

Relating to Article 6 of the Articles of Incorporation.

6.3.1 Amount/Category of shares

TF1's share capital at February 19, 2013 is €42,057,516.60, divided into 210,287,583 shares with a par value of €0.20.

The shares in issue represent 100% of the existing capital and voting rights.

There are no founder shares, beneficiary shares, convertible/exchangeable bonds, voting right certificates, or double voting rights.

Shares are freely negotiable within the limit of the laws or regulations in force, including the conditions stipulated by Acts 86-1067 of September 30, 1986, 86-1210 of November 27, 1986 and 89-25 of January 17, 1989. Shareholders are bound to respect the specific provisions of the laws in force relative to the ownership or acquisition of the company's shares.

The company is authorised to make use of legal provisions on the identification of holders of shares granting the right to vote in its own Shareholder Meetings immediately or at a later date. To know the geographical location of holders of its capital, TF1 periodically reviews its registered and bearer shareholder base, identified through Euroclear.

6.3.2 Purchase on the stock market

USE IN 2012 OF THE SHARE BUYBACK PROGRAMMES VOTED BY THE COMBINED ANNUAL GENERAL MEETINGS OF 2011 AND 2012

The Combined Annual General Meetings of April 14, 2011 and April 19, 2012 authorised the Board of Directors to buy shares in the company up to a limit of 10% and 5%, respectively, of the number of shares making up the share capital on the date of exercise of the share buyback programme. These authorisations permit the Board of Directors to buy shares in the company to cancel them.

The Combined Annual General Meeting of April 19, 2012 authorised the Board of Directors to reduce the share capital by cancelling purchased shares, up to a limit of 5% of the share capital per 24-month period.

Under the aforementioned authorisations, TF1 acquired 311,682 TF1 shares in 2012 at the weighted average price of €7.39 per share, for a total cost of €2.3 million, of which €1,842 in trading frees after company tax.

It cancelled all of the shares bought by the company February 15, 2012 and November 13, 2012, the second cancellation bringing the number of shares and voting rights to 210,621,321.

The table below, drawn up in compliance with Article L. 225-211 of the Commercial Code, recapitulates the transactions made as part of these authorisations.

TRANSACTIONS BY TF1 ON ITS OWN SHARES IN 2012

	Number of shares	Par value	Percentage of share capital
Number of shares held by the company on December 31, 2011	**100,000**	**€20,000**	**0.05%**
Number of shares purchased in the year	311,682	€62,336	0.15%
Number of shares cancelled in the year	(411,682)	€(82,336)	0.19%
Number of shares sold in the year	-	-	-
Number of shares transferred in the year(1)	-	-	-
Purchase from third parties holding more than 10% of the share capital or from executives in the year	-	-	-
Number of shares held by the company on December 31, 2012	**-**	**-**	**-**
Book value of shares held by the company on December 31, 2012	-	-	-
Portfolio value on December 31, 2012 on the basis of the closing price of the share on that date	-	-	-

(1) Exercise of options granted to employees, debt instruments giving access to capital, and others.

Under the aforementioned authorisations, TF1 acquired 338,684 TF1 shares between January 1, 2013 and February 19, 2013 at the weighted average price of €8.88 per share, for a total cost of €3.0 million, of which €7,045 in trading frees after company tax.

It cancelled all of the shares bought by the company February 19, 2013, thus bringing the number of shares and voting rights to 210,287,583.

The table below, drawn up in compliance with Article L. 225-211 of the Commercial Code, recapitulates the transactions made as part of these authorisations.

TRANSACTIONS BY TF1 ON ITS OWN SHARES IN 2013 (AS AT FEBRUARY 19, 2013)

	Number of shares	Par value	Percentage of share capital
Number of shares held by the company on December 31, 2012	**-**	**-**	**-**
Number of shares purchased as at February 19, 2013	338,684	€67,737	0.16%
Number of shares cancelled as at February 19, 2013	(338,684)	€(67,737)	0.16%
Number of shares sold as at February 19, 2013	-	-	-
Number of shares transferred at February 19, 2013[1]	-	-	-
Purchase from third parties holding more than 10% of those share capital or from executives at February 19, 2013	-	-	-
Number of shares held by the company on February 19, 2013	**-**	**-**	**-**

(1) Exercise of options granted to employees, debt instruments giving access to capital, and others.

DETAIL OF TRANSACTIONS BY PURPOSE

	Number of shares	Par value	Percentage of capital
Share cancellation			
Number of shares cancelled in 2012	411,682	€82,336	0.20%
Number of shares cancelled in 2013 – as at 19/02/2013	338,684	€67,737	0.16%
Reallocations to other objectives	-	-	-
Liquidity contract	-	-	-

The authorisation to buy back shares granted by the Combined Annual General Meeting of April 19, 2012 expires on October 19, 2013. Accordingly, a proposal will be submitted to the next Annual General Meeting on April 18, 2013 to renew that authorisation in compliance with the methods described below.

TRADING IN TF1 SHARES IN 2012 BY SENIOR MANAGERS OR BY THE PERSONS REFERRED TO IN ARTICLE L. 621-18-2 OF THE MONETARY AND FINANCIAL CODE

Claude Berda, Director, purchased 200,000 TF1 shares on June 20, 2012, for a total of €1,148,461 and sold 200,000 TF1 shares between September 20 and September 25, 2012 for €1,394,478.

6.3.3 Description of the new share buyback programme submitted for vote to the Combined Annual General Meeting on April 18, 2013

Pursuant to articles 241–1 and 241-3 of the AMF General Regulation and in accordance with European Regulation 2273/2003 of December 22, 2003, the company hereby provides a description of the share buyback programme that will be submitted for the approval of the Combined Annual General Meeting on April 18, 2013.

MAXIMUM PERCENTAGE OF CAPITAL – MAXIMUM NUMBER AND CHARACTERISTICS OF THE SHARES THAT THE COMPANY IS PROPOSING TO ACQUIRE – MAXIMUM PURCHASE PRICE

TF1 has decided to maintain the total number of shares it may acquire at 5%, with regard to the use of financial delegations.

TF1 will be empowered to acquire 5% of the total number of shares making up its share capital at the buyback date. As an illustration, based on the share capital at February 19, 2013, this would amount to 10,514,379 shares.

TF1 has set the maximum amount allocated to the programme at €150 million.

Since the programme's main goal is the cancellation of shares, this maximum amount is unlikely to be reached. However, TF1 reserves the option of using the entire allocation.

As at February 19, 2013, the company owns none of its shares. It has no open position on derivatives.

GOALS OF THE BUYBACK PROGRAMME

Shares bought back under the programme may be used for the following purposes:

- cancel shares under the conditions provided for by law, subject to authorisation from the Extraordinary General Meeting;
- allocate or transfer shares to employees or corporate officers of the company or of related companies, in accordance with the requirements and procedures provided for by law, and particularly in connection with profit-sharing or stock option plans, or through the allocation of bonus shares, or *via* company or intercompany savings schemes;
- ensure liquidity and make a market in the company's shares, through an investment services provider operating within the framework of a liquidity agreement that complies with an AMF-recognised Code of Conduct;
- hold shares and, as the case may be, use them as a means of payment or exchange in the event of an acquisition, merger, split-off or contribution, in accordance with AMF-recognised market practices and applicable regulations;
- hold shares and, as the case may be, allocate them following the exercise of rights attached to securities giving entitlement to the allocation of bonus shares in the company via redemption, conversion, exchange, presentation of a warrant or in any other way;
- implement any market practice accepted by the AMF and, more generally, conduct any transaction that complies with current regulations.

Shares may be acquired, sold, transferred or exchanged by any means allowed by the current regulations, *i.e.* on- or off-exchange, including over the counter and by means of derivative financial instruments, and at any time, except during a public purchase, exchange or standing market offer. The proportion of the programme that may be executed through block trades is not limited and may account for the entire programme.

The purchase price may not exceed €20 per share, subject to adjustments relating to transactions involving the company's capital.

The total number of shares held at given date may not exceed 5% of the share capital at that same date.

DURATION OF THE BUYBACK PROGRAMME

Eighteen months starting from the Combined Annual General Meeting of April 18, 2013.

6.3.4 Authorisations and financial delegations

FINANCIAL DELEGATIONS AND AUTHORISATIONS STILL IN EFFECT

In accordance with Article L. 225-100 of the Commercial Code, the following table summarises the delegations and authorisations still in effect and granted by the General Meeting to the Board of Directors, and the use made of such delegations and authorisations in full year 2012.

The maximum nominal amount of immediate and/or deferred capital increases that can be made by virtue of authorisations granted is fixed at €8.6 million with pre-emptive rights and €4.3 million without pre-emptive rights. The overall ceiling on financial delegations is €8.6 million, *i.e.* 20% of the company's capital at April 19, 2012.

Alongside this overall ceiling, a sub-ceiling of €4.3 million, or 10% of the capital at April 19, 2012, is applicable and is shared with other issues depending on the type of transactions planned. These possibilities are limited by the overall ceiling. The maximum nominal amount of debt securities that may be issued under the authorisations would be €900 million.

The following amounts will be deducted from the sub-ceiling:

- issues without pre-emptive rights (21st and 22nd resolutions – capital increase without pre-emptive rights through the issuance of shares or securities *via* public offer or private placement);
- additional issues by application of the green-shoe clause, if the issue is organised without subscription rights (23rd resolution);
- issues for in-kind contributions (25th resolution);
- issues for contributions of shares (26th resolution).

A common overall ceiling equal to 3% of the share capital is provided for in the 28th and 29th resolutions.

The financial authorisations and delegations granted by the Annual General Meetings in 2011 and 2012 expire in 2013, with the exception of the one pertaining to the authorisation to grant options and award performance shares, which expires on June 14, 2014.

Authorisation	Maximum nominal amount of capital increases	Maximum nominal amount of debt instruments	Authorisation valid	Time remaining [(1)]	Combined Annual General Meeting	Resolution no.	Use made of authorisation during the year
Share buyback and reduction of share capital							
Purchase by the company of its own shares	5% of capital		18 months	6 months	19/04/2012	8	The company bought 311,682 shares in 2012 and 338,684 in 2013
Capital reduction through cancellation of shares	5% of capital per 24-month period		18 months	6 months	19/04/2012	9	411,682 shares were cancelled[(2)] in 2012 and 338,684 in 2013
Issuance of securities							
Capital increase with PR[(3)] through issuance of shares or securities	€8.6 million	€900 million	26 months	2 months	14/04/2011	19	This authorisation was not used
Capital increase through incorporation of issuance premiums, profits or reserves	€400 million		26 months	2 months	14/04/2011	20	This authorisation was not used
Capital increase without PR[(3)] through issuance of shares or securities by public offer	€4.3 million	€900 million	26 months	2 months	14/04/2011	21	This authorisation was not used
Capital increase without PR[(3)] through issuance of shares or securities in connection with a private placement	€4.3 million	€900 million	26 months	2 months	14/04/2011	22	This authorisation was not used
Increase in the number of securities to be issued in the event of a capital increase with or without PR[(3)]	15% of initial issue		26 months	2 months	14/04/2011	23	This authorisation was not used
Setting of issue price, without PR[(3)], of shares or securities	10% of capital		26 months	2 months	14/04/2011	24	This authorisation was not used
Capital increase intended to remunerate in-kind contributions made up of the securities of a company or securities giving access to capital	10% of capital	€900 million	26 months	2 months	14/04/2011	25	This authorisation was not used
Capital increase without PR[(3)] to remunerate securities tendered as part of a public exchange offer	€4.3 million		26 months	2 months	14/04/2011	26	This authorisation was not used
Issues reserved for employees and senior managers							
Grants of options to subscribe to and/or purchase shares	3% of capital		38 months	14 months	14/04/2011	28	The Board granted 1,437,200 options to subscribe to shares[(4)]
Free allotment of existing shares or shares to be issued in the future	3% of capital		38 months	14 months	14/04/2011	29	This authorisation was not used
Capital increase reserved for employees or corporate officers participating in a company savings scheme (PEE)	2% of capital		26 months	2 months	14/04/2011	30	This authorisation was not used

(1) As from the vote of the AGM on April 18, 2013.
(2) o/w 100,000 on February 15, 2012 and 311,682 on November 13, 2012.
(3) PR: pre-emptive rights.
(4) See the report on stock options in Chapter 2, page 57 of this registration document and annual financial report.

FINANCIAL DELEGATIONS AND AUTHORISATIONS SUBMITTED TO THE 2013 COMBINED ANNUAL GENERAL MEETING

The authorisations and delegations granted by the Annual General Meetings in 2011 and 2012 expire in 2013, apart from the one pertaining to option grants and bonus share allotments, covered by the 28th and 29th resolutions of Annual General Meeting on April 14, 2011, which expire on June 14, 2014 and for which a common overall cap is set at 3% of the share capital.

The authorisations and delegations granted by the Annual General Meetings of 2011 and 2012 are reviewed hereabove.

The table below sets out the delegations and financial authorisations to be entrusted to the Board of Directors by the Combined Annual General Meeting of April 18, 2013.

From the day they are approved by the Annual General Meeting, the various delegations and authorisations will replace, for their uncommitted portion where such is the case, those granted at an earlier date for the same purpose.

These new delegations are in the same vein as similar ones authorised by previous AGMs and are consistent with usual practice and recommendations concerning amounts, ceiling and duration (26 months).

The overall authorisation ceiling for capital increases, with or without pre-emptive rights, remains at 20% of the capital.

The delegations provided for in these resolutions cover the issuance of equity and transferrable securities giving access to the share capital, with or without pre-emptive rights. The policy of the Board of Directors is in principle to favour capital increases that maintain shareholders' pre-emptive rights. However, those rights may have to be eliminated; in this case, the Board of Directors may nevertheless grant shareholders a priority entitlement to subscribe for new shares as of right and/or in excess of those acquired by right.

The maximum amount of immediate and/or subsequent capital increases that can be carried out under such authorisations would be €8.4 million (20% of the capital, the "overall ceiling") with pre-emptive rights maintained (19th resolution) or €4.2 million (10% of the capital, "sub-ceiling") with pre-emptive rights cancelled. The maximum amount of debt securities issuable under these authorisations would be €900 million.

The 20th resolution moves to authorise your Board of Directors to increase the share capital by incorporating reserves, profits, share premiums or other amounts that could be included in capital, with a nominal limit of €400 million. This ceiling is separate from and independent of the overall ceiling set in the 19th resolution.

The delegation provided for in the 28th resolution concerns the issuance of new shares, with elimination of pre-emptive rights and capped at 2% of the capital. These shares would carry a maximum discount of 20% and be reserved for staff of the TF1 group who pay into a company savings plan.

Note that the company is not allowed to buy back its own shares during a public purchase, exchange or standing market offer. Moreover, derivatives will not be used for these purchases.

Authorisation	Maximum nominal amount of capital increases	Maximum nominal amount of debt securities	Validity of authorisation	Time remaining[1]	Combined Annual General Meeting	Resolution no.
Share buybacks and reduction of share capital						
Purchase by the company of its own shares	5% of capital		18 months	18 months	18/04/2013	17
Capital reduction through cancellation of shares	5% of capital per 24-month period		18 months	18 months	18/04/2013	18
Issuance of securities						
Capital increase with PR[2] through issuance of shares or securities	8.4 M€	€900 million	26 months	26 months	18/04/2013	19
Capital increase through incorporation of issuance premiums, profits or reserves	€400 million		26 months	26 months	18/04/2013	20
Capital increase without PR[2] through issuance of shares or securities by public offer	€4.2 million	€900 million	26 months	26 months	18/04/2013	21
Capital increase without PR[2] through issuance of shares or securities in connection with a private placement	€4.2 million	€900 million	26 months	26 months	18/04/2013	22
Setting of issue price, without PR[2], of shares	10% of capital		26 months	26 months	18/04/2013	23
Increase in the number of securities to be issued in the event of a capital increase with or without PR[2]	15% of initial issue		26 months	26 months	18/04/2013	24
Capital increase intended to remunerate in-kind contributions made up of the securities of a company or securities giving access to capital	10% of capital	€900 million	26 months	26 months	18/04/2013	25
Capital increase without PR[2], to remunerate securities tendered as part of a public exchange offer	€4.2 million	€900 million	26 months	26 months	18/04/2013	26
Issues reserved for employees and managers						
Capital increase reserved for employees and/or corporate officers participating in a company savings scheme (PEE)	2% of capital		26 months	26 months	18/04/2013	28

(1) As from the vote of the AGM on April 18, 2013.
(2) PR: pre-emptive rights.

6.3.5 Potential capital

As of February 19, 2013, the only potentially exercisable TF1 options were those in Plan 11 (*i.e.* those no longer in lock-up period and whose exercise price was lower than the market price at that date), *i.e.* 1,728,889 outstanding shares (0.8% of the share capital).

There is no other form of potential capital.

Options remaining valid appear in Chapter 2, note 2.3.2, page 57 of this registration document and annual financial report.

6.3.6 Change in capital over the last five years

CHANGE IN CAPITAL AS OF FEBRUARY 19, 2013

Date	Corporate action	No. shares	Increase/decrease in capital (in euros) Nominal	Increase/decrease in capital (in euros) Prime	Total share capital after increase (in euros)	New shares outstanding
20/02/2007	Cancellation of shares bought by the company	(251,537)	(50,307)	-	42,774,118	213,870,592
From 24/01/2007 to 16/07/2007	Exercise of share options in plan no. 7 at €20.20	339,900	67,980	6,798,000		
	Exercise of share options in plan no. 7 at €21.26(1)	100,000	20,000	2,106,000	42,862,098	214,310,492
12/11/2007	Cancellation of shares bought by the company	(900,000)	(180,000)	-	42,682,098	213,410,492
From 17/05/2011 to 19/08/2011	Exercise of share options in plan no. 11 at €5.98	8,311	1,662	48,038	42,683,760	213,418,803
10/11/2011	Cancellation of shares bought by the company	(2,388,600)	(477,720)	-	42,206,040	211,030,203
21/11/2011	Exercise of share options in plan no. 11 at €5.98	2,800	560	16,184	42,206,600	211,033,003
15/02/2012	Cancellation of shares bought by the company	(100,000)	(20,000)	-	42,186,600	210,933,003
13/11/2012	Cancellation of shares bought by the company	(311,682)	(62,336)	-	42,124,264	210,621,321
19/12/2012	Exercise of share options in plan no. 11 at €5.98	3,000	600	17,340	42,124,864	210,624,321
16/01/2013	Exercise of share options in plan no. 11 at €5.98	1,946	389	11,248	42,125,253	210,626,267
19/02/2013	Cancellation of shares bought by the company	(338,684)	(67,737)	-	42,057,517	210,287,583

(1) The 5% discount was not applied to stock options awarded to Executive Directors.

6.4 OWNERSHIP STRUCTURE

6.4.1 Management of TF1 shares

TF1, as issuing company, manages its own registrar and paying agent services.

6.4.2 Shareholders' agreements

TF1 has signed several shareholders agreements, the most significant of which are reviewed below.

SHAREHOLDERS' AGREEMENTS WITH GROUPE AB – JUNE 11, 2010

Since 2007 the TF1 group had held a 33.5% interest in the AB Group, which in turn held investments including a 40% interest in TMC and a 100% interest in NT1. TF1 also held a 40% direct interest in TMC, acquired in 2005.

On June 11, 2010, TF1 and the AB Group finalized the implementation of the agreement signed on June 10, 2009, as a result of which TF1 acquired from the other AB Group shareholders their remaining 66.5% stake in the AB Group's 40% interest in TMC and the 100% interest in NT1 held by the AB Group, for a total price of €194.9 million. As a result, the TMC and NT1 channels have been fully consolidated by the TF1 group since July 1, 2010.

TF1 has retained the same interest in the other activities of the AB Group (33.5%) as it held prior to this transaction, since the call option on this stake granted to the Groupe AB management team (Port Noir) at €155 million was unexercised when it expired on June 12, 2012.

TF1, Port Noir Investment and Claude Berda signed an agreement on their shareholding in the newly formed company Groupe AB. The salient points of agreement are as follows:

- TF1 is entitled to appoint a number of members to Groupe AB's Boards that is proportional to its holding, *i.e.* one-third of the members;
- TF1 has a pre-emptive right in the event of disposal of Groupe AB's assets or key business rights or of any ownership interests that the company might sell;
- TF1 has a joint right of disposal, notably if the controlling interest in Groupe AB is sold.

SHAREHOLDERS' AGREEMENT FOR EUROSPORT, DECEMBER 21, 2012[1]

On December 21, 2012 TF1 and Discovery Communication finalised implementation of the exclusive negotiation agreement signed on November 13, 2012, whereby Discovery (Discovery France Holdings SAS, a subsidiary of Discovery Communications Inc., Delaware, USA) took a 20% interest in Eurosport SAS (which now holds 100% of the capital of the French channels, including Eurosport France SAS [the company holding a pay-to-view digital terrestrial TV licence and Eurosport's foreign subsidiaries], for approximately €170 million in cash[1].

TF1 and Discovery Communications signed an acquisition agreement and a shareholders' agreement concerning their holding in Eurosport SAS. The main provisions of those agreements are as follows:

- Discovery Communications has the right to appoint two of the seven members of the Board of Directors of Eurosport SAS, the Chairman of which is appointed from the directors designated by TF1;
- Discovery Communications has the right, for one year starting December 21, 2014, to acquire 31% of Eurosport SAS, the parent company of the Eurosport group, thereby holding 51% of the company's capital;
- if Discovery Communications exercises that right, TF1 would have the right to sell the remainder of its holding in Eurosport SAS to Discovery Communications, i.e. 49% of the capital, for a period of one year starting from Discovery Communications' acquisition;
- Eurosport SAS securities cannot be transferred until Discovery's option exercise period expires.

This agreement does not alter the control of the channels belonging to Eurosport SAS.

SHAREHOLDERS' AGREEMENT ON PAY-TO-VIEW THEME CHANNELS, DECEMBER 21, 2012[1]

On December 21, 2012 TF1 and Discovery Communication finalised implementation of the exclusive negotiation agreement signed on November 13, 2012, whereby Discovery (Discovery France Holdings SAS, a subsidiary of Discovery Communications Inc., Delaware, USA) took a 20% interest in Préfas 18 SAS (which now holds 100% of the capital of the theme channels TV Breizh, Ushuaia, Stylía and Histoire) for approximately €14 million in cash.

(1) This operation is mentioned in the significant events of 2012 section of the notes to the consolidated financial statements of the present registration document and annual financial report.

TF1 and Discovery signed an acquisition agreement and a shareholders' agreement concerning their holding in Préfas 18 SAS. The main provisions of those agreements are as follows:

- Discovery has the right to appoint two of the seven members of the Board of Directors of Préfas 18 SAS, the Chairman of which is appointed from the directors designated by TF1;
- Discovery Communications has the right, for one year starting December 21, 2014, to acquire 29% of the capital of the pay-to-view theme channels, thereby holding 49%;
- if Discovery Communications acquires 31% of Eurosport SAS (see above) but does not acquire the 29% stake in the capital of the pay-to-view theme channels, TF1 can sell Discovery Communications 15% of the capital of the pay-to-view theme channels, thus giving Discovery Communications a 35% ownership interest;
- Préfas 18 SAS securities cannot be transferred until Discovery's option exercise period expires.

This agreement does not alter the control of TV Breizh, Ushuaia, Stylía and Histoire.

6.4.3 Action in concert

There is no concerted action to report relative to TF1.

6.4.4 Shareholders and ownership structure

CHANGE IN SHARE OWNERSHIP STRUCTURE

To the best knowledge of the Board of Directors, the company's share ownership is broken down as follows:

	December 31, 2012			December 31, 2011			December 31, 2010		
	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights
Bouygues	91,946,297	43.7%	43.7%	91,946,297	43.6%	43.6%	91,946,297	43.1%	43.1%
Treasury shares	-	-	-	100,000	0.05%	0.05%	14,625	0.01%	-
TF1 employees	15,261,434	7.2%	7.2%	13,159,913	6.2%	6.2%	12,149,695	5.7%	5.7%
via the FCPE TF1 fund[(1)]	*15,176,013*	*7.2%*	*7.2%*	*13,071,427*	*6.2%*	*6.2%*	*12,025,780*	*5.6%*	*5.6%*
as registered shares	*85,421*	*0.0%*	*0.0%*	*88,486*	*0.0%*	*0.0%*	*123,915*	*0.1%*	*0.1%*
Free float – France[(2)(3)]	26,570,241	12.6%	12.6%	28,873,082	13.7%	13.7%	34,833,010	16.3%	16.3%
Free float – rest of world[(3)]	76,846,349	36.5%	36.5%	76,953,711	36.5%	36.5%	74,466,865	34.9%	34.9%
TOTAL	**210,624,321**	**100.0%**	**100.0%**	**211,033,003**	**100.0%**	**100.0%**	**213,410,492**	**100.0%**	**100.0%**

(1) Employee shareholders members of the company savings scheme. The FCPE TF1 Shares Supervisory Board exercises the voting rights attached to the securities in the portfolio and decides how many securities to include in the case of a public share issue.
(2) Including non-identified holders.
(3) Estimates by Euroclear.

The number of shareholders is estimated at more than 100,000.

There are no double voting rights.

To the best knowledge of the company, there are no TF1 shares pledged and TF1 has pledged none of its subsidiaries' shares.

To the best knowledge of the company, there has been no material change in the ownership structure since December 31, 2011.

The control structure of the company is described above. However, the company considers that there is no risk of abuse of control. The company refers to the recommendations of the Code of Corporate Governance published in December 2008 by AFEP and MEDEF. These recommendations have been incorporated into the Board's rules of procedure.

MAJOR HOLDING NOTIFICATIONS

Major holding notifications made by listed intermediaries or fund managers brought to the notice of TF1 in 20112, including the legal notifications brought to the notice of the AMF, were as follows.

Date of notification	Date of operation	Listed intermediary or fund manager	By-law or legal threshold	Change in shareholding	Number of shares	% of capital	Total number of votes	% of total votes
31/01/2012	30/01/2012	Manning & Napier Advisors, LLC	10%	Up	21,377,393	10.13%	21,377,393	10.13%
04/04/2012	02/04/2012	UBS AG	1%	Up	2,170,845	1.03%	2,170,845	1.03%
05/04/2012	03/04/2012	UBS AG	1%	Down	2,042,091	0.97%	2,042,091	0.97%
10/04/2012	05/04/2012	UBS AG	1%	Up	2,311,476	1.10%	2,311,476	1.10%
10/04/2012	05/04/2012	DNCA Finance	1%	Up	2,140,000	1.01%	2,140,000	1.01%
16/04/2012	12/04/2012	UBS AG	1%	Down	1,068,837	0.51%	1,068,837	0.51%
17/04/2012	16/04/2012	Amundi Asset Management	2%	Up	5,237,708	2.48%	5,237,708	2.48%
03/05/2012	02/05/2012	Amundi Asset Management	2%	Down	2,770,301	1.31%	2,770,301	1.31%
04/05/2012	02/05/2012	UBS AG	1%	Up	3,239,896	1.54%	3,239,896	1.54%
09/05/2012	07/05/2012	UBS AG	1%	Down	1,421,307	0.67%	1,421,307	0.67%
21/05/2012	21/05/2012	Artisan Partners	2%	Up	4,458,043	2.11%	4,458,043	2.11%
26/09/2012	21/09/2012	Bestinver	1%	Up	2,539,509	1.21%	2,539,509	1.21%
25/10/2012	25/10/2012	Artisan Partners	3%	Up	6,376,504	3.02%	6,376,504	3.02%
30/10/2012	26/10/2012	Bestinver	2%	Up	4,301,834	2.04%	4,301,834	2.04%

To the best knowledge of the company, there are no shareholders other than Bouygues, FCPE TF1 Actions, Manning & Napier and First Eagle Investment Management holding more than 5% of the capital or voting rights.

The FCPE TF1 Actions, which is the employee share ownership scheme of the TF1 group, held 7.2% of the capital at December 31, 2012.

6.5 STOCK MARKET INFORMATION

6.5.1 Description of TF1 shares

TF1 shares are quoted on Euronext Paris, compartment A.

ISIN code: FR0000054900, CFI: ESVUFB, ICB: 5553 – Audiovisual and entertainment, Mnemonic: TFI.

At December 31, 2012, TF1 shares were included in the following stock market indices: SBF 120, EURO STOXX® Media, CAC MID 60, NEXT 150® and CAC Média.

TF1 shares are also included in the following Environmental, Social and Governance (ESG) indices: FTSE4Good Index, Euronext FAS IAS, Ethibel EXCELLENCE Euro, DJSI World Universe, DJSI World Enlarged Universe, DJSI Europe Universe (Dow Jones Sustainability Indexes).

There is currently no request for admission to another stock exchange.

6.5.2 Price and volumes

At December 31, 2012, TF1 closed at €8.85, a year-on-year increase of 17%, compared with gains of 15% for the CAC 40 index and 17% for the SBF 120.

Media indices also advanced during 2012, with gains of 13% for Euro STOXX® Media and 10% for the CAC Média.

In 2012, daily turnover of TF1 shares averaged out at 500,343, down 34% on 2011. The biggest turnover day of the period was May 31, when 7,784,857 shares were traded.

The stock market valuation of the TF1 group was €1.9 billion at December 31, 2012. PER (based on net income Group share) was 14 compared with 9 at December 30, 2011.

TF1 (ISIN code: FR0000054900) share price and transaction volumes over the year:

	Highest(1)	Lowest(1)	Last	Number of shares	Capitalisation(3)
Month	**Euros**	**Euros**	**Euros**	**traded(2)**	***(€ million)***
January	8.89	7.37	8.41	7,210,097	1,775
February	9.52	8.22	8.97	9,680,873	1,892
March	9.57	8.54	9.18	6,183,586	1,937
April	9.20	6.91	7.30	15,052,200	1,540
May	7.65	5.91	5.95	27,197,646	1,256
June	6.40	5.30	6.29	14,814,891	1,327
July	7.07	6.17	6.86	12,323,934	1,447
August	7.65	6.63	7.43	5,285,734	1,567
September	8.30	6.44	6.48	7,662,232	1,367
October	6.97	6.25	6.63	8,425,591	1,398
November	8.09	6.42	7.52	7,957,583	1,585
December	9.07	7.50	8.85	6,474,260	1,864

Source: NYSE Euronext.

(1) The highest and lowest prices quoted refer to extreme values achieved during the session.

(2) Volumes exchanged refer to transactions taking place on NYSE Euronext.

(3) Calculation based on last price of the month multiplied by the number of shares reported at the end of the month.

6.5.3 Dividends and returns

No interim dividends were paid out of 2012 profits.

Dividends are available to shareholders from their date of payment, either at TF1 for registered shares or at financial institutions for managed registered shares and bearer shares.

Dividends that are not claimed within five years are remitted to the government.

Year	Number of share as of December 31st	Dividends[1] paid in the business year *(net in euros)*	Paid	Stock market price[1] *(in euros)* Closing price			Gross return based on last price
				Highest	Lowest	Last	
2008	213,410,492	0.47	April 27, 2009	19.2	9.1	10.4	4.5%
2009	213,410,492	0.43	May 3, 2010	12.9	5.2	12.9	3.3%
2010	213,410,492	0.55	April 26, 2011	14.6	10.2	13.0	4.2%
2011	211,033,003	0.55	May 2, 2012	15.0	7.1	7.5	7.3%
2012	210,624,321	0.55[1]	April 30, 2013	9.6	5.3	8.9	6.2%

(1) Dividends submitted to General Meeting for approval on April 18, 2013.

7

CORPORATE SOCIAL RESPONSIBILITY

7.1 THE CSR APPROACH AND REPORTING

7.1.1 Strategy and commitments

MESSAGE FROM GILLES MAUGARS

Executive Vice President, Technologies, Information Systems, Internal Resources and Corporate Responsibility

Corporate Social Responsibility took on a new dimension in 2012 following the publication of the implementation order for Article 225 of the Grenelle 2 act. Verification of employment, societal and environmental data by an independent third party has become mandatory for French companies. TF1 comes within this new obligation and is continuing its drive for action and transparency in these three areas.

Since it was privatised in 1987, TF1 has undertaken to strictly respect its contractual obligations. The Group has also endeavoured to provide its employees with fulfilling work conditions. The channel has dealt with environmental issues on a daily basis through its televised news programmes and through pioneering programmes such as Ushuaïa. Solidarity is also expressed by freely assigning airtime to charity organisations.

TF1 now comprehensively applies its entire CSR policy and commitments, aimed at all of its stakeholders.

In relation to its employees, through the attention paid to the recruitment of diverse talents, with the *Fondation de la réussite* ("Foundation for Success") now a recognised intermediary. In relation to its suppliers, with a responsible purchasing process that has won several awards. In relation to the financial markets, with increased transparency in its actions, rigorous reporting and improved governance criteria. In relation to advertising customers, with frequent meetings and dialogue on current technological and societal issues. Lastly, in relation to the public, with an emphasis placed on diversity in programming, solidarity and attentiveness, and through ever stronger dialogue.

These CSR initiatives are the fruit of cross-cutting work from all the sectors of the company, from Human Resources to Purchasing, from the News Department to the programming units, and from the Financial Department to the managers of buildings.

The quality of the Group's actions was recognised by non-financial rating agencies in 2012[1]. TF1 also wishes to increase its ambitions by taking into account the issues related to new media, such as the protection of personal data, the protection of copyright and the fight against piracy, and through a global review of CSR in the media through inter-professional discussions. The Ecoprod platform, launched in 2009, is the place for sharing the environmental impact of audiovisual productions. Concerning all subjects relating to society, a working group on CSR in the media involving the large French players has been set up to identify the contribution of the media to sustainable development.

In this document and on www.groupe-tf1.fr, you will find the description of the actions carried out in 2012, including the elements relating to Article 225 of the Grenelle 2 Act.

THE GROUP ECOSYSTEM – MAJOR IMPACTS

In 2011 the CSR Department updated its policy on corporate social responsibility in order to better integrate it into the business lines and Group strategy. The review carried out by the Department, combined with the new ISO 26000 guidelines and the media sector supplement of the Global Reporting Initiative (GRI), highlighted the major impacts, risks and opportunities for the Group in terms of social responsibility.

The Group's corporate social responsibility process and the quality of associated reporting must contribute to objectifying and strengthening dialogue and ensure the trust of stakeholders, in order to strengthen relationships, win support and make its actions sustainable. As a media group, **public trust** is the core of the issue for TF1. The quality of the information produced and broadcast on its channels and Internet sites and the compliance of all its programmes with the commitments made to the community are therefore key issues in its societal impact. The nature of these issues is strengthened by TF1's unique position in France:

- **TF1 is the leading channel in France** in terms of audience share[2] – TF1 has a highly influential position and corresponding responsibility;
- **TF1 has a preponderant role in content creation in France** – TF1 plays a leading social and economic role in the development of audiovisual production;
- **TF1 carries out its activities within a value chain** – TF1 has to involve all players in its social responsibility policy;
- **TF1 works in an environment subject to strict regulation** – TF1 has to be exemplary in terms of respect for regulations and contribute to preparing them, particularly in the new media sector;
- **TF1 is the interface between the consumer and the advertiser (advertising, e-tailing)** – TF1 must consider, with advertisers and the entire sector, the evolution of advertising and the emergence of sustainable modes of consumption;
- **TF1 works in a market and technological environment subject to strong change** – TF1 has to make a positive contribution to changes in its sector, develop the skills of its employees, and innovate.

(1) See paragraph «TF1 in stock market indices on sustainable development» on page 231 in this document.
2) Source: Médiamétrie – Individuals aged 4 and over.

CSR POLICY – ISSUES AND COMMITMENTS

The commitments conveyed by the CSR policy, reviewed and validated by the entire Executive Committee, include six topics around which the associated actions and communication are organised. To facilitate the interpretation of these topics in relation to the Group's reporting obligations, their wording is given in each of the 3 sections of Article 225.

GOVERNANCE

(Article 225 - Section 3: "Regional, economic and social impact of activities")

In the governance of the company and in its activities, the TF1 Group applies ethical and responsible principles, be it regarding the regulator, the public, customers, suppliers or its employees. It reports exhaustively and transparently on its activities to the community.

DIALOGUE WITH STAKEHOLDERS

(Article 225 - Section 3: "Regional, economic and social impact of activities")

The TF1 Group encourages respectful and constructive dialogue with all its stakeholders, both contractual and non-contractual. The development of a close relationship with the public, bringing all individuals the opportunity to dialogue with the Group, is a key element in its communications policy.

ISSUES RELATED TO CONTENT PRODUCED AND BROADCAST

(Article 225 - Section 3: "Regional, economic and social impact of activities")

The TF1 Group ensures that its programmes respect the ethical and compliance commitments made with the public, particularly concerning the quality of the information broadcast on the Group's channels, the diversity of its programmes and depictions of the population, their inclusive and non-discriminating character, the promotion of solidarity and social bonds, and the raising of environmental awareness, seeking at all times to maintain continuous dialogue with all stakeholders.

TALENT AND WORKING ENVIRONMENT

(Article 225 - Section 1: "Social impact")

The TF1 Group encourages the creativity and involvement of its employees, develops their skills, fosters their professional growth and offers them a top-quality work environment. The Group offers opportunities for its employees to get involved with the community.

INCLUDING SUSTAINABLE DEVELOPMENT IN PRODUCTS AND ACTIVITIES

(Article 225 - Section 2: "Environmental impact")

The TF1 Group integrates sustainable development issues in the design and use of its productions, products and innovations. The same applies to the management of its head offices.

RESPONSIBLE PURCHASING

(Article 225 - Section 3: "Regional, economic and social impact of activities")

The Group's CSR policy extends into its value chain and particularly suppliers, through the "Responsible Purchasing" process.

7.1.2 Company profile

This present registration document and annual financial report presents the operational structure of the organisation and the management team (page 6), together with its capital structure and legal form (pages 7 and 202). The activities and size of the Group are described on page 8, together with the market and the trends that characterise it, on page 73.

The geographical breakdown of the Group's revenuess is: 83% in France, 15% in the European Union outside France and 2% for other countries.

7.1.3 Organisation and players

The CSR policy, introduced in 2005, is coordinated by Gilles Maugars, Executive Vice President at the TF1 Group. Catherine Puiseux (assistant director), works full-time on coordination of actions and reporting. The CSR Department can be contacted at: rse@tf1.fr.

The CSR Department organises and coordinates the network of internal players, who drive actions in their operational or functional structures. All non-financial reporting is made in cooperation with the Investor Relations Department. Each Group entity develops its own actions, so as to place corporate social responsibility at the core of its business.

The Group has set up three topic-based cross-functional committees:

- the Solidarity Committee: created in 2001, it coordinates TF1's community-minded activities, reaffirms the company's corporate social responsibility with the general public and organises its replies to requests from charities and non-profit organisations;

- the Responsible Purchasing Committee: created in 2007, it disseminates the «Responsible Purchasing» policy throughout the Group, reports on the progress of activities, develops the use of workshops in the protected/adapted sector and sets the strategic guidelines for the TF1 Group's responsible purchasing policy;
- and the Diversity Committee: created in 2007, it decides on and coordinates the diversity policy for the Group's channels, HR and TF1's work with the CSA on developing the regulatory framework.

All of the players, including the communication departments (internal, external and financial) and the intermediary persons in the various subsidiaries, meet once or twice a year at a meeting of the CSR Committee. The CSR Committee Meetings are used to compare initiatives and discuss the regulatory watch and benchmarks, along with the strategies for developing the CSR policy and the related communication.

The agenda of each meeting of the Board of Directors now includes an item on CSR actions.

Intra-group committees have been introduced to work on cross-functional topics at the Bouygues group, including non-financial indicators and communication, responsible purchasing, green IT, carbon assessments and measurement tools, sustainable development management and responsible communication. TF1 systematically delegates a representative and contributes to all the work in this area, including the consolidation of indicators.

TF1, *via* the CSR Department, is a member of the ORSE (observatory on corporate social responsibility) and the CDDD (Council of Directors on sustainable development).

CSR PLAYERS AT THE TF1 GROUP

Policy	CSR topics	Main TF1 Departments concerned
Governance	Governments, business ethics, transparency	Legal and General Corporate Affairs, Legal Department, Purchasing Department, Investor Relationships
Dialogue with stakeholders	Dialogue with the public	External communication, any department involved in a relationship, whether contractual or not
Issues related to content	Compliance of programmes, journalistic ethics	Management of the channel, Group News Department
Issues related to content	Raising public awareness of major issues	News Department, TF1 programming units, themed channels
Issues related to content	Solidarity/diversity	Corporate Foundation, Solidarity committee, Group handicap-diversity manager
Issues related to content	Responsible advertising and consumption	TF1 Publicité
Talents and working environment	Employee/management dialogue, remuneration policy, Forward-Looking Management of Employment and Skills, health/safety/security, equal opportunities, etc.	HR, Social Affairs, HR Development, Diversity Committee, Group handicap-diversity manager
Talents and working environment	Raising employee awareness of CSR	Internal Communication
Including sustainable development in products and activities	Environmental management of head offices, Green IT, Ecoprod actions	Corporate Services Department,
Information Systems Department	Supplier assessment, "Green Purchasing", use of sheltered sector	Purchasing Department, Responsible Purchasing Committee
	Specific topics at subsidiaries	CSR correspondents

Policy coordination	CSR Department, CSR Committee
Non-financial reporting	Investor Relations/CSR Department

7.1.4 Reporting parameters

CHANGES IN REGULATION AND STANDARDS

This document presents the non-financial reporting for all Group CSR issues. The reporting takes account of changes in regulation and standards, as well as the expectations of other observers in 2012:

- French regulatory requirements, which impose certification by a third party covering the indicators requested in the Employment, Environment and Societal sections of the law according to Decree n° 2012-557 dated 24 April, 2012;

- the availability, since May 2012, of GRI media-specific reporting guidelines, which TF1 is doing its utmost to follow, in accordance with best international practices;
- the increasingly sector-based expectations of non-financial rating agencies (particularly the SAM, EIRIS, OEKOM and VIGEO agencies), which, as dialogue progresses, are encouraging an increase in the number of topics covered and their fulfilment.

PERIOD UNDER CONSIDERATION

The reporting covers the period from January to December 2012 for all topics, excluding programme compliance, for which the reporting concerns 2011. The report published by the French audiovisual regulator, CSA, providing confirmed data, is released only in September of the following year. Data on the respect of 2011 commitments will be posted on line at www.groupe-tf1.fr/rse/following publication in September 2013.

CHANGES MADE TO NON-FINANCIAL INDICATORS

This report is made on the basis of legal indicators or indicators from CSR guidelines. Data is supplied from internal reporting tools, and, particularly for the HR section, from a management chart dedicated to human relationships, which is updated each month.

Some indicators – for example on HR, responsible purchasing and carbon assessment – have been harmonised to make consolidation easier for the Bouygues group and reading more coherent for observers. All of the modified indicators have been recalculated so as to present a history over the three years 2010, 2011 and 2012. There may therefore be disparities with the indicators presented in the 2010 and 2011 reporting. The methodological guidebook of this CSR report is available, upon request at the following address: rse@tf1.fr.

SCOPE AND GENERAL PRINCIPLE OF COMPANY CONSOLIDATION

The reporting concerns the entire Group. However, some indicators are available only for a restricted scope. Where possible, the scope considered is always notified and assessed as a share of revenues. The scope is as follows for:

- ethics, governance: the Group (100% of revenuess);
- programme compliance: TF1 for 2010, then TF1, NT1, TMC from 2011;
- employment section: the Group (100% of revenues) or France (83% of revenues);
- environmental section: Environmental Management System (buildings in Boulogne and Issy-les-Moulineaux accommodating 83% of the Group's global workforce) (83% of revenues);
- responsible purchasing: Purchasing excluding rights managed by the central purchasing department (about €650 million).

Wholly and partially integrated companies are included in the reporting unless TF1 does not operate the company (managerial responsibility). An entity has managerial responsibility when it has the power to make decisions on the operational procedures of this entity.

Metro France was fully consolidated on July 28, 2011. The employment data takes this subsidiary into account.

DOCUMENTS

The entire CSR process is presented in this document and, from April 2013, on the corporate website www.groupe-tf1.fr/rse/. The following documents will also be available on the site: the methodological guide describing the indicators, the carbon reporting resulting from the legal obligation (Decree n°2011-829 published on July 11, 2011), and the Group's CSR news in 2013.

7.1.5 Recognition of CSR performance

TF1 IN STOCK MARKET INDICES ON SUSTAINABLE DEVELOPMENT

DJSI WORLD INDEX AND DJSI EUROPE INDEX

In 2012 the TF1 group was included in the following indexes: DJSI World Universe, DJSI World Enlarged Universe and DJSI Europe Universe (Dow Jones Sustainability Indexes). The Sustainable Asset Management (SAM) agency assesses the performance of companies and analyses the world's 2,500 biggest companies in terms of capitalisation. TF1 is the only French media company in the DJSI World Index among the 342 international companies in the index. It includes 25 French companies and 11 media companies.

- Dow Jones Sustainability Index site: http://www.sustainability-indexes.com
- SAM Group site: http://www.sam-group.com/en/index.jsp

FTSE4GOOD INDEX SERIES

The TF1 group has been listed on the FTSE4Good Index since 2002. This index, built on the basis of ratings by the UK non-financial agency EIRIS (Ethical Investment Research Service), identifies and measures the performance of companies working on sustainable environmental protection, developing constructive relations with all stakeholders and striving to foster the respect of human rights.

- FTSE4Good site: http://www.ftse.com/Indices/FTSE4Good_Index_Series/index.jsp
- EIRIS site: http://www.eiris.org/

ETHIBEL PIONEER & EXCELLENCE, ESI EUROPE & GLOBAL

The Ethibel indices are constructed on the basis of ethical and sustainability criteria. They provide institutional investors, asset managers, banks and investors a global view of the financial services of the leading companies in sustainable management. The indices notably use Vigeo analysis.

- Website: http://forumethibel.org/content/home.html

TF1 RANKS IN VIGEO STUDY ON HUMAN RIGHTS BEHAVIOUR

On September 4, 2012 Vigeo published a study on human rights behaviour covering nearly 1,500 listed companies in North America, Asia and Europe between 2009 and 2012.

TF1 ranked 22nd out of the 660 companies in the same category and therefore amongst the 30 companies that demonstrate "the most advanced performance"[(1)].

Seven French companies were in this honours list: Vallourec (9th), Danone (10th), Carrefour (16th), CNP assurances (19th), TF1 (22nd), L'Oréal (23rd) and BNP Paribas (28th).

THE *8 O'CLOCK NEWS* WINS 1ST PRIZE IN MEDIA TENOR GLOBAL TV AWARDS

This international prize rewards diversity in news and information, in terms of the variety of topics and the representativeness of those in the news, be they individuals or social, economic or political groups. For the second time since this prestigious prize was created, a French media company, TF1, was at the head of the honours list. As a reminder, this year's awards were based on an analysis of 144,821 media reports from 23 programmes in 8 countries. (Period July 2011–June 2012).

The Media Tenor agency, headquartered in Zürich, was founded in 1993. It is the first research institute to devote itself entirely to the analysis of media. Each year these awards acknowledge the degree of diversity of information offered by the media examined.

TF1 TEAM WINS THE "REPORTER D'ESPOIR" PRIZE

A subject covered by a team from TF1, on the initiative of a Camargue rice-grower to replace chemical herbicides by 300 ducks in paddy fields, won a prize in the 4th "Reporter d'Espoir" ("Reporter of Hope") awards presented on March 26, 2012. This prize rewards journalists who report on initiatives and real-life solutions to the great challenges of our era. The stories are submitted to a jury of media personalities and experts recognised for their expertise and humanist commitments.

FINANCIAL INFORMATION TRANSPARENCY PRIZE

On October 4, 2012 at the French National Assembly, at the 3rd "Grands Prix de la Transparence", TF1 won prizes for the second consecutive year, taking 1st prize for the registration document, 1st prize in the "services to consumers" sector and 3rd prize in the Mid Caps category. TF1 also placed fourth in the Transparency rankings, from a sample of 170 listed companies: 52 companies from the CAC40 and Large Caps, 58 Mid Cap companies and 60 Small Cap companies. The Transparency awards, organised by Labrador, a specialist in regulated information, recognise the best practices of French stock market issuers on regulated financial information and financial communication. The prizes take account of accessibility of information, the availability, accuracy and comprehensiveness of regulated content, comparability and compliance with standards.

(1) http://www.vigeo.com/csr-rating-agency/images/PDF/Communiquepresse/Francais/20120903_CP_Etude__Droits_de_lhomme_FR.pdf

7.2 GOVERNANCE AND BUSINESS ETHICS

The Group's commitment: in the governance of the company and in its activities, the TF1 group applies ethical and responsible principles, regarding the regulator, the public, customers, suppliers and employees. It reports exhaustively and transparently on its activities to the community.

7.2.1 Legal framework for the Group's activities

The Group operates in a complex legal environment. The main legal provisions are detailed on page 212 of the present registration document and annual financial report.

The TF1 Group has made a public commitment that its broadcasting will comply with the ethical and compliance principles set out in the agreement signed with the CSA. All the commitments related to content are presented in chapter 7.4, page 241 of this present registration document and annual financial report.

- CSA website: http://www.csa.fr/
- TF1 agreement: http://www.csa.fr/infos/textes/textes_detail.php?id=8169

Advertising is covered by a co-regulation framework set up by France's advertising watchdog, ARPP (http://www.arpp-pub.org/).

The Group also pays close heed to the specific interpretations of competent authorities. In 2010 TF1 took exclusive control of the TMC and NT1 channels. This operation was authorised by the Competition Authority and the CSA subject to the Group agreeing to comply with several commitments, described page 68 of this present registration document and annual financial report.

7.2.2 Ethical codes and charters

The TF1 Group is attentive to respect for rules and values, disseminated firstly through the internal regulations of TF1 SA and its subsidiaries and through functional "charters" and, secondly, through the dissemination of the Code of Ethics used across the Bouygues group. The ethical rules that apply to all employees are designed to ensure compliance with the law and respect for suppliers, people and employees, preserve the Group's interests, ensure transparent disclosures, safeguard the environment and set up whistleblowing systems.

GLOBAL COMPACT

In 2012 the TF1 Group reaffirmed its commitment, alongside other French and international companies, to comply with and promote the ten principles of the Global Compact on Human Rights, labour rights, the environment and the fight against corruption. In 2010 Nonce Paolini presented the TF1 Group's social responsibility policy to the leaders of France's Global Compact signatories.

TF1 AND BOUYGUES CHARTERS

TF1 upholds the values of the Bouygues group and in particular applies the following codes and charters:

- the Bouygues group Code of Ethics;
- the Supplier CSR Charter;
- the Human Resources Charter.

These documents are available at: http://www.bouygues.com/fr/developpement/publications.asp.

The Bouygues group Code of Ethics applies to all TF1 employees. Among other things, the company rules require employees to refuse any gift, bonus or benefit that could compromise their objectivity or personal ethics.

TF1 employees can access company agreements and rules of procedure on the intranet. The internal regulations were updated in 2012, following dialogue with the staff representative bodies, to include new regulations concerning moral and sexual harassment and the protection of employees' private data. The rules now stipulate that employees must report any form of moral or sexual harassment.

A counselling service dedicated to fighting discrimination was established from November 2012.

Employees facing compliance issues should report this to their immediate superior or to the senior executive of the company. They should act sufficiently promptly to give their superiors time to provide suitable advice or take necessary action. Managers and senior executives are responsible for helping their employees resolve any difficulties they may encounter. If they are uncertain about a situation, they may contact the Legal and HR Departments, as well as outside consultants if need be.

The Eticnet Charter developed by TF1 applies to using the company's multimedia tools. A central concept of the charter is that the distribution of information is subject to specific rules. The document states that cinematographic, audiovisual and musical works are protected, and that using them or copying them on any medium whatsoever is strictly prohibited.

The rules of procedure of the Board of Directors set down ethical principles. Directors undertake to inform the Chairman of the Board of any actual or potential conflict of interests between their duties towards the company and their private interests and/or other duties.

7.2.3 Ethics and compliance in purchasing

Hereafter, the term "Rights acquisition" covers the acquisition of rights to broadcast programmes and rights covering the recorded broadcasting of sports events, to supply the Group's various channels. The "Purchasing Department" covers all external expenses of the TF1 Group, excluding rights.

RIGHTS ACQUISITION

Concerning rights acquisition (excluding sports rights), in 2010 the TF1 Group created the Rights Acquisition and Trading Department (DGAAN), responsible for acquiring rights for all Group channels. Rights are mainly acquired through the intermediary of the TF1 AD consortium, which includes all of the Group's channels, thus promoting the circulation of rights between them. Acquisitions are presented for approval at *ad hoc* committee meetings attended by all the decision-makers.

The Group calls on a broad range of producers. Acquisition decisions are based on the artistic quality of programmes and on the editorial policy of the Group's channels, in accordance with all the aforementioned commitments. TF1 is committed to favouring diversity and working with a diverse range of suppliers (location, size, innovation, etc.) in accordance with the principles of the Diversity Charter.

Sports rights are acquired by the department responsible for sports, generally through calls for tender initiated by the rights-holders of sports events (federations, rights agencies, etc.). The calls for tender respect European and national regulations (sports code) and are generally attributed at the end of a bidding process open to all broadcasters. For the most significant projects, the Board of Directors of the TF1 Group makes an *ad hoc* committee responsible for validating the proposals.

PURCHASES OF GOODS AND SERVICES: PURCHASING DEPARTMENT

The Group Purchasing Department, part of the Finance and Purchasing Division, handles all the TF1 Group's external expenditures (excluding rights), with annual purchasing volume of around €650 million.

Expenditures span a wide range of areas, from technical, broadcasting, IT, internet, telecoms, networks, communication, marketing, HR, general business and intellectual services to more specific areas such as procurement by the News, Sports, Audiovisual Production (TF1 Production) and Broadcasting Departments. Group Purchasing is responsible for optimising the Group's contractual terms while maintaining the quality of the goods and services purchased and striving to build balanced and lasting relationships with suppliers.

POLICY AND CHARTERS ON PURCHASES OTHER THAN RIGHTS FOR THE TF1 GROUP

The Purchasing Department upholds the following values, which are posted for employees on the dedicated intranet: ethics and compliance (as expressed by the Responsible Purchasing and Diversity policy), a clear and objective purchasing process, global management of supplier relations, two-way respect for contractual commitments, a cross-functional approach and synergy at Group level, responsible purchasing and diversity (see Responsible Purchasing Policy, page 278).

The Responsible Purchasing policy is based on demonstrating respect for suppliers and partnerships, having an efficient and secure purchasing process, and ensuring the independence and compliance of buyers. It is compliant with the Bouygues group Code of Ethics and is posted on the employee intranet site.

A section of the Responsible Purchasing Policy covers subcontractors' commitments to comply with the company's labour agreements and uphold its values. The system for compliance and fighting corruption is composed of four sections:

- respect for suppliers and partnership:
  - the rules for open competition among suppliers are clearly explained to them,
  - all suppliers responding to a call for tenders receive the same information,
  - the commitments made to suppliers are respected,
  - the 3 points above are regularly checked with the suppliers;
- efficiency and security of the purchasing process:
  - internal customers and the Purchasing Department work together,
  - suppliers are always subject to open competition,
  - proposals are assessed according to objective criteria defined before the call for tenders,
  - the reasons for choosing a supplier are always documented,

- for strategic purchases, the Purchasing Department assesses the impact of possible supplier bankruptcy and, if applicable, identifies an alternative supplier with comparable conditions,
- contractual clauses are analysed and negotiated with the aid of the Legal Department;

- independence and compliance of purchasers:
  - the purchaser, internal-customer and supplier trio may not exceed a defined duration (e.g.: maximum 3 years),
  - a buyer or an employee making purchases for the company may not be linked to a supplier by personal or family relationships or by financial interests,
  - a buyer or an employee making purchases for the company may not make personal orders with suppliers of the TF1 group,
  - gifts proposed by suppliers are accepted only under the conditions defined by the Bouygues group Code of Ethics.

The purchasing process is secured within SAP and complies with the principles of internal control concerning the separation of roles and responsibilities for making supplier orders.

- in January 2012 the Purchasing Department signed the Charter on inter-company relationships under the authority of the Ombudsman in charge of inter-company relationships, the Ombudsman in charge of credit and the CDAF (company of French managers and purchasers). The Charter is based on 10 principles:
  - ensure financial equilibrium between suppliers and customers,
  - encourage cooperation between customers and suppliers,
  - reduce the risks of reciprocal dependency between customers and suppliers,
  - involve large customers in their economic supply infrastructure,
  - assess the total cost of the purchase (qualitative, employment, sustainable development, etc., elements),
  - include environmental aspects in supplier assessments,
  - be vigilant concerning the company's regional responsibility,
  - establish a purchasing function and have a clear and transparent process,
  - have the Purchasing function manage the overall relationships with suppliers,
  - set a remuneration policy for suppliers that incorporate CSR aspects.

7.2.4 Corporate governance

This chapter presents the TF1 governance policy, which aims to respect the interests of shareholders. The full corporate governance report can be found on page 33 in Chapter 2 of this document. However, certain points, which illustrate TF1's fair treatment of shareholders, deserve to be singled out.

SHAREHOLDERS

The shareholder and investor relations teams, legal specialists, and senior management work day-in, day-out to improve dialogue with shareholders.

Every shareholder enjoys the following arrangements:

- each share carries one voting right. There are no double voting rights;
- every shareholder may attend or send a representative to any General Meeting;
- regulated agreements with the major shareholder are subject to examination by the Statutory Auditors and approval of the Ordinary General Meeting;
- shareholders are asked to give their opinion on Director appointments, delegations and financial authorisations, on approving the financial statements and on grants of options and free shares;
- any person holding more than 1% of the capital, in accordance with Article R. 225-71 of the Commercial Code, may submit a resolution to the General Meeting.

See page 284 for information about taking part in Combined General Meetings and a description of the regulated agreements.

BOARD OF DIRECTORS

The Board determines the policies that govern the company's activity and ensures that they are applied. A CSR update is provided during Board Meetings.

The following points are covered in Chapter 2 of this document:

- composition of the Board of Directors and of the Audit, Remuneration and Selection Committees, pages 24 to 32;
- the presence of women on and the independence of the Board, page 35;
- board assessment and training, pages 37 and 40;
- separation of the duties of Chairman and Chief Executive Officer, page 42;
- role of committees, pages 40 to 42;
- management of potential conflicts of interest, page 36.

REMUNERATION OF SENIOR EXECUTIVES

TF1 provides details of its compensation policy for corporate officers and the Executive Director in this registration document and annual financial report.

See page 55.

7.2.5 Internal control and risk management

TF1 enhances company management by analysing and anticipating risks. At Board level, the Audit Committee has been expanded and has three members, two of whom are considered by TF1 to be independent.

Chapter 2 contains the report on internal control, on page 44, and risk factors, on page 62.

7.2.6 Ethics and business conduct

This section explains TF1's rules of business conduct.

INSTITUTIONAL RELATIONSHIPS

The TF1 Group works in a sector that is subject to strict supervision at national and European level. TF1 is a licenced broadcaster responsible for a public service mission. As such, it is subject to numerous checks (CSA administrative law, competition authority, etc.), stemming in particular from agreements signed with the French audiovisual regulator.

Consequently, the Group maintains close relationships with its institutional environment (public authorities, government, parliament, etc.), regulatory bodies and all competent authorities, as well as with unions, federations and professional organisations.

The TF1 Group works regularly with these authorities and draws up reports, position papers, legal analyses, etc., which are published by the public authorities on a case-by-case basis.

The TF1 Group does the same thing, though to a lesser extent, with the institutions of the European Union (Commission and Parliament).

These relationships are expressed in particular through replies to questionnaires from Community institutions.

The institutional relationships of the TF1 Group are managed by a dedicated structure, the General Secretariat, responsible for ongoing dialogue with these players and regulators.

ANTITRUST POSITION

The Legal Department and the General Secretariat are involved in all external acquisitions. Helped by expert consultants, they ensure that every transaction complies with the rules on competition and dominant positions. They also support operational staff, giving guidance about the regulatory framework in which they operate.

The Competition Authority and the CSA were involved in the 100% and 80% takeovers of NT1 and TMC respectively in 2010. They determined the commitments that the Group had to meet and approved TF1's acquisition of the two channels. All staff who work at TF1 Publicité and TMC sales agencies or directly or indirectly with TMC and NT1 received a presentation about TF1's commitments. An authorised and independent representative conducts daily monitoring to make sure that TF1 is abiding by its commitments.

In addition to complying with the responsible purchasing policy, TF1 requires employees to organise a call for bids whenever they renew supplier contracts. All suppliers are free to take part in these calls and will receive the same information and the same bid outline.

The TF1 Advertising Department is the market leader. Salespersons are therefore required to comply strictly with the internal control rules and laws in place. Internal Audit ensures that the processes put in place are applied and cannot be circumvented.

7.3 DIALOGUE WITH STAKEHOLDERS

The TF1 Group undertakes to encourage respectful and constructive dialogue with all of its stakeholders, both contractual and non-contractual. The development of a close relationship with the public, to allow everyone who wishes to do so to dialogue with the Group, is a key element in its communications policy.

7.3.1 Table of stakeholders

Stakeholders	TF1 player	Dialogue methods (examples)	Actions in 2012
Regulatory authorities: CSA(1), ARPP(2), Competition Authority	Compliance Department, General Secretariat, Broadcasting, TF1 Publicité	Participation in working groups, production of reports, proposals	Writing the "online gaming " charter, signing the amendment, audio-description and signature of the quality charter
Public	External Communication Department (including Public Relations Department), News mediator, News Team journalists	Personalised answers to emails, phone calls and letters, debates with channel personalities journalist's blogs, etc.	Increased presence of the Public Relations Department in social networks
Advertisers	Sales Department, TF1 Publicité Business Development Department	General sales conditions posted on line, www.tf1pub.fr website, Références magazine	1 edition of "Campus" and 2 editions of "Workshops" from TF1 Publicité
Employees and trade unions	Management, Social Affairs and HR Directors	Negotiation of agreements with trade unions, internal communication publications, satisfaction barometer, annual performance review, etc.	"Innovation Days" and new-employee induction days
Suppliers and service providers	Central Purchasing Department	Questionnaires on CSR policy, including sustainable development in specifications	Work Meetings on diversity, sharing of best practices
Associations, NGOs	Broadcasting, Solidarity Committee, Social Affairs, incl.	Mission Handicap Free spaces provided via SNPTV, donations in kind, multi-year contracts and partnerships	Participation in numerous events on disabilities and diversity with associations
Shareholders and financial community, non-financial rating agencies	Financial Communication, CSR coordination	Annual General Meeting, registration document, road shows with institutional investors, meetings and tele-conferences with analysts, regular phone contact, website, Internet site	Quarterly presentation of accounts, General Meeting, 11 roadshows and conferences, around 100 meetings with investors and numerous contacts with analysts
Audiovisual content creators	Programme units	Very frequent meetings Creation workshops	Commission for adult training for creators

(1) French audiovisual regulator.
(2) French advertising regulation authority.

7.3.2 Dialogue with shareholders

RELATIONS WITH REGULATORY AUTHORITIES

The Programme Compliance Department is responsible for ensuring compliance with the commitments made in the agreements signed by TF1, TMC and now HD1, as well as dialogue with the CSA. The department, composed of legal specialists, reports directly to TF1's Broadcasting Department. Dialogue is conducted through hearings and written contributions, giving rise to quantified requests and proposals for commitments and the drafting of reports.

Dialogue consistently maintains a strong focus on community needs. It includes other departments whenever these are concerned by the topic. In view of TF1's leadership position in France[1], the Group places great emphasis on respecting its commitments while remaining open to discussion, an approach welcomed by the CSA on many occasions. In 2012, for example, discussions led to the drafting of an Online Gaming Charter aimed at providing a framework for referring to gambling in television programmes, especially sports shows. The Group also signed a charter on the quality of subtitles and an amendment on audio description. New commitments on the representation of diversity were accepted by the CSA. Other topics covered included the measurement of air time for political parties, the representation of national diversity, reality TV and the media presence of associations. The General Secretariat is responsible for dialogue with the CSA when the topic concerns the Group as a whole rather than the channels themselves.

AUDIENCE RELATIONS

TF1 offers diversified programmes to its viewers. But TF1 is also an accessible medium that promotes interactivity with its audiences. The 14-person Audience Relations Department was set up to boost the number of initiatives aimed at forging long-lasting ties with the public, both around the country and in social networks. The Group wants to raise the channel's profile and share its values with viewers and reviewers alike. In 2012 this ongoing link between TF1 and its audiences led to more than 13.5 million contacts, all communication modes combined.

Thanks to the communications tools put in place: **TF1&Vous** section accessible from the main navigation bar on the MYTF1.fr homepage, TF1's significant presence in social networks, or by letter or telephone, the audience can interact concerning programmes and presenters at any time. The programming offered by TF1 won awards in 2012:

- the prize for the best digital footprint for a TV channel, which recognises the power of the system and the level of interaction with the community;
- the 2012 Qualiweb Trophy, for the best online customer relationship in the information/media sector;
- the prize for digital personality of the year, won by Nikos Aliagas.

This system is a strong part of the policy of building relationships that TF1 has been engaged in over the last 5 years.

SOCIAL NETWORKS

TF1's presence in social networks, such as Twitter, Facebook and, more recently, Google+, is part of the same drive to build local presence, by offering people a unique space in which to dialogue and interact. Each day, TF1's community managers lead and take part in discussions with nearly 15,000,000 fans subscribed to pages, presenters' programme accounts and *via* the TF1 Group's corporate communications. These subscribers get exclusive programme information and loyalty offers (invitations, goodies, advance showings, etc.). They can also share their views on programmes and services. The TF1 Group is on Twitter, where many presenters keep in touch with their subscribers. In 2012 Internet users posted more than 13,5 million messages in social networks concerning the channel's various programmes.

Since November 2012 TFou, the TF1 youth programme, has been present on Facebook through a page intended for parents and their children to follow their favourite heroes' news.

MEETING WITH PEOPLE ON THE GROUND

TF1 also undertakes local initiatives, the aim of which is to consolidate the link with the audience on the ground. Throughout the year, personalities from the channel travel around France to meet viewers, with the main objective of dialoguing with them. TF1 is also increasing the number of large-scale operations around its programmes, with a summer tour of the beaches of France, showcases, the "chair tour" for the programme *The Voice*, photo events at the Miss France competition, etc.

In 2012 the channel visited 42 towns in France. Through this initiative, TF1 is creating an authentic link with its audiences. Meetings with schoolchildren, dialogue with viewers and discussions with local media are the focus of these regional trips.

INDICATORS: AUDIENCE RELATIONS

As of 31/12	2012	2011	2010
Replies to contact by e-mail, letters and calls to the ARD[1]	122,359	143,954	231,000
Messages or comments posted on all of the Facebook pages belonging to the TF1 Group	746,000	Not available	Not available
Number of messages posted on Twitter that spoke of TF1 or programmes in 2012[2]	13.5 million	Not available	Not available
Number of fans in all the social networks[3]	15 million	Not available	Not available

(1) Audience Relations Department.
(2) Source: TvTweet.
(3) Aggregation of all accounts and all the fan pages for programmes, presenters and TF1 on Facebook, Twitter and Google+.

(1) Source: Médiamétrie – Individuals aged 4 and over.

INTERACTIVE APPROACH ON TF1NEWS

The editorial and technical staff of TF1 News are constantly developing new ways to exchange views and information. Internet users can respond to the news online, dialogue with the News Ombudsman, get to know journalists better through their blogs, and offer content. This provides a wealth of resources for the benefit of the Group's various editorial teams.

NEWS OMBUDSMAN

News ombudsman Françoise-Marie Morel receives the public's opinions, requests for explanations and complaints *via* the Audience Relations Department (on tf1.fr). She listens to comments about presenters and the treatment (or non-treatment) of news stories. The News ombudsman replies on her web page and her Twitter account. She explains how newscasts are put together and what the rules are. She can also reply to individual queries. She advises the Editorial team when many people express similar reactions on a given issue.

RELATIONS WITH ADVERTISERS

TF1 Publicité provides its customers and partners with a website, www.tf1pub.fr/, on which it publishes its general conditions of sale, a newsletter, the latest sector news and numerous proposals for innovations in advertising. The magazine *Références*, targeting marketing and communication professionals, is published every quarter. TF1 Publicité organises unifying events year round, including the "Campus" meets that bring together sector professionals, advertisers, media agencies, consultancies and journalists, and TF1 Publicité "Workshops", devoted to the presentation of studies that directly affect the core business.

TF1 Publicité presents technological developments to its customers in a showroom that brings together the latest new features. The showroom is for learning about, and testing, future televisual applications in real situations, in order to anticipate future usage patterns and advertising proposals.

In contrast to received wisdom, TF1 is affordable to all and particularly to small- and medium-sized businesses, for which TF1 is an undisputed booster for development. For more than 10 years, TF1 Publicité Développement has been supporting these customers in building the most appropriate media solutions. Small- and medium-sized businesses are dynamic businesses that play a vital role in our economic tissue, creating employment and top-quality products. Access to TF1, a media traditionally associated with large groups, strengthens the credibility of these companies and their negotiating power with mass retailers. In 2012 TF1 Publicité developed a written press communication campaign intended for SMBs: "Since I have been communicating on TF1, my competitors see me differently[(1)]".

RELATIONS WITH EMPLOYEES

Each employee benefits from personalised monitoring, described in the "Talents and Employee Conditions" section on page 251.

IN-HOUSE PUBLICATIONS

The Déclic intranet site enables each employee to keep abreast of the latest Group news and also to find useful information on their work environment and professional careers. The Group publishes a quarterly newsletter, *Regards*, to share the expertise and experience of employees in the shape of testimonials and interviews. The newsletter also covers Group projects. *TF1 Inside*, a video magazine, focuses each month on the work of employees at the TF1 Group.

OPINION BAROMETER

In 2010 TF1 introduced its first opinion barometer for employees, 68% of whom replied. In April 2012, 70% of employees took part in the second edition. The 2012 barometer confirmed the overall positive trend that was already shown in 2010 (70% positive opinions on average for the entire questionnaire).

"INNOVATION SUMMER UNIVERSITY" FOR GROUP EMPLOYEES

The "Innovation Summer University" is an annual highlight for employees, designed to respond to their interest in new technologies, to raise awareness of new digital issues for the TF1 Group and to rally staff together around the Group's 360° strategy. Over three days, conferences, creative workshops and showroom exhibition events are organised with the input of experts from TF1, Bouygues Telecom and external partners. The University always proposes topics of real-life concern to Group businesses. The event is founded on the sharing of knowledge and feedback and stimulating dialogue among employees. The most recent event was highly successful.

RELATIONS WITH SUPPLIERS

In 2008 the Purchasing Department established the "Responsible Purchasing" policy. From this point of view, dialogue with suppliers is essential in order to properly understand the objectives pursued. Including sustainable development and diversity criteria in calls for bids and assessing suppliers on CSR policies using Ecovadis software give rise to increased contact between the Group and its suppliers. Debates have been organised since 2011 with TF1 Group service providers on diversity and purchasing to discuss initiatives and objectives in those areas. (More information in the "Responsible Purchasing" section on page 278.)

RELATIONS WITH FINANCIAL AND NON-FINANCIAL INVESTORS

TF1's Investor Relations and CSR Departments are responsible for relations with non-financial rating agencies. Every year TF1 sends the agencies questionnaires, which they fill out as exhaustively as possible. Meetings are arranged with the agencies to provide them with more detailed information on Group policies and methodologies.

(1) http://s.tf1.fr/mmdia/a/66/2/10766662fvtsg.pdf.

In 2011 an "Investors' Day" was organised by the Financial Department. It was intended to make a hands-on presentation to the financial community of the Group's growth leverage factors, business-line innovations and technological progress made by TF1, as well as its new sales approach and diversification strategy. The analysts present at the Meeting applauded the quality of the presentations, the precision and skills of the speakers, and the discussions with operational experts. In 2012 numerous contacts and meetings with analysts, investors and shareholders were organised, providing information on the progress of the strategy presented during this day and showing concrete illustrations from the actions carried out by the Group during the year.

RELATIONS WITH AUDIOVISUAL CONTENT CREATORS

The amount of investment in national heritage audiovisual works for TF1 performed each year (€177 million in 2010, €202 million in 2011 and €193 million in 2012) makes the TF1 Group a major player in French production. TF1 programme units, particularly the Drama Department, are in constant contact with industry professionals. In 2011/2012[(1)], 21 producers, 45 directors, more than 130 content creators and 1,300 actors directly contributed to the prime-time drama developed by the TF1 channel.

The other channels in the Group, TMC, NT1 and HD1 since it was launched on December 12, 2012, also increased their investment in producing new drama.

The agreement on training content creators, signed in 2011 with their main trade unions for an amount of €120,000, continued to produce results in 2012. Following a new call for bids, 16 training projects were approved. The objective is to help creators further strengthen their television writing abilities.

Likewise, the project bringing together TF1's Drama Department, the TF1 Corporate Foundation, PM Production and the ACSE[(2)] to work on a common project, that of writing comedies with content creators from non-traditional sectors, continued in 2012, with the aim of giving opportunities to all talents, whatever their origins, to get a firmer grasp of writing styles that address the greatest number of viewers, and also to develop projects with these talents. In 2012 eight writers from disadvantaged neighbourhoods received the support of advisors from the Drama Department to write their first scenario with dialogue.

TF1 also partners the La Rochelle TV Drama Festival.

(1) Period in question: filming started between September 1, 2011 and August 31, 2012.
(2) ACSE: National agency for social cohesion and equality of opportunity.

7.4 ISSUES RELATED TO CONTENT

The TF1 Group commits to ensure that its programmes respect the ethical and compliance commitments made to the community, particularly concerning the quality of the information broadcast on the Group's channels, the diversity of its programmes and its depictions of the population, their inclusive and non-discriminating character, the promotion of solidarity and social bonds, and the raising of environmental awareness, always seeking to maintain continuous dialogue with all of its audiences.

7.4.1 Commitments of TF1 to the community

The Programme Compliance Department is responsible for ensuring compliance with the commitments made in the agreements signed by TF1, TMC and NT1. These commitments include programming obligations, broadcasting quotas, a section on ethics and compliance (audiovisual content diversity and compliance, protection of minors), programme accessibility targets and a framework for advertising, sponsorship, product placement and teleshopping. The Compliance Department ensures that these commitments are respected through dialogue with producers, and presence during programme recording and viewing. The commitments also cover contributions to French and European production.

TF1 agreement: http://www.csa.fr/infos/textes/textes_detail.php?id=8169

7.4.2 Commitments on production/broadcasting

The information published below on TF1's respect for its commitments is taken from the 2011 assessment by the CSA. The complete assessment is available on the CSA website at http://www.csa.fr/Etudes-et-publications/Les-bilans/Les-bilans-des-chaines-de-television-publiques-et-privees/Bilan-de-la-societe-TF1-Annee-2011.

In 2011 TF1 complied with all of its obligations concerning production/broadcasting.

INDICATOR: TABLE OF QUANTITATIVE COMMITMENTS FOR 2011 (FULL TABLE ON PAGE 14 OF THE CSA REPORT)

Broadcasting	Obligation	Actual
Audiovisual works, all broadcasting (24/24)		
Europe	60%	61%
Original French-language works	40%	51%
Films, all broadcasting		
Maximum number of cinematographic films	192	138
Information		
Newscasts and magazines	800 h	1,087 h
Youth		
Children	1,000 h	1,116 h
Youth documentaries and magazines	50 h	58 h
Original French-language works	66%	69%
Music		
Drama, music and dance performances	12 h	16 h
Concerts given by French orchestras	10 h	15 h
Audiovisual production	**Obligation**	**Actual**
European/French-language audiovisual works		
Overall obligation, heritage works	13% of revenues = €202.05 m	€202.057 m
Original works	2/3 of overall obligation, i.e. €134.7 m	€182.667 m
Independent works	9.62% of revenues = €149.517 m	€154.044 m
Works produced in native HD	95% of spending on original fiction and animation, representing €149.578 m	€157.39 m
Original animated works	0.625% of revenues = €9.713 m	€10.17 m
Programming of French-language/European works beginning between 8 and 9pm	120 h	155 h 12 min
Film production	**Obligation**	**Actual**
European works	3.2% of revenues = €44.812 m	3.2%: €44.870 m
Original French-language works	2.5% of revenues = €35.009 m	3.2%: €44.170 m
Independent works	9.62% of revenues = €149.517 m	€154.044 m

7.4.3 Obeying ethical and compliance rules

In 2011 the report on the company by the CSA showed the number of actions as eight, including three letters, four warnings and one caution. The actions presented in the document concerning 2010 are not counted.

Also note that there were three letters of congratulations concerning respect for political pluralism.

For the record, the channel broadcast 7,304 hours of programming (excluding advertising and self-promotion) and covered more than 10,000 items in its TV newscasts.

INDICATOR: NUMBER AND TYPE OF CSA ACTIONS IN 2011

Subject	Programme	Type of breach	CSA action
News compliance	*Televised news*	Lack of rigour in presenting and handling information (images showing riots in Algeria to illustrate demonstrations that took placein Tunisia. 1 o'clock News on January 9th)	Warning
News compliance	*Televised news*	Lack of rigour in presenting and handling information (several errors in the 1 o'clock News and 8 o'clock News during the week from April 18th to 23rd, and the 8 o'clock News on June 11th)	Warning
News compliance	*Televised news*	Lack of rigour in presenting and handling information – False testimony – 8 o'clock News on June 23rd	Caution
News compliance	*Televised news*	Harm to public order 8 o'clock News on 20 February, 2011 (superfluous explanations on making a home-made bomb)	Warning
Pluralism of information	*Televised news*	Over-representation of members of the opposition during the 3rd quarter	Warning
Surreptitious advertising	*Televised news*	Displaying a bottle of vodka during news coverage in the 1 o'clock News on January 25th	Letter
Surreptitious advertising	*Televised news*	Elements of a subject devoted to cigars considered promotional 1 o'clock News on February 14th	Letter
Content rating information Programme classification	*Televised news*	Shocking character of the doctored image of Ben Laden, Special morning news edition on 2 May 2011	Letter

Reminder of the gradual scale of the CSA's measures: Letter – Warning – Caution – Penalty.

7.4.4 News

CHARTER OF PROFESSIONAL ETHICS FOR JOURNALISTS

The main unions representing journalists in France have adopted the Charter of Professional Ethics for Journalists, which is posted on the website of the National Union of Journalists (SNJ): www.snj.fr/IMG/pdf/Charte2011-SNJ.pdf. The national collective labour agreement for journalists (CCNTJ), which applies to all 37,000 press card-carrying journalists in France, also establishes ethical principles.

The journalists of the Group's editorial teams, who all hold the Press Card, have *de facto* adopted these rules and principles.

INTERNAL ORGANISATION: NEWS DEPARTMENT, SOCIETY OF JOURNALISTS

The News Department is in charge of ensuring that the ethical principles of the profession are applied.

It ensures the independence of the editorial staff. Through dialogue and debate, it creates an initial barrier against any attempt to breach the ethical boundaries of journalism. The editorial staff may tackle any issue and strive to treat each one in a balanced fashion, taking an approach that is commensurate with the importance of the news. Concerning possible conflicts of interest with the Group's main shareholder, the editorial team assumes that the identity of the owner is known to everyone, and so no specific precautions are taken to cover the activities of the Group owner.

The Society of Journalists, which was created following the privatisation of TF1, has 185 members out of the 230 or so journalists who make up the editorial team. Presenters and the News and Information and Editorial Team Directors do not belong. The Society's role is to create a space for dialogue in which members of the editorial staff may broach any question concerning compliance in journalistic practice and the integrity and independence of journalists. The Society of Journalists promotes the concept of responsibility in journalism as a profession. The News Department will meet it upon request throughout the year.

CRITICAL REVIEW

After each 1pm and 8pm newscast, all the departments that participate in preparing the programme hold a critical review (20 to 25 persons in total). Each week all managers take part in a forecasting meeting led by the Director of the Editorial Team. The Director of News and Information leads the News Update, a meeting open to all TF1 staff, at which all news-related subjects may be raised.

NEWS ITEM: VIEWING AND ERROR CORRECTION

Each news item is viewed by at least 4 persons: the assistant chief editor, the managing editor, the chief editor and the presenter. The Director of the Editorial Team also views many stories. If a mistake is made on air, it is usually corrected before the end of the programme by the presenter.

PRESS TRIPS AND EMBEDDED JOURNALISTS

The new News Department management no longer allows any press trips, other than official trips and certain medical conferences featuring presentations by specialist speakers, for the reimbursement of travel expenses.

TF1 regularly sends embedded journalists (those incorporated into the Armed Forces on the ground) with French and American forces, without, however, cutting itself off from other sources, because this offers a way to get physically closer to war zones. The journalist is rarely the only special correspondent on the ground. TF1 tries to do stories on peripheral topics outside the army. The practice of “embedding” is announced when the news coverage is broadcast.

TREATMENT OF HUMAN INTEREST STORIES, PREVENTION OF UPSETTING IMAGES

TF1 does not cover human interest stories unless they link to a wider social issue. The Editorial team endeavours to gauge this dimension by reading dispatches and conducting preliminary investigations.

One of the Editorial Department’s principles is to avoid showing gratuitous violent images. If a story may be difficult to watch, the presenter will warn viewers, saying that “some of the following issues may be upsetting”. Sources are always given for images. Also, images are never modified, except to add graphics.

QUALITY OF IMAGE SOURCES, AMATEUR VIDEO

The Editorial team pays very close attention to the quality of image sources, and the use of home videos is banned unless the source can be properly checked. When such material (which may be cropped and mounted) is used, the words “Home Video” are displayed and, if necessary, the date when the video was shot will be shown. These videos are paid for according to the type of event, the quality and the duration of the sequence used. Since demands for payment are on the increase, TF1 has established a scale that takes into account the event, video quality and duration.

STATUS OF GROUP JOURNALISTS’ BLOGS

If a journalist writes in the name of the channel, the Editorial Department considers that his or her contributions to blogs or social networks create exposure to personal and corporate liability. The rules that apply on air also apply to blogs. Any failure to act impartially will not be tolerated any more than it would be on the channel and penalties are possible.

UNDERCOVER WORK

The editorial team considers that it is the duty of journalists to report what goes on even in closed countries. Outside war zones, experienced journalists from TF1’s Investigations unit may work undercover if the subject justifies it, usually for social or economic subjects.

TRAINING PERSONNEL ON MEETING THEIR OBLIGATIONS

The Legal and Regulatory Affairs Department organises regular seminars on freedom and responsibility for all staff members involved in preparing reports for TF1 televised news broadcasts. Participants are reminded of the laws that apply to them in their role as news providers. In addition to the rights of the press, the seminars also discuss CSA rules and oversight.

7.4.5 Protection of young viewers on the channels

PROCEDURES FOR DISPLAYING CONTENT RATING INFORMATION

Since 2002 terrestrial television channels have been required to display content rating signage during all non-advertising programmes that are not recommended for general viewing. Each channel is responsible for introducing the signage system and informs the CSA of its composition but remains solely responsible for rating decisions. The signage provides practical guidelines about age appropriateness for each of the five categories (general, -10, -12, -16, -18). The TF1 channel does not broadcast any -18 rated programmes.

The Viewing Committee set up by TF1 brings together the heads of broadcasting, programming, programme compliance, acquisitions and youth programming. To see all the child protection commitments made by TF1, see the requirements for applying the CSA’s content rating signage system at http://www.csa.fr/infos/controle/television_signaletique_C.php.

A PSYCHOLOGIST FOR TFOU’S YOUTH PROGRAMMES

Over the last 10 years, a child psychologist has viewed all the youth series purchased and works upstream in close cooperation with the artistic team on series co-produced by the channel. He or she suggests cuts or sometimes rates episodes as being unfit for broadcast, when he or she considers the images inappropriate for children. These recommendations are always followed.

7.4.6 Programme accessibility

As a leading family-oriented channel, TF1 has to ensure that its programmes are accessible to everyone, particularly people with impaired hearing or vision.

SUBTITLING

Since September 2010 all TF1 programmes have been subtitled, in accordance with the Act of February 2005. In the case of news programmes, a special system has been introduced to deliver quick service combined with excellent quality when transcribing news item commentaries or what the journalist is saying in the studio. The system operates using a team of three people and voice recognition software. On December 12, 2011 TF1 signed the CSA's Charter on Subtitling Quality.

The Group's theme channels go beyond their subtitling obligations.

INDICATOR: COMPLIANCE WITH SUBTITLING OBLIGATIONS BY GROUP CHANNELS

Channel	Obligation	Actual (2012)	Reminder: actual (2011)
TF1	100%	100%	100%
TMC	100%	99.9%	98%
NT1	60%	79.2%	69%
Stylía	10%	11.9%	15.7%
Ushuaïa TV	10%	10.5%	11.9%
Histoire	10%	20.2%	19%
TV Breizh	20%	32.2%	25.61%
LCI	Subtitling: 3 newscasts per day, 1 newscast at 3pm on weekends	In line with obligations	

The percentages are given excluding exemptions. CSA exemptions cover advertising, trailers and teleshopping.

AUDIO DESCRIPTION

To serve the one million people in France suffering from impaired vision, TF1 offers programmes with audio description, a technique developed by the Valentin Haüy charity for the blind and visually impaired that allows people to "see" what is going on through an audio description of the action and setting.

In 2012 TF1 screened 37 audio described programmes, including 19 that had never been shown before with audio description.

TF1 staff have worked to address requests for improved audio description accessibility by collaborating with manufacturers to standardise the audio description button on the remote controls of new TVs. Improvements have also been made to the provision of information about the titles and times of audio described programmes.

TF1 has committed itself to screening 52 audio described programmes in 2013, including 20 that have never been shown before with audio description.

INDICATOR: COMPLIANCE WITH AUDIO DESCRIPTION OBLIGATIONS BY TF1 AND TMC CHANNELS

Channel	Achievement reminder (2011)	Obligation in 2012	Achievement (2012)	Obligation in 2013
TF1	36 audio described programmes including 17 new programmes with audio-description	12 new programmes with audio-description	37 audio described programmes including 19 programmes that are new in audio description	52 audio described programmes including 20 new programmes with audio-description
TMC	1 new programme with audio-description	6 new programmes on TMC with audio-description	6 new programmes in audio description	12 new programmes with audio-description
HD1	-	-	1 new programme on HD1 with audio-description	1 new programme on HD1 with audio-description

7.4.7 Ethical and compliance issues in advertising

COMPLIANCE WITH REGULATIONS

Advertising messages broadcast on Group channels are subject to General Regulations, sector co-regulation *via* the ARPP, and CSR opinions. These advertising regulations and compliance rules apply to all advertising messages, whatever the medium and broadcasting format. In particular, since January 1, 2012 TF1 has applied the ARPP ruling, which seeks to extend the commitments made to the CSA in 1990 for the channel (advance filing with the ARPP, internal viewing of advertising messages) to include advertising messages on Group on-demand audiovisual media services (MYTF1.fr, MYTF1 on IPTV, MYTF1 apps on smartphones).

The prior opinion of the ARPP is always taken into account before broadcasting advertisements on television or on-demand audiovisual media services. TF1 Publicité's Programming and Broadcasting Department, aided by the Legal Department where required, views or listens to every TV, radio or internet advertising message before it goes out.

TF1 Publicité's advertising airtime sales agency may refuse a message, even if the ARPP has approved it, or impose special broadcasting conditions if the message does not seem appropriate for the editorial line of the media on which it is to be aired, and particularly for TF1's family audience. In this case, a letter is sent to the person, advertiser or PR agency that created the message. A solution is sought to adjust the message or its time slot to fit the editorial line of the medium. If no solution can be found, the message does not go out. The general terms and conditions of sale address such situations.

PARTICIPATION IN SECTOR SELF-REGULATION AND PROMOTION OF RESPONSIBLE ADVERTISING

TF1 Publicité is represented on the ARPP Board and in the main joint negotiating organisations (SNPTV, CESP, EDI). The Group thus plays a part in building the ethical and compliance framework for the industry.

7.4.8 Challenges relating to new media

CHILD PROTECTION IN A CONNECTED WORLD

In 2009, by publishing a charter for French publishers on connected televisions, TF1 contributed to raising the awareness of the public authorities on the subject of the risks caused by the disappearance of the boundaries between television and the Internet. This subject was taken over by the CSA in 2012, which established a commission on connected televisions, for which one of the 4 main subjects was child protection. TF1 continued its contribution by participating in this working group.

TFOU AND INTERNET SAFETY FOR CHILDREN

TFou.fr is the TF1 Group's youth site, which has nearly 375,000 unique visitors each month. Since it was created in February 2000, TFou.fr has paid particular attention to securing the browsing of its Internet users.

According to an internal benchmark, TFou.fr remains the site that is most secure and most demanding in its competitive sector. This involves the general moderation of all its content and the protection of the personal data of children (no photographs, contact details or personal information may be exchanged). All of the community areas are highly controlled: the contributory areas are moderated before publication and chats use a lexicon of words pre-selected by the TFou.fr team, on the same principle as a predictive-text language. In this way, users of the TFou.fr site can learn to use the Internet in a way that is genuinely recreational, which lets them express their feelings or emotions, but using expressions and a vocabulary acceptable to all.

A parent's charter, drawn up in partnership with Action Innocence, a non-governmental organisation, informs and advises parents about responsible behaviour. Tfou has also established partnerships with several associations involved in Internet security, particularly:

- Action Innocence (NGO that protects the dignity and integrity of children on the Internet): http://www.actioninnocence.org/;
- E-enfance (Association that aims to allow children and adolescents to use new communication technologies with maximum security): http://www.e-enfance.org/;
- Internet Sans Crainte, a national programme to raise the awareness of young people concerning issues involving the Internet: www.internetsanscrainte.fr.

PROTECTION OF CONTENT AND THE FIGHT AGAINST PIRACY

To protect broadcasting content, in 2009 TF1 introduced Signature, a fingerprinting technology developed by France's National Audiovisual Institute (INA). Signature is based on the generation and recognition of video fingerprints. All content that has been protected and signed by TF1 in the INA's database is therefore automatically detected and rejected before being placed on online streaming platforms such as Dailymotion, WAT and Kewego.

In January 2012 TF1 signed an agreement on content management and identification with Google Ireland Limited that will allow TF1 to use YouTube and Google Video proprietary digital fingerprinting technologies (named "Content ID") and thus protect its content on the aforementioned shared-content streaming sites. This technology was implemented during September 2012.

TF1 has also obtained tools for immediately deleting videos on YouTube and Dailymotion, which are run by the anti-piracy oversight team located at e-TF1.

The TF1 Group continues to appoint a service provider to detect (using robots) and close links (*via* automatic notifications) corresponding to programmes for which the TF1 Group owns rights, on direct download and streaming sites (several million links closed in 2012).

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AGREEMENT WITH COLLECTIVE MANAGEMENT COMPANIES

After signing a historic agreement with several associations representing writers, artists, composers and other creators (SACEM, SDRM and SESAM), WAT negotiated another agreement in early 2012 with several similar associations (SACD, SCAM and ADAGP). Under the agreement, WAT pays royalties to these associations in the name of and on behalf of platform users, backdated to the founding of WAT (2006) through to December 31, 2012.

AUDIOVISUAL REGULATIONS APPLIED TO ODAMS[1]

Since the Act of March 5, 2009, the implementing orders dated July 2, 2010 and November 12, 2010 and the CSA's decision on December 14, 2010, the TF1 Group has been obliged to comply with regulations relative to ODAMS on all non-linear services that meet the corresponding legal definition, notably the MYTF1 service, however it is received (PC, IPTV, smartphones, tablets, games consoles, etc. and all non-linear reception of all of the Group's channels). These regulations entail obligations in terms of (i) contribution to the production of European films and audiovisual works and those originally in French, (ii) programming European audiovisual works and those originally in French, (iii) advertising and sponsorship and (iv) the protection of young viewers (CSA content rating information on all programmes concerned and trusted zone listing programmes for all audiences) and (v) concerning compliance.

PROTECTION OF PERSONAL DATA

The Group introduced a general policy on information security in 2007, described in a document signed by the Chairman and CEO. The document specifies responsibilities for its definition and application.

- The person in charge of the security of information systems for the TF1 Group is responsible for defining and applying the policy on the management of employees' private data;
- The Social Affairs Department coordinates the actions to ensure compliance with French data-protection legislation;
- The Legal Department intervenes in implementing IT solutions relating to "B to C" and ensures the protection of personal data (e-TF1 in particular).

Concerning the protection of employees' data, this general policy document specifies:

- that it is the duty of information-system administrators not to read the personal data of users;
- that the information present in the information system must be classified with a confidentiality criterion that expresses the personal nature of the information;
- that within business lines and subsidiaries, the owner of the information is always identified. He or she must ensure the legal compliance of processing, by contacting the Social Affairs Department, particularly when handling personal data (declaration to French data-protection authority);
- that each new sensitive application is subject to a security audit including an intrusion test, such as, for example, the HR intranet Déclic, which contains personal data.

Concerning the protection of Internet users' data:

- the Group's sites are compliant with all legal provisions available on the French data-protection site at the following link http://www.cnil.fr/. The policy governing the confidentiality of consumers' personal data is online at http://www-compat.tf1.fr/confidentialite.html;
- application of the general information-security policy is supported by a communication plan. Each employee at the IT Department has access to the document on general IT security policy and to the associated security directives, and each Group employee has access to the EticNet IT charter, which summarises best practices in terms of personal data;
- this policy is in place throughout the TF1 Group, with the exception of Eurosport, which has nevertheless adopted the Eticnet charter.

(1) ODAMS: on-demand audiovisual media services.

7.4.9 Promoting diversity

Concerning the promotion of diversity, the TF1 Group endeavours to reflect the diversity of French society on the channel and in all of its content. Aware of its responsibilities to society, the Group is involved beyond its channels, encouraging not only educational and employability projects for young people, but also supporting projects on a larger scale. In 2012 TF1 established a new partnership with Team Jolokia, the first "mixed" team (sex, origin, handicap, age, etc.,) to take part in the most prestigious oceanic races. The objective of the adventure is to demonstrate that diversity, properly incorporated beforehand, is a source of performance and creativity. The TF1 Group also conveys this conviction internally, advocating open and respectful relationships between employees and rejecting any idea or practice of discrimination.

DIVERSITY COMMITTEE

Chaired by Édouard Boccon Gibod, who is also the Chairman of the Publications Metro France subsidiary, it has since 2009 included the managers of the Channel, Human Resources, Purchasing, Corporate Foundation and CSR. It decides on and coordinates the diversity policy for the Group's channels, HR and TF1's work with the CSA on developing the regulatory framework.

DIVERSITY LABEL

Awarded on December 14, 2010, the Diversity label is an accreditation given to truly exemplary companies and constitutes formal recognition by an independent body – in this instance Afnor Certification – of the compliance and effectiveness of the firm's equal-opportunity and anti-discrimination procedures. The certification looks at how these criteria are integrated into relations with customers and service providers, communication and, above all, HR management. The Group's observance of its commitments under the label is described in the section of this report that deals with the TF1 workforce, page 260. The Diversity Committee and Development Human Resources Department coordinates all measures taken in this area.

REPRESENTING NATIONAL DIVERSITY ON THE CHANNELS

The channel works continuously to represent a variety of cultures and backgrounds. Each year since 2010, the Group has proposed a new series of commitments on representing national diversity that were endorsed by the CSA and that concern all types of programmes. Game shows, entertainment programmes and magazines are a natural and fun setting in which to represent minority groups. These daily high-audience broadcasts bear witness to the particular care that the TF1 Group takes in depicting all components of French society in broadcasts that have very high potential for identification.

In French fiction, TF1 exerts a direct influence in its dealings with producers and casting agencies. As well as including a growing number of journalists from minority groups, news programmes, particularly the *Harry Roselmack en immersion* magazine, look at integration issues and the struggles facing a section of the French population.

All staff members involved in creating programmes take a special training course on taking account of diversity.

GETTING CHILDREN TO THINK ABOUT DIVERSITY WITH TFOU

TFou, TF1's children's channel, broadcasts 1,000 hours of children's programmes every year, including cartoons, short dramas, magazines, community campaigns, game shows and events, of which 75% are of European origin. For more than 10 years, each year, TFou has committed to socially-responsible topics such as ecology, nutrition, solidarity or diversity. These commitments are relayed in digital media and supplemented by a section on Internet security.

Two projects launched in 2012 illustrate this commitment. With the programme "Bouge-toi et le monde bouge" ("Move and the world moves with you"), TFou wants to encourage the creativity of young professionals in animation, through the creation of 30-second films. The films were broadcast on the channel in May and June 2012 and are available on http://www.tfou.fr/coin-parents/solidarite/tfou-d-animation-saison-3-6934328-739.html.

On International Children's Rights Day on November 20th, TFou broadcast *La visite de Lulu*, an episode of *Babar et les aventures de Badou* to raise the question of girl-boy stereotyping and to promote tolerance. The initiative was supplemented by broadcasting a clip in which Babar and Badou explain to children the significance and importance of respect for children's rights.

CORPORATE FOUNDATION INITIATIVES

The TF1 Corporate Foundation, set up in 2007, focuses its work on diversity and professional integration. Every year, the Foundation holds a competition to hire people aged between 18 and 30 from working-class areas. Candidates are selected by a jury of professionals and are offered a two-year apprenticeship with the TF1 Group, along with training and individual tutoring. Each person is mentored by a company employee, who provides the benefit of his or her own network and experience. 60 recruits have joined the TF1 Corporate Foundation since it was founded. The scheme spans 20 professions. For the 2012 class, 12 young people were hired on September 1, 2012, after being selected out of 850 applications and 80 interviews.

The Foundation supports TF1 in a variety of initiatives combining grassroots presence and diversity. Examples include holding meetings in schools, sponsoring schoolchildren, providing work placements for two classes of high-school students, taking kids behind the scenes of a news broadcast, and organising staff participation in job fairs.

The Foundation has also signed an agreement with the General Council of Seine Saint Denis on the professional integration of local young people. The Corporate Foundation can be found on http://www.fondationtf1.fr/.

INDICATORS: CORPORATE FOUNDATION INITIATIVES

At 31/12	2012	2011	2010
Young people from disadvantaged areas taken on by the TF1 Corporate Foundation	12	12	10
Schools visited (number of students involved)	19 (2,250)	20 (2,300)	18 (2,100)

7.4.10 Aid to associations and raising public awareness

SOLIDARITY COMMITTEE

Chaired by Frédéric Ivernel, Head of External Communication and Marketing, the Solidarity Committee, set up in 2001, provides a company-wide forum (the channel, the Advertising Department, HR, the Corporate Foundation and CSR), coordinates TF1's philanthropic activities, reaffirms the company's social responsibility vis-à-vis the wider public and organises responses to requests from charities and non-profit organisations. The main operational principles and criteria of the Solidarity Committee are available at http://www.fondationtf1.fr/index.php?comite-de-solidarite.

VISIBILITY GIVEN TO ASSOCIATIONS, CASH GIFTS

TF1 Publicité and the TF1 channel provide direct assistance to non-profit organisations and help them to raise their profile through special prime time operations, the production and free airing of commercials, donations of game show winnings, and cash donations.

Managed by the Solidarity Committee, these measures are among the initiatives that TF1 uses to make a difference across a broad spectrum of social issues. The Pièces Jaunes, Les Restos du Cœur, Sidaction, ELA (the fight against leukodystrophy) and now the Association Laurette Fugain have become very important recurring operations. The employees and presenters of TF1 rallied alongside Restos du Cœur to defend European food aid in the European budget by taking part in the Airfoodproject action.

In 2012 the channel also got involved *via* a mini-site dedicated to broadcasting short advertisements for the Flamme Marie Claire that collects gifts for three associations (La chaine de l'espoir, Toutes à l'école and Afev) engaged in educational projects for little girls throughout the world (http://videos.tf1.fr/la-flamme-marie-claire/). Smaller organisations also have visibility through games programmes, with profits being passed on. The programme schedule can be rearranged in case of humanitarian disaster, in which case TF1 looks at a range of solutions for programming appeals for donations. In 2012 the Group's total donations were valued at €30.4 million.

TMC'S COMMITMENT AGAINST POOR HOUSING

As part of its commitment against poor housing, TMC supports three organisations: *Les Toits du Cœur, La Fondation Abbé Pierre and Habitat & Humanisme.*

The channel broadcasts appeals for donations, the short programme *Les Toits du Cœur* and advertisements for recruitment or to promote these various associations. These three associations are also present on TMC's Internet site.

The channel TMC also supports the work of Restos du Cœur by regularly broadcasting appeals for donations for the association.

PHILANTHROPY INDICATORS: NUMBER OF ORGANISATIONS INVOLVED, NATURE AND AMOUNT OF DONATIONS

As of 31/12	2012	2011	2010
Number of organisations that received donations	168	125	141
Cash donations to organisations *(€000)*(1)	2,466	2,913(2)	4,644
Donations in kind *(value in €000)*(3)	26,436	18,403	16,398
Sponsorship administrative costs *(€000)*	160	155	150
Contributions to Foundations *(€000)*	1,368	1,418	1,418
Volunteer leave (in the process of being introduced)	-	-	-
Total value of initiatives *(€000)*	**30,431**	**22,889**	**22,611**
% of budget devoted to long-term initiatives	5%	7%	7%
% of budget devoted to one-off initiatives	95%	93%	93%

(1) Cash donations: gifts from the Solidarity Committee and passing on the profits from certain televised games.
(2) Gifts in kind: Value of free channel airtime and advertising airtime granted to campaigns, technical services, production of advertisements and material assets.
(3) The values of «cash donations» were recalculated for 2010 and 2011 in the same way as in 2012, which entails modifying the data in the two previous.registration documents.

RAISING AWARENESS OF MAJOR ISSUES *VIA* PROGRAMMES

THE MAGAZINE *TOUS ENSEMBLE*

Over the last three years, TF1 has been broadcasting the magazine programme *Tous Ensemble*, a show supporting social cohesion in which presenter Marc Emmanuel travels around France to help out households in precarious situations. Since it was created, tens of thousands have volunteered and more than 3,300 partners have offered the materials necessary to build 100 houses.

THE FIGHT AGAINST OBESITY

TF1 is involved in the fight against obesity, particularly by regularly increasing the volume of programmes broadcast in application of the Food Charter, which the Group has signed and which aims to promote food and physical activity favourable to health in the programmes and advertisements broadcast on television. The series of short programs *Petits Plats en équilibre* and *TFou de cuisine* help to promote healthy and balanced food.

CLIMATE CHANGE AND BIODIVERSITY: USHUAÏA TV

Ushuaïa TV is a themed channel that explores the planet and reveals the wonders of nature. In 2012 the channel redesigned its visual identity and enhanced its range of programmes on "getting away from it all" and the discovery of the peoples of the world. A High Definition version is available.

JE, TU, ELLES, A HUMANITARIAN WEB SERIES ON WAT

Since October 31, 2012 WAT.tv has been broadcasting the first humanitarian web series, *Je, Tu, Elles*, co-produced by WAT.tv and the brand content agency Pikel in partnership with Always and UNESCO as part of their programme to teach the women and girls of Senegal to read and write. This travel diary in 5 episodes follows the adventures of two young "social travellers" in their documentary road trip across Senegal. Pauline and Victoire show us their journey, during which they will be confronted with the various difficulties encountered by the women of Senegal. Internet users can also demonstrate generosity on the Always France Facebook page: each time the application is shared, a donation is generated for the Always-Unesco programme, which helps Senegalese women and girls to learn to read and write.

METRO'S NEWS ON SUSTAINABLE DEVELOPMENT

In the *Metro* freesheet, the "Everyday" section opens, one week out of two, with a news item related to sustainable development, while programmes on employment or disabilities are also offered. The daily is also concluding partnerships with Earth Hour, the Fondation pour la Nature et l'Homme, recycler.fr and the UN for the 2012 topic on water.

SPECIAL INITIATIVES BY THE NEWS DEPARTMENT

SIXTH "A WEEK FOR EMPLOYMENT"

Building on the success of the five previous editions of the "A week for Employment" operation, the News Department of the TF1 Group, in partnership with the French government employment agency Pôle Emploi again mobilised all of its platforms (TF1, LCI and TF1News and *Metro*) between November 19th and 25th, 2012 to emphasise the major concern of people in France: employment.

On TF1, news coverage and investigations were devoted to this topic in all the editorial team's newscasts, with real-life cases, symbolic initiatives in the regions and job-related facts and figures.

Some 3,186 offers were placed on the site (2,139 direct and 1,047 indirect *via* the staff of Pôle Emploi). 1,353 contracts were signed, including 698 open-ended contracts. The "conversion rate" was more than 42%, revealing the steady quality of offers. Since the first operation in November 2009, 14,427 contracts were signed thanks to the operation, 60% of which being open-ended contracts.[1] (Figures communicated by Pôle Emploi).

SECOND "SOS VILLAGES"

The *1 o'clock News*, LCI and TF1 News are teaming up to save rural businesses. The "SOS Villages" operation, the second edition of which took place during three weeks in October 2012, is intended to put those wishing to sell shops in contact with potential buyers, to revitalise villages. The website of Jean-Pierre Pernaut's *1 o'clock News* has added a section where sellers and local councils can place ads free of charge. The show also includes a mini news section on the campaign, which provides features about the topic. 1,800 advertisements for shops for sale and to be taken over were put online on the site.

(1) Source: Pôle Emploi.

7.5 TALENT AND WORKING ENVIRONMENT

The TF1 Group is committed to encouraging the creativity and involvement of its employees. It develops their skills, fosters their professional growth and offers them a top-quality work environment.

Concerning promotion and compliance with the provisions of the fundamental agreements of the ILO, TF1, which is a French company and whose workforce is mainly French, applies French, European and international law.

TF1 is amongst the best in the Vigeo survey on the behaviour of companies with regard to human rights, the results of which were published in 2012 (see the chapter "Recognition of CSR performance" on page 231 of this document).

7.5.1 Workforce

The workforce of the TF1 Group is broken down as follows.

OPEN-ENDED (OE) AND FIXED-TERM (FT) CONTRACTS

INDICATOR: GROUP OE AND FT WORKFORCE

At 31/12 *(Perimeter: world, OE, FT)*	% revenues	2012	2011	2010
Clerical, administration, technical and supervisory staff	100	986	987	1,033
Managers	100	2,377	2,457	2,431
Journalists	100	627	678	618
Total	**100**	**3,990**	**4,122**	**4,082**

The TF1 Group makes its revenues mainly in France and in Europe. It is broken down as follows: 92.6% in France, 6.8% in the European Union outside France and 0.6% in other countries.

INDICATOR: OE AND FT WORKFORCE BY GEOGRAPHIC REGION

At 31/12 *(Perimeter: world, OE, FT)*	% revenues	2012	2011	2010
France(1)		**3,701**	**3,818**	**3,782**
Europe (excl. France)		266	278	274
Africa and Middle East		7	8	8
North America		2	2	3
Central and South America		-	-	-
Asia-Pacific		14	16	15
International		**289**	**304**	**300**
Total		**3,990**	**4,122**	**4,082**

(1) Metropolitan France and Overseas Departments and Territories.

INDICATOR: AGE PYRAMID AND AVERAGE LENGTH OF SERVICE

As of 31/12 *(Perimeter: France, OE, FT)*	% revenues	2012	2011	2010
25 and under		211	183	60
25-34 years		1,095	1,268	1,279
35-44 years		1,305	1,325	1,426
45-54 years		857	817	813
55 and over		233	225	204
Average age		39	39	39
Average length of service at TF1 Group		10	10	10

INDICATOR: TYPE OF WORK CONTRACT

As of 31/12 *(Perimeter: world, OE, FT)*	% revenues	2012	2011	2010
Number of employees on OE contract	100%	3,680	3,810	3,798
Number of employees on FT contract (including apprenticeship, work-study, youth work contracts)	100%	310	312	284
Of which number of employees on youth work contracts	*100%*	*122*	*67*	*48*
Of which number of employees on apprenticeship contracts	*100%*	*49*	*29*	*34*

SHORT-TERM CONTRACT WORKERS

TF1 GROUP POLICY ON THE USE OF TEMPORARY WORKERS

For several years now, the TF1 Group has endeavoured to maintain an extremely low rate of temporary staff (technical temporary workers, free-lance actors and musicians, and directors). It was 8.4% for the TF1 Group in 2012 and less than 3% for the TF1 channel, namely the lowest of the companies in the television broadcasting sector.

Today, temporary work in the Group mainly concerns TF1 Production (production of drama, which is by nature unpredictable) and Eurosport (numerous live sporting events spread irregularly throughout the year).

This is the result, firstly, of determined action by TF1, which for several years has preferred to bring non-permanent employees onto permanent contracts as soon as the activity allows it and, secondly, the application of the Broadcasting Branch National Agreement of 2006 for workers employed on very short or part-time fixed-term contracts. TF1, under the auspices of STP (comprising Canal+, M6 and TF1), took an active part in drafting the agreement. Since 2007 TF1 SA has also wanted to apply this agreement with its trade unions in the form of a collective agreement relative to the use of very short or part-time contracts in order to monitor and control the use of this type of contract, reserving it for only those cases where the specifics and requirements justify it within TF1.

STATUS OF TEMPORARY STAFF IN THE TF1 GROUP

Wishing to provide temporary staff with high-quality social-security coverage, in 2008, the STP joined the National Inter-branch Collective Agreement, establishing collective coverage for death and disability insurance.

The TF1 Group also allows temporary staff who fulfil the eligibility conditions to benefit from the social and cultural activities offered by the TF1 works councils.

Concerning remuneration, in 2012, the TF1 Group actively participated in the television broadcasting branch negotiations aiming to revalue the minimum gross salaries of those employed under very short or part-time contracts by 2%, which resulted in the signature of an agreement with 4 trade unions (SNFORT, USNA-CFTC, Syndicat National des Medias CFDT, CFE CGC Medias 2000) applicable from June 1, 2012. Following this agreement, the TF1 Group opened negotiations with its trade unions in order to revalue the real gross salaries of temporary staff who are paid above the branch minimum wage. In particular, these negotiations led to the signature of two agreements on revaluing, by 2%, the scales for freelance work and real gross salaries of those employed on very short or part-time contracts, applicable from June 1, 2012.

TF1 also associates temporary staff with its social policy under profit-sharing agreements and incentive schemes and by providing them with savings operations with leverage effects so that they can share in the results of the growth of the Bouygues group. Thus, temporary staff who fulfilled the subscription conditions had the option to participate in the "Bouygues Confiance 6" capital increase transaction, which took place during the period November-December 2012.

Throughout the entire Group, the Full Time Equivalent, over 12 months, of non-permanent employees was as follows:

INDICATOR: RATE OF FULL-TIME EQUIVALENT WORKERS OVER 12 MONTHS REPRESENTED BY NON-PERMANENT EMPLOYEES

[Jan.-Dec.] *(Perimeter: world, ∑ short-term contract workers end of month/workforce OE end of the year)*	% revenues	2012	2011	2010
Share of full-time equivalent workers represented by non-permanent employees (short-term contract workers excl. freelancers)	100	8.4	7.1	7.3

EMPLOYEES FROM OUTSIDE TF1

INDICATOR: FTEs OVER 12 MONTHS REPRESENTED BY TEMPORARY STAFF

[Jan.-Dec.] *(Perimeter: France, short-team contract workers)*	% revenues	2012	2011	2010
Number of temporary workers as FTEs	83	18.8	16.4	8.7

The use of employees external to the TF1 Group (temporary workers) corresponds to full time equivalent of 18.8, representing only 0.5% of the Group's permanent workforce (FTE was 16.4 in 2011, representing a rate of 0.4% of the permanent workforce).

HIRING AND DEPARTURES

INDICATORS: HIRING AND DEPARTURES

[Jan.-Dec.] *(Perimeter: world, OE, FT)*	% revenues	2012	2011	2010
Employees hired on OE, FT, apprenticeship contracts, etc.	100	652	754	567
Including OE recruitment France	*100*	*211*	*275*	*211*
Number of resignations	83	89	98	101
Number of compulsory retirements	83	0	0	1
Number of retirements	83	4	0	1
Number of redundancies	83	92	78	96
Number of contracts terminated by mutual agreement	83	104	74	59
Number of terminations of FT contracts	83	335	NA	NA

Faced with a difficult economic environment over the last 4 years, the TF1 Group has limited recruitment (excluding cyclic professions or those related to production and excluding disabled hires). Each request for employment is subject to an electronic "request for authorisation to hire", duly completed and ultimately validated by the HR Development Manager. This is in order to make sure that it is absolutely necessary. This decision paved the way for synergies between departments, helped by a proactive job mobility policy. It should be noted that hiring of disabled workers, which is covered by a three-yearly agreement, and hiring under work-experience contracts are not concerned by these restrictions, but rather are encouraged to reach the thresholds defined in our agreements.

Recruitment has two ongoing goals: to integrate a steady flow of talented young people and equip them for the jobs of tomorrow; and to seek seasoned professionals to bolster existing teams or launch new lines of business.

In 2012 the TF1 Video subsidiary, confronted with a collapse in its market and heavy losses over the last three years, had to eliminate 26 jobs under a redundancy plan.

INDICATOR: INSTABILITY RATE

[Jan.-Dec.] *(Perimeter: France, OE)* *(∑ resignation OE + ∑ lay-off OE + ∑ mutually agreed termination of contract)/average workforce OE x 100*	% revenues	2012	2011	2010
Instability rate	83	8.1%	6.6%	6.9%

The TF1 Group endeavours to support employees who leave it (other than through resignation). To this end, the company agreements of the companies in the TF1 Group compensate personnel dismissed at levels that are significantly higher than the obligations set by the French Employment Code (between 33 and 100% of a month of salary per year of seniority, against 20%).

Concerning the dismissals for economic reasons that it had to implement, TF1 Video, in negotiations with the personnel representatives, established a comprehensive arrangement, well beyond its legal obligations:

- redeployment leave of between 5 and 9 months according to seniority, paid at 80% of the salary (against the legal minimum of 4 months at 65);
- termination compensation greater than the applicable provisions;
- aid with job mobility (compensation for temporary accommodation, relocation and settlement, repayment of transport costs, hotel meals in the case of interviews or exploratory travel following a favourable response to a request for reclassification, and aid to the spouse);
- financing training courses and aid to starting businesses.

Lastly, in the second half of 2012, to control its payroll costs, TF1 wished to financially support certain employees who had plans for professional careers outside the Group. This is why, during this period, in consultation with the trade unions, the termination compensation paid in the context of requests for termination by mutual agreement were calculated as dismissal payments (versus the French Employment Code applicable in most cases), which meant that the requests from the employees concerned for a change of career direction could be satisfied.

7.5.2 Worktime organisation

ANNUAL WORKTIME: SUMMARY OF WORKTIME ADJUSTMENT AGREEMENTS

Agreements on adjusting and reducing working hours (Time Off In Lieu, or “TOIL”, agreements) have been reached in all Group companies. They govern the different staff categories according to status, with agreements for permanent staff (production, technical and administrative staff and journalists) and for temporary workers.

Under the agreements applicable within TF1, non-managerial personnel work 37 hours per week and have 14 days of TOIL per year, and managerial staff, under a fixed number of working days (213 to 216 days) have 12 or 13 days of TOIL per year. Thus, the TOIL agreements negotiated allow all these personnel to work on the basis of an annual duration that is less than the reference legal durations (1,607 and 218 days).

BONUSES RELATED TO WORKING TIME

The TOIL agreements established within the Group also provide for a set of bonuses to compensate for the constraints related to specific work organisations, given the constraints of the audiovisual business (working in cycles, unconventional hours, working at weekends, etc.). Each year, as part of the Mandatory Annual Negotiation (MAN), the management and the trade unions examine changes to the amount of these bonuses. Thus, during the 2012 MAN, the management signed an agreement on bonuses and employment benefits signed by all of the unions under which the amount of certain bonuses, particularly those related to working at night, very early and at weekends, was revalued.

2012 REVIEW OF THE TOIL AGREEMENTS

Six years on from the introduction of Appendix 7 to the 2006 worktime adjustment agreement, which applies to TF1’s technical staff in departments operating seven days a week, it is evident that the employees concerned have a clearer and more reliable view of their schedules. The amendment has also improved pay conditions for various constraints such as Sunday work and has led to a fairer share-out of weekend work.

Likewise, in October 2012 the report presented to the trade unions on the amendment of July 23, 2010 to appendix 5 dated June 1, 2001 governing the personnel of Video Mobile, revealed an annual overall reduction in working time of these personnel, particularly through the establishment of a more advantageous system for compensation time.

POLICY ON TAKING REST DAYS AND LEAVE

All TF1 Group companies are governed by worktime adjustment agreements that enable staff to manage their time off, provided that each department continues to operate smoothly.

Likewise, to ensure that all staff have the opportunity to acquire new skills, for their own personal development and with no specific links to their jobs, the company allows days of TOIL to be converted for personal development. The days of TOIL can thus be used by employers in order to finance all or part of the cost of the educational training chosen by the employee.

Also, in 2012, the companies of the TF1 Group decided to offer the former Pentecost public holiday to employees of the TF1 Group, maintaining it as a paid day off and paying the contribution for the “day of solidarity”.

INDICATOR: ANNUAL WORKTIME OF PTAS

Status of PTAS[1] *(Perimeter: France, OE, FT)*	Annual worktime of PTAS(1)
Non-management in constant hours and cycles (employees and supervisory staff)	From 1,569 to 1,576 hours
Managers working in cycles	From 1,584 to 1,591 hours
Managers with a fixed number of annual days	213 - 216 days
Senior managers	NA

(1) Personnel de Production Technique et Administratif.

INDICATOR: ANNUAL WORKTIME OF JOURNALISTS

Status of journalists *(Perimeter: France, OE, FT)*	Journalists' annual worktime
Journalists with a fixed number of annual days	208 - 215 days
Senior managers	NA

ANNUAL WORKTIME: PART-TIME EMPLOYEES

On average, in 2012, 343 permanent staff were employed part-time. The decision to work part-time is a personal choice in practically all cases in the TF1 Group.

INDICATOR: NUMBER OF PART-TIME EMPLOYEES

[average Jan.-Dec.] *(Perimeter: France, OE, FT)*	% revenues	2012	2011	2010
Part-time employees	83	343	355	328
Percentage of part-time employees	83	9.3	9.3	8.7

OVERTIME HOURS

INDICATOR: NUMBER AND AMOUNT PAID IN OVERTIME HOURS

[Jan.-Dec.] *(Perimeter: France, OE, FT, short-term contract workers)*	% revenues	2012	2011	2010
Overtime hours	83	63,762	56,423	60,495
Amount *(in euros)*	83	2,020,868	1,766,180	1,839,089
Of which for OE and FT				
Overtime hours		*13,810*	*16,885*	*17,698*
Amount (in euros)		*303,359*	*362,744*	*364,707*
Average number of overtime hours per employee		*3.7*	*4.4*	*4.7*
Average amount (in euros) per employee		*82.0*	*95.0*	*96.4*

ABSENTEEISM AND REASONS FOR ABSENCE IN THE TF1 GROUP

The fight against absenteeism is a serious concern for the Group which, in this respect, has established a certain number of actions, particularly in matters of health and safety. The number of health and safety training courses was thus increased by 20% in 2012. This contributed to a significant drop in the number of days of absence due to work-related accidents.

INDICATOR: ABSENTEEISM

[Jan.-Dec.][(1)]	% revenues	2012	2011	2010
Rates of absenteeism	83	2.06%	2.04%	2.02%
Total days' absence	83	26,462	28,159	27,470
Days absent for sickness	83	25,036	24,977	24,747
Days absent for occupational or commuting accidents	83	674	1,836	2,053
Number of days of absence for travel-related accidents	83	671	981	639
Days absent for work-related illness[(2)]	83	81	365	31

(1) ∑ number calendar days work stoppage, journey, occupationel diseases and diseases for OE/average workforce x 365. Calculation method changed from 2011 (2011 and 2010 data recalculated).

(2) It should be noted that, in 2012, no work-related illness was recognised. The number of days of absence for work-related illness shown in this table concerns work-related illnesses recognised before 2012.

7.5.3 Compensation and employee savings

GROSS COMPENSATION

A review of compensation takes place each year as part of arrangements for individual pay rises that take into account individual performance, the potential of each person and the employment market. Particular attention is paid to the lowest salaries. Lastly, a specific budget is assigned to salary equality between women and men.

INDICATOR: AVERAGE GROSS ANNUAL COMPENSATION PER PROFESSIONAL CATEGORY IN THE TF1 GROUP

(in euros) *(Perimeter: France, OE, excluding suspended contracts)*	% revenues	2012	2011	2010
Supervisory Staff	83	37,102	36,577	35,203
Managers	83	65,737	64,349	63,875
Journalists	83	70,803	70,658	71,120
All categories	83	61,302	60,026	58,712

In 2012 the average annual salary increase negotiated with the trade unions was 2.4% for the TF1 Group (an additional 1% allocation was granted to employees earning less than €2,600 gross per month). Over the same period, expenditure on social charges remained stable.

The TF1 Group devoted 0.2% of the payroll expenditure to readjusting salaries for professional equality between women and men.

In spite of a difficult economic environment and in the absence of incentive payments, the TF1 Group adopted an open attitude during discussions with the trade unions.

CONTRIBUTIONS

INDICATOR: AMOUNT AND DISTRIBUTION OF CONTRIBUTIONS

(in millions of euros) (Perimeter: France, all contracts)	% revenues	2012	2011	2010
Employee contributions	83	56.4	57.4	55.7
Employer contributions	83	112.8	116.6	111.9
TOTAL	**83**	**169.2**	**174.0**	**167.6**

PROFIT-SHARING, INCENTIVES AND THE COMPANY SAVINGS SCHEME

TF1 set up a company savings scheme for employees in 1988.

At December 31, 2012, 73% (75% in 2011) of eligible employees were members of the TF1 savings scheme. The company's maximum matching contribution is €3,750 gross per employee per year, making a total gross contribution of €7.9 million, (€8.3 million in 2011). The matching contribution is 200% on the first 300 euros paid, which encourages saving by employees with the lowest remuneration, then 100% up to an annual limit of €3,750.

To help employees prepare to fund their retirement, the Bouygues group has set up a retirement savings plan (PERCO). In all, 14.6% of eligible employees were members of the scheme on December 31, 2012 (14.0% in 2011). The company's matching contribution varies from 20 to 100% according to the amount invested by the employee, with a maximum of 1,290 gross per year and per employee. The total amount stood at €385,537 gross (€382,134 in 2011).

INDICATOR: RATES OF MEMBERSHIP OF GROUP RETIREMENT SAVINGS FUND

(Perimeter: France, OE, FT)	% revenues	2012	2011	2010
Percentage of eligible employees who belong to the company savings scheme *%*	100	72.5	75.6	78.2
Percentage of eligible employees who belong to the Group retirement savings fund *%*	100	14.7	14.0	13.2

Profit-sharing has been in operation for all eligible Group employees since 1989. In 2012 the gross profit-sharing reserve (relating to 2011) amounted to €10.8 million (€7.4 million in 2011 for the 2010 financial year), or an average gross amount per employee of €2,196 (€1,542 gross in 2011) paid in 2012.

To associate employees with the dynamism of the Bouygues group, a new capital increase, Bouygues Confiance 6, took place in 2012. This transaction, with leverage effects and a discount of 20%, led to 25.9% of eligible employees subscribing.

To involve employees in respect for budgetary commitments and the improvement of collective and individual performance, in 2008, the Group's management established an incentive agreement applicable to the whole of the TF1 Group. This was signed for the financial years 2008, 2009 and 2010. In 2011 an incentive bonus was paid to employees covered by the agreement. The total gross amount of the 2011 bonus (in respect of 2010) was €15.6 million (compared with €18.2 million in 2010), or €3,260 gross on average per employee (€3,661 in 2010) paid in 2011. A second incentive agreement was signed in 2011 covering 2011, 2012 and 2013, with targets to be set and negotiated annually with the unions. However, as the two objectives in the agreement were not achieved, no incentive bonus could be paid in 2012 in respect of 2011.

INDICATOR: AVERAGE GROSS AMOUNT PAID PER EMPLOYEE (PROFIT-SHARING AND INCENTIVE SCHEMES)

Payout year (*Perimeter: France, all contracts*)	% revenues	2012	2011	2010
Average gross amount paid per employee under profit-sharing scheme *(€)*	83	2,196	1,542	740
Average gross amount paid per employee under incentive scheme *(€)*	83	0	3,260	3,361

Group employees held 7.2% of TF1's capital in 2011, compared with 6.2% in 2011 through the TF1 FCPE Actions.

7.5.4 Professional relationships and report on collective agreements

PRESENTATION OF PROFESSIONAL RELATIONSHIPS WITHIN THE TF1 GROUP

All companies of the Group have personnel-representative bodies: employee representatives, works councils, combined works council and employee representatives, health, safety and working-conditions committee and trade union delegates, representing a total of 35 bodies and 237 elected representatives within the TF1 Group.

In application of the 2006 agreement on resources devoted to TF1's trade unions, it should be noted that the unions have full-time union officials (5 in total within TF1 SA). Also, in 2012, TF1 granted a budget of €14,559.52 for economic, social and trade-union training, which paid for 25 days of training in this respect.

ELECTORAL HIGHLIGHTS OF 2012

On March 13, 2012 TF1's employees re-elected the two employee-representative directors within the Board of Directors of TF1 SA, with a high rate of participation (71%) for a period of 2 years (2 office holders).

Also, TF1's Health, Safety and Working Conditions Committee (HSWCC), for which the number of members was increased to 12 in agreement with the unions, representing a number that is greater than the legal obligation, partially renewed its members in September and November 2012.

48 negotiation meetings (against 33 in 2011) took place at the TF1 Group in 2012, which led to the conclusion of 43 collective agreements (against 20 in 2011), reflecting sustained and constructive dialogue with the unions.

REPORT ON COLLECTIVE AGREEMENTS

Diversity agreements

Applying the guidelines in its policy on diversity and reaffirming its intention to promote professional equality between men and women within the whole of the TF1 Group, an agreement was signed on 23 April, 2012 with all trade unions (other than the CGT) applying to all companies of the Group that are not already covered by a company agreement.

This group agreement is also applied in the company negotiations in the companies of the Group with 50 employees and more.

These agreements relative to professional equality between men and women are intended to sustainably facilitate the professional development of women within the company and promote the development of the mixing of sexes in jobs at all levels.

As an extension to its diversity policy, the TF1 Group also concluded an agreement on diversity of origins on July 28, 2012, with all of the trade unions. In this context and in partnership with the TF1 Corporate Foundation, the diversity manager and the personnel representative bodies, the TF1 Group undertakes to:

- carry out actions intended to encourage diversity of origins;
- train and raise the awareness of all players in the Group on diversity issues;
- promote the professional development of persons without considering their ethnic, social and cultural origins;
- communicate widely and transparently on the actions that are and will be carried out.

Compensation and employee savings

As it does every year, the TF1 Group signed agreements on the mandatory annual negotiations (MAN) in all companies concerned. Following 3 negotiation meetings on December 21, 2011 and January 11th and 13th, 2012, the MAN undertaken by TF1's management led to the signature, on January 13, 2012, of the following agreements, the provisions of which were repeated in the agreements concluded in the subsidiaries of the Group:

- agreement on salary policy signed by USNA CFTC, the SNPCA-CFE-CGC Médias 2000 and the SNFORT covering the rate of individual increases for 2012, and a revaluation of the index on permanent personnel and journalists;
- agreement relative to bonuses and social benefits signed by all trade unions (USNA CFTC, the SNPCA-CFE-CGC Médias 2000, the SNFORT, the Syndicat National des Médias CFDT and the CGT TF1) providing, in particular, for a revaluation of the amount of certain bonuses related to constraints in matters of working time, payment of transport costs (80% of the cost of the subscription) and the scale for mileage compensation;
- agreement on the duration and adjustment of working time signed by all trade unions (USNA CFTC, the SNPCA-CFE-CGC Médias 2000, the SNFORT, the Syndicat National des Médias CFDT and the CGT TF1) providing for the renewal of the maintenance of the salary in case of paternity leave and the renewal of 3 days of leave for concluding a civil partnership;
- agreement on employee/management dialogue signed by USNA CFTC, the SNPCA-CFE-CGC Médias 2000, the SNFORT and the Syndicat National des Médias CFDT providing for the opening of negotiations on various topics (diversity, temporary staff/freelancers, incentive schemes).

Also, as the TF1 Group could not distribute the profit share for the 2011 financial year given that the objectives were not achieved, on June 25, 2012 the management signed, with all unions, an amendment to the agreement of June 27, 2011 modifying the formula for calculating the profit-sharing, with the particular aim of improving the probability of paying a profit-sharing bonus for the 2012 financial year.

Agreement relative to the private health insurance scheme

In September 2012 the Group agreement covering healthcare costs was revised with all of the unions in order to adapt the coverage (particularly a reduction in reimbursement for orthodontics and a fixed amount for glasses frames) and to adapt the payments to current economic conditions, while improving certain coverage (reimbursement of periodontology, laser eye surgery, etc.). In particular, this agreement lowered the amount of contributions from employees and the company.

1st worldwide agreement at the Eurosport group:

On October 10, 2012 the first agreement on fundamental employment rights at the Eurosport group was signed between Eurosport and UNI MEI, with the aim of establishing a basic framework for respect for the following fundamental human rights:

- the fight against obligatory forced labour;
- the prohibition on child labour;
- the fight against discrimination;
- respect for the freedom to join unions.

INDICATOR: TRADE UNION REPRESENTATION IN THE GROUP (PERMANENT MEMBERS) STATISTICS FOR 2012

(Perimeter: France)	Works Council	Personnel delegates	Combined delegates	Board of Directors	Total
CFTC	13	28	27	17	85
FO	2	4	0	2	8
CGC	2	0	0	1	3
CGT	1	2	1	0	4
CFDT	8	15	3	4	30
Independent	0	0	5	3	8
TOTAL	**26**	**49**	**36**	**27**	**138**

Number of Meetings with employee representatives (Works Council+personnel delegates+Health & Safety Committee+Board of Directors+combined delegates)	311
Number of collective bargaining Meetings with union delegates	48
Number of collective agreements signed during the year	43

STATISTICS FOR 2011 FOR THE WHOLE OF THE TF1 GROUP

(Perimeter: France)	Works Council	Personnel delegates	Combined delegates	Board of Directors	Total
CFTC	12	24	23	19	78
FO	3	4	0	2	9
CGC	2	0	0	1	3
CGT	1	2	2	0	5
CFDT	8	15	3	4	30
Independent	-	-	4	2	6
TOTAL	**26**	**47**	**32**	**28**	**131**

Number of Meetings with employee representatives (Works Council+personnel delegates+Health & Safety Committee+Board of Directors+combined delegates)	289
Number of collective bargaining Meetings with union delegates	33
Number of collective agreements signed during the year	20

STATISTICS FOR 2010

(Perimeter: France)	Works Council	Personnel delegates	Combined delegates	Board of Directors	Total
CFTC	13	23	33	16	85
FO	4	4	0	2	10
CGC	1	0	0	0	1
CGT	1	2	1	0	4
CFDT	7	11	3	1	22
TOTAL	**26**	**40**	**37**	**19**	**122**

Number of Meetings with employee representatives (Works Council + personnel delegates + Health & Safety Committee + Board of Directors + combined delegates)	309
Number of collective bargaining Meetings with union delegates	38
Number of collective agreements signed during the year	9

INDICATOR: PARTICIPATION RATE IN WORKS COUNCIL ELECTIONS

(Perimeter: France)	% revenues CA	2012	2011	2010
Rate of participation in latest Works Council elections (in%)	France	73.2	74.1	74.0

7.5.5 Equal opportunities and the fight against discrimination

DIVERSITY: FROM CHARTER TO LABEL

In a demonstration of its promise of openness to all, the TF1 Group signed the Diversity Charter on January 11, 2010 before applying for Label Diversité accreditation, which was granted on December 14, 2010.

The Group proactively deployed its diversity policy as part of an approach geared to make the transition from charter to accreditation. In effect, the label sets a rigorous framework for leading the whole company in an overall process of continuous improvement.

The success of the Group's accreditation application was rooted in several factors:

- knowledge of discrimination risks: before embarking on the accreditation process, the Group carried out an inventory of diversity practices. Four priority areas were identified: disability, ethnic diversity, gender equality and seniors. The relevance of these priorities was confirmed by 2 opinion surveys carried out in April 2010 and April 2012 amongst the employees of the Group;
- commitment by senior management and staff backing: the impetus provided by Nonce Paolini rapidly spread throughout the company and was supported by a broad in-house communication campaign on the benefits of promoting diversity. Employees also took pride in the fact that TF1 was the first media group to receive this outside, independent accreditation;
- control of the process of managing human resources to ensure the principle of equality of treatment;
- actions aiming to diversify sourcing;
- awareness-raising actions carried out amongst employees of the Group directly involved in the process: HR, managers and all staff directly involved in programme production were given training on diversity;
- Group dialogue with stakeholders: unions, suppliers and customers were regularly involved in the process (inventory, audit, Meetings with staff and suppliers, etc.);
- steps to track the effectiveness of the Group's diversity-promotion measures: a system of indicators was set up to measure progress, and the Group's second annual diversity report was presented to employee representative bodies in 2012.

The Group was inspected by AFNOR during the week of November 26, 2012 for the intermediate monitoring audit specified 2 years after having obtained the label. The audit revealed a good number of positive points in the evolution of the diversity process, including:

- the ambitious training plan, in progress since 2010, so that each employee involved in implementing the Group's diversity policy becomes aware of his/her stereotypes and identifies his/her own interest in acting;
- the establishment of a counselling system intended to deal with any situations of discrimination and inequality of treatment, that has obtained the authorisation of the French data-protection authority;
- the signature of 2 new agreements in 2012, the first in favour of professional equality between men and women and the second on diversity of origins. The Group now has one agreement per priority topic, with the disablement and senior employees' sections already having been the subject of negotiation between the management and unions;
- the dynamism and effectiveness of the process as a whole, thanks to the relevance of the actions affecting diversity and equality of opportunities within the Group.

INDICATOR: NUMBER OF EMPLOYEES WHO RECEIVED TRAINING ON DIVERSITY AT WORK

(Perimeter: France)	% Revenues	2012	2011	2010
Number of employees who received training on diversity	83	364	459	404

DISABLED EMPLOYEES

For several years the TF1 Group has pursued a policy of hiring and retaining people with disabilities. Following the signature of an initial three-year agreement in 2008, in 2011 the Group reaffirmed its commitment to people with disabilities by signing a new three-year agreement. The six main themes of the new agreement are:

- an ambitious recruitment plan focused on hiring people on permanent contracts and fixed-term contracts of over six months (the goal is to hire 27 disabled workers over three years);
- a cooperation plan with the sheltered sector;
- vocational training;
- a plan for retaining disabled staff;
- accessibility and adaptability of working tools;
- information and communication.

INDICATOR: NUMBER OF DISABLED WORKERS EMPLOYED BY THE COMPANY

(Perimeter: France)	% revenues	2012	2011	2010
Number of disabled workers in the company as of 31/12 (all contract types)	83	81	71	58
Disabled workers hired during the course of the year (fixed-term and permanent contracts)	83	15	13	19

To meet its objective of hiring at least 27 disabled workers in 2011-2013, the TF1 Group needs to develop its sourcing activities and work with specialist recruiting firms, temp agencies and non-profit organisations that promote employment for young people with disabilities. Accordingly, the TF1 Group continues to partner Arpejeh and Tremplin, two non-profit organisations that help disabled schoolchildren and students as they pursue professional development plans. A new partnership signed in 2012 with the association Osons L'Égalite for promoting the acceptance of young disabled people on work-experience programmes.

The Group has also renewed partnerships with a number of target schools to take on students during their time at university or to help these institutions in their efforts to integrate disabled students (Sciences-Po Accessible agreement, Passerelle agreement, etc.).

The TF1 Group takes a keen interest in the attention that the target schools pay to disability and diversity issues. To this end, those amongst them that are most committed benefit from more favourable treatment in payment of the apprenticeship tax. Awareness-raising actions were again carried out in schools in 2012.

The Group is pursuing its communication campaign through publications in specialised media. Actions to raise the awareness of employees of the Group were also organised in order to continue to develop the way this question is seen within the company.

As regards the management of disabled workers, the Disability Action Taskforce studies employees' requests and makes the necessary arrangements, which can include co-financing of equipment, transport agreements, TadeoBox sign-language equipment for the hard of hearing, table-side service and modifications to the working environment.

To prepare for situations of partial or total unfitness for work, a multidisciplinary committee on retaining disabled staff was set up when the new agreement was signed. It brings together all the stakeholders who might work together to help organise the future career of a disabled colleague who is struggling in his or her position.

In addition to professional training, the Disability Action Taskforce can also offer bespoke courses to people with disabilities, including Group employees and service providers from companies in the sheltered sector who work for the Group.

One-day disability awareness training sessions are available to all staff members on request, and special training sessions are in place for employees likely to work alongside a disabled person.

Regarding accessibility, all TF1 Group buildings meet legal standards for disabled access to public premises. As part of its continual improvement drive, the Group intends to continue its work on accessibility.

The TF1 Group conducts audits and carries out the necessary adjustments to ensure that its digital tools are accessible to people with disabilities.

EQUAL OPPORTUNITIES

For some years, TF1 has pursued an active policy of not discriminating between men and women, particularly in the areas of recruitment, career development and salaries. In addition, TF1 has taken concrete measures to promote work/life balance (see 2010 agreement "Working Better Together" extended by amendment on December 31, 2012 until December 31, 2013).

The Gender Equality Committees of the Works Councils compare the situations of male and female workers according to various criteria (numbers, compensation, promotions, holidays, training,) and correct any differences noted based on precise indicators. In an industry where men have always outnumbered women (particularly in the technical professions), the TF1 Group has, for several years, been close to balance.

In 2012, in consultation with the trade unions, TF1 signed a Group agreement on professional equality between women and men for a period of 3 years.

TF1 has committed to 3 main areas of action:

- to ensure equality of treatment when hiring and at all stages of recruitment;
- to ensure the same possibilities for professional development through access to training and fair treatment of promotion;
- to develop actions in favour of the balance between professional, family and personal life.

INDICATOR: MALE AND FEMALE EMPLOYEES

Workforce *(Perimeter: France, OE, FT)*	% revenues	2012	2011	2010
% women	83	48.2	47.9	47.4
% men	83	51.8	52.1	52.6

INDICATOR: PROPORTION OF WOMEN BY STATUS

As of 31/12 *(Perimeter: France, OE, FT)*	% revenues	2012	2011	2010
% of women, clerical, administrative, technical and supervisory staff	83	54.0	54.4	56.2
% of women, managers	83	49.0	48.9	46.5
% of women, journalists	83	36.2	35.3	36.4

This balance is in evidence in the management ranks, since 49% of managers are women. Also, the rate of women managers was: 34.7% in 2012 against 35.5% in 2011.

INDICATOR: PROPORTION OF WOMEN IN MANAGEMENT POSITIONS

As of 31/12 *(Perimeter: France, OE, FT)*	% revenues	2012	2011	2010
% of women in management positions	83	34.7	35.5	35.0

INDICATOR: NUMBER OF NEW HIRES, WOMEN AND MEN

Hires *(Perimeter: France, OE, FT)*	% revenues	2012	2011	2010
Women	100	334	380	270
Men	100	318	374	297
TOTAL	**100**	**652**	**754**	**567**

INDICATORS: SALARIES, WOMEN AND MEN

STATISTICS FOR 2012

Average gross annual starting salary *(in euros)*(1) *(Perimeter: France, OE)*	% revenues	Supervisory staff	Managers	Journalists
Women	83	26,093	32,850	-
Men	83	-	34,378	-

(1) Employees aged between 18 and 25 and with less than one year's service.

STATISTICS FOR 2011

Average gross annual starting salary *(in euros)*(1)	% revenues	Supervisory staff	Managers	Journalists
Women	83	26,260	32,967	34,450
Men	83	24,145	33,611	32,933

(1) Employees aged between 18 and 25 and with less than one year's service.

STATISTICS FOR 2010

Average gross annual starting salary *(in euros)*(1)	% revenues	Supervisory staff	Managers	Journalists
Women	83	24,911	31,678	35,100
Men	83	25,389	33,582	24,700

(1) Employees aged between 18 and 25 and with less than one year's service.

Female staff absent for maternity leave benefited, as for each year, from at least the average salary negotiated with the trade unions, namely, for 2012, 2.4% or 3.4% if their salary was less than or equal to €2,600 gross monthly.

INDICATOR: PROPORTION OF WOMEN AND MEN PROMOTED

Rates of promotion[1] *(Perimeter: France, OE)*	% revenues	2012	2011	2010
Women	83	11.1	14.7	15.2
Men	83	10.3	13.9	15.9

(1) With or without change of professional category.

At an equivalent qualification level, men and women are hired at the same salary.

INDICATORS: GENDER BALANCE IN TRAINING

% of trainees[1] *(Perimeter: France, OE)*	% revenues	2012	2011	2010
Women	83	47.6	48.7	49.2
Men	83	52.4	51.3	50.8
TOTAL	**83**	**100**	**100**	**100**

(1) On vocational training programmes.

Number of training hours *(Perimeter: France, OE)*	% revenues	2012	2011	2010
Women	83	30,128	35,409	37,418
Those in hours of training in female workforce		*18.42*		
Men	83	31,058	34,017	33,805
Those in hours of training in male workforce		*17.50*		
TOTAL	**83**	**61,186**	**69,426**	**71,223**

The outcome is balanced both for promotions (11.1% for women and 10.3% for men in 2012 versus 14.7% for women and 13.9% for men in 2011) and for the percentage of men and women benefiting from training (47.6% for women and 52.4% for men in 2012, versus 48.7% for women and 51.3% for men in 2011).

MEASURES FOR SENIORS

On October 30, 2009, the TF1 Group, in consultation with the trade unions, concluded an agreement for a period of 3 years (2010-2011-2012) on the employment of senior staff, with the main aim of keeping employees aged 55 years and over in employment.

The outcome of this agreement for the year 2011, presented to the trade unions on June 26, 2012, shows that the main objective chosen by the Group, of maintaining those aged 55 years and over in employment, has been broadly met, more than one year before the end of the period set for its achievement. Indeed, as of 31 December 2011, there were 223 staff aged 55 years and over in the TF1 Group, representing, for the moment, an overrun of the initial objective of 184 staff aged 55 years and over on 31/12/2012.

7.5.6 Health and safety

For the TF1 Group, the policy on health and safety for employees has been a priority for many years and is applied in all of its activities. The management seeks to raise employee awareness about preventing occupational hazards and implementing safety measures.

INDICATORS: OCCUPATIONAL ACCIDENTS

(Perimeter: world, all contracts)	% revenues	2012	2011	2010
Number of occupational accidents with time off	100	24	25	42
Number of fatal occupational accidents (work-related/commuting)	100	0	0	0
Employees trained in health and safety	100	802	495	484
Frequency rate	100	3.537	3.651	6.263
Severity rate	100	0.064	0.136	0.177

Frequency rate = (∑ occupational accidents with time off/∑ hours worked)×1,000,000.
Severity rate = (∑ days of leave/∑ hours worked)×1,000.

The use of a management chart covering indicators relative to work-related accidents for contractors is in the process of preparation.

THE PLAYERS IN THE HEALTH AND SAFETY POLICY

Various players contribute to preventing professional risks, improving the health and safety of permanent and non-permanent employees of the TF1 Group, and their working conditions.

The two occupational health services in the TF1 Group (two occupational health physicians and four nurses), and a social worker, play a central role in matters of health and safety. Firstly, they provide day-to-day medical monitoring of employees and, secondly, specific examinations of certain staff, whose jobs present specific risks. First-aid kits are available for staff bound for high-risk zones. These occupational health services also cover medical examinations for freelancers who regularly work in the Group, as the professional bodies for this personnel category have not established a medical centre.

These services also carry out preventive campaigns that go well beyond legal obligations, such as vaccination against flu, the prevention of auditory disorders and cardiovascular illnesses. On this last topic, TF1 undertook, when signing the Healthy Heart Charter in 2011, to continue to prevent cardiac risks and, to this end, set up a training course on first aid in 2012.

The Corporate Services and Security Department regularly intervenes, in cooperation with the occupational health physicians and the Human Resources Department, on questions relative to health, safety and working conditions, particularly in matters of the layout of premises, working tools (robotic cameras in the studios, scenery, etc.) or concerning the ergonomics of workstations.

The duty of the HSWCC, for the companies that have one, is to contribute to protecting the health and safety of employees and to improve their working conditions. In 2012 particular attention was paid to the quality of the air, reform relating to the occupational health physician, the appointment of staff to prevent health/safety problems and developments to the EticNet guide on the use of the TF1 Group's information and communication technologies.

The TF1 Group's health and safety policy involves the upstream prevention of occupational risks. With this aim, the exposure to occupational risks of employees of the TF1 Group are assessed each year, profession by profession, particularly through the master occupational risks document. This work is done by the Human Resources Department with the support of occupational health physicians and the Corporate Services and Security Department, in consultation with the elected representatives on the HSWCC. This document lists the occupational risks identified and the corresponding collective preventive measures, in order to reduce or eliminate the risks found (work instructions, training courses, etc.).

In 2012 the HRD continued the study on the provision of "arduous working conditions" sheets for all employees subject to the risks defined by the law and informed the various HSWCCs of the procedures implemented.

To continue the campaign on the prevention of risks on the road while on duty, that was implemented in 2011, company vehicles are mandatorily provided with breathalysers.

The TF1 Group agreement "Working Better Together" that was signed in 2010, covering the prevention of psychosocial risks and, more generally, the improvement of working conditions, was extended until December 31, 2013, with the agreement of the management and unions. All of the measures applied in 2011 were renewed in 2012, including:

- steps to promote work-life balance (taking account of time constraints for employees returning from maternity leave, rules on and compliance with times for holding meetings, texting and calling…);
- workload assessments, notably during annual performance appraisals;
- inclusion in management training courses of a module on preventing psychosocial risks;
- steps by occupational health staff to raise awareness about ergonomics;
- warning mechanism to identify distressed employees;
- granting of volunteer leave.

For the prevention of psychosocial risks, an observatory on health and well-being at work was established in 2008, on the initiative of the occupational physicians department. Employees are asked to complete a questionnaire when visiting the doctor. The aim of the observatory is to identify levels of stress and anxiety and, if necessary, implement corrective actions according to the results found. The Works Councils and the HSWCCs of the TF1 Group were informed of these results in March 2012.

HEALTH AND SAFETY TRAINING

The health and safety training courses concerned 593 different employees in 2012 (495 in 2011).

A key focus of these training courses is reporting staff, who get special training on driving news vehicles, first aid, risk zones and the right behaviour to adopt in certain situations. Technical staff also regularly attend mandatory courses on electrical accreditation.

The TF1 Group also provides training on achieving work/life balance (126 trainees) and preventing psychosocial risks: all training courses in the Group's management training programme include a section on this topic. 254 employees took a "local security personnel" training course. The Group initiated a new course to raise awareness of first aid, with 165 participants in this first year.

7.5.7 Supporting employees

RELATIONS WITH SCHOOLS, ACCOMMODATING INTERNSHIPS AND WORK/STUDY PROGRAMMES

This year, the TF1 Group received 406 approved trainees and 171 on work-experience courses (49 apprentices, 122 professional training contracts), in various sectors: audiovisual, production, graphic design, journalism, programming, acquisition, marketing, sales, communication, web, IT, engineering, finance, HR, purchasing, assistance, catering, etc.

This ambitious policy expresses a will to contribute to training young people, to identifying the best talent and to putting the creativity of the younger generations at the service of the company. Almost all of the trainees received payment (providing that the duration of the training course is greater than two months). These payments were significantly higher than the legal scale (€600 per month for degree courses, €1,000 on Masters 1 and €1,200 on Masters 2 and payment of 80% of the cost of the Navigo travel pass for all).

To meet these objectives, those in charge of relationships with schools and diversity increased recruitment operations and exchanges focused on the diversity of profiles and origins, and equality of opportunity. For example:

- participation in numerous forums (25) 12 of which were dedicated to diversity of origin or disablement (forums Mosaïk HR, Adapt, CIDJ, Handi2days, ESSEC open forum, etc.);
- raising the awareness of our schools and university partners concerning our professions and our diversity policy (conferences, communication in letters on the apprenticeship tax, study projects concerning disablement, etc.);
- communication to those at middle schools and high schools about our professions and our diversity policy (National Youth Day events at TF1, Eurosport and Metro, programme «My camera amongst the Pros»).

Lastly, the Group has developed privileged partnerships with certain schools, such as Télécom Sud Paris, the Essec Media Chair, and Luc Besson's École de la cité.

This school trains young people from all origins in the professions covering content creation and as directors. Their schooling is financed by partner companies, one of which is TF1.

INDICATOR: NUMBER OF INTERNS UNDER AGREEMENTS WITH SCHOOLS

(Perimeter: France, interns)	% revenues	2012	2011	2010
Interns under agreements with schools	83	406	391	321

APPRENTICESHIP TAX

The Group has accentuated its policy on receiving those on work-experience courses (+39% in 2012), to promote the professionalisation of young people by financing their studies.

The company also wished to use work-experience courses as a means of incorporating disabled staff, to contribute to improving the level of qualifications of disabled persons. Thus, in 2012, TF1 took on 5 young disabled persons on work-experience courses.

The training costs of those on work-experience courses are financed both by TF1's apprenticeship quota, the OPCA, to which the Group belongs, and the training budget for professionalisation contracts.

A policy of promoting tutoring was developed in 2012, particularly with the organisation of an event for the Group's 150 tutors. Likewise, 49 tutors were trained to perform their role: how to construct an educational curriculum, transmit job-related know-how, perform progress interviews and be able to assess what the trainee has learned.

At the same time, educational tools were made available to tutors on a dedicated intranet site. Likewise, a charter on receiving those on work-experience courses was put in place, allowing the roles of each player (tutor, trainee and HR) to be properly clarified at the end of the trial period.

Given the great diversity of the professions in the TF1 Group, the apprenticeship tax is paid to around 50 schools and universities, from which the Group receives trainees or those on work-experience courses.

At the same time, a significant share outside the quota is dedicated to schools or associations that support the Group in its diversity policy.

INTEGRATING NEW EMPLOYEES

A system is in place to help new hires find their feet within the TF1 Group. The arrival of new staff members is announced in a widely circulated welcome memo. Employees follow an integration programme organised by their superiors so that they can meet with the people they will be dealing with inside the company. In the following weeks, Internal Communications will offer a morning session to welcome newcomers, provide an introduction to the TF1 Group and give a brief rundown of the HR policy. This is followed by a guided tour of the show room and TV studios.

At the end of the trial period, staff take part in a day entitled "Discover TF1". It lets them discover all of the activities of the Group and its organisation. The programme wraps up with a Q&A session with the Chairman and CEO.

Lastly, a Welcome Day is also organised at Bouygues group headquarters to enable new recruits to learn about the Group's background, businesses, values and working methods. It concludes with a debating forum with Nonce Paolini, at which Martin Bouygues makes the closing address.

VOCATIONAL TRAINING

The TF1 Group's training policy is intended to support the development of performance and is applied in three areas:

- develop the quality of management: a two-year curriculum is in place for each new manager and seminars covering "Managing managers" and "Agility and project management" have been created. A training course "Finance for decision-makers" has been established for members of the management committee;
- support the strategic policies of each activity and develop the expertise of employees: innovative and customised training arrangements have been put in place, for example in the area of digital marketing for TF1 Entreprises, on sales techniques at Téléshopping and on expertise in studio situations for TF1's editorial teams. The teams involved in launching the new HD1 channel were supported. Systematic training curricula were constructed for staff in the journalism, documentation, finance and human resources sectors. They are organised by internal and external experts;
- continue investment in training related to the diversity policy: between the beginning of 2010 and the end of 2012, more than 1,100 staff (managers, journalists, editors, researchers, HR, personnel representatives,…) followed a one-day training course on non-discrimination and the promotion of diversity. These days develop the exemplary character and quality of management, rigour and professional expertise and therefore the performance of the company.

In 2012 Group employees received 61,186 hours of training (versus 69,426 in 2011):

- 35,196 hours (57% of the total) in professional skill-building;
- 13,963 hours (23%) in management and HR;
- 2,456 hours (4%) in diversity;
- 4,676 hours (8%) in security;
- 4,896 hours (8%) in language learning.

The training plan is a distillation of:

- skill development priorities needed to meet business challenges identified during specific meetings with managers;
- individual skill development priorities, derived from the training needs identified during the annual performance appraisals. To help them in their search for what is available, staff have more than 100 training courses available on the intranet site.

All training courses are assessed and are the subject of regular reports and adjustments.

INDICATORS: VOCATIONAL TRAINING, STATUTORY TRAINING ENTITLEMENTS

Scope: France, OE	**% revenues (France)**		**2012**	**2011**	**2010**
	83	Number	2,476	2,578	2,334
Number and % of OE contract staff receiving training	83	%	72.7	74.4	61.4
Proportion of payroll spent on training	83	%	2.6	2.6	2.8
Total training hours, all training systems	83	Number	61,186	69,426	71,223
Total training hours, training plan	83	Number	26,541	31,238	35,405
Statutory training entitlement (DIF) requests granted	83	Number	1,506	1,459	1,125

PROCEDURES FOR DIALOGUING WITH EMPLOYEES AND APPRAISING PERFORMANCE

The annual performance appraisal enables employees to have a one-to-one interview with their line managers, during which they discuss how the past year has gone, their objectives for the coming year, their professional development plans and any training needs. The day of training on assessment forms part of the obligatory training curriculum for all staff promoted to management and for all managers that join the Group.

The remuneration of the 500 main managers in the TF1 Group includes a variable share relating to quantitative and qualitative objectives, the achievement of which is assessed during the annual interview.

INDICATORS: PROPORTION OF EMPLOYEES WHO HAD AN ANNUAL PERFORMANCE APPRAISAL AND PROPORTION OF EMPLOYEES WHO COMPLETED A SATISFACTION SURVEY

Scope: France, OE	% revenues	2012	2011	2010
% of employees who had an annual performance appraisal	83	84.3	89.6	86.1
% of employees who completed a satisfaction survey(1)	83	93.9	-	94.2

(1) 100% France scope.

INTERNAL TRANSFERS

Current economic circumstances require companies to optimise their organisation and assign their resources as closely as possible in accordance with their requirements. This economic concern is added to the clearly-expressed intention of the Group to favour personal development.

To communicate the success of this policy, a section on the intranet entitled «transfers of the month» gives a brief presentation of the transfer of each employee concerned (an average of more than 10 per month).

In 2012, 125 employees were transferred internally out of 336 hires. In other words, 37.5% of the positions available were filled by internally transferring staff who were already employees of the Group.

INDICATOR: INTERNAL TRANSFERS AS A PROPORTION OF TOTAL RECRUITMENT

Scope France, OE	% revenues	2012	2011	2010
Internal transfers as a proportion of total recruitment (%)	83	37.5	44	52

7.5.8 Employee benefits

FAMILY-FRIENDLY POLICY

Emphasis is placed on a family friendly policy within the TF1 Group. Indeed, numerous measures favourable to parents exist within the Group.

Concerning maternity, the TF1 Group has established measures to maintain the salary of pregnant women during the entire duration of their medical leave of absence. For those who so wish, according to the applicable collective company agreements within the Group, they may benefit from a reduction of their weekly working time by 10 hours from their sixth month of pregnancy. These same agreements grant lactation leave of a period of 4 weeks following maternity leave, entirely paid for by the company.

In order to facilitate childcare, childcare benefits are granted to employees whose children under 4 years old are cared for in a crèche, by a nursery assistant or childminder, of an amount of €8 net per day worked within the limit of 1,830 per year. The Works Councils, at their own request, are responsible for managing this benefit.

Employees also benefit from a bonus of €915 on the birth of a child.

Likewise, when a marriage is concluded, a marriage bonus of €915 is granted to employees.

During the Mandatory Annual Negotiation of 2012, management and unions decided to renew the measure allowing employees concluding a French civil partnership contract to benefit from three days of exceptional paid leave.

Under this agreement concluded with the unions, it was also decided to maintain the salaries of employees taking paternity leave at 100%.

Also, most Group companies have introduced arrangements for parents to take time off to look after sick children.

WORKING ENVIRONMENT

With the assistance of a company specialised in collective catering, TF1 provides a company canteen on its various sites for all employees and contributes to the cost of meals at €4.85 (with a free bottle of water supplied each day).

The payment of public transport costs (subscriptions to Pass Navigo, Vélib' and SNCF) goes far beyond the legal obligation (50%) because it is paid at 80% (within the limit of 6 zones for the Pass Navigo).

TF1 is keen to provide employees with a pleasant working environment. To this end, it provides on-site services such as a cash dispenser and a hairdresser with attractive prices. A representative of the broker Gras

Savoye is constantly available every Monday from 9.30am to 12.00 and from 12.30 to 4.30,p.m.),,and a social worker is available to support employees in overcoming difficulties.

The company takes investing in its employees' health and fitness very seriously, so employees have access to a fitness centre at special rates (€20 per month for a one-year subscription). Classes are held on weekday mornings, lunchtimes and evenings and even on Saturday mornings. Likewise, the company offers employees preferential prices for subscriptions to sports clubs (Forest Hill, Club Med Gym) and for practising sports in numerous areas, within the TF1 sports association.

TIME-SAVINGS ACCOUNTS, WELFARE

The five trade union organisations represented in the TF1 Group have signed a collective Group agreement on time-savings accounts. Set up in 2007, these accounts provide employees with a time budget, which is augmented each year by "paying in" any leave (annual entitlement, extra days per year of service, days off) that has not been taken by the end of the year or by converting all or part of their annual bonus into days off. Employees can then use this budget either to take time off when it suits them, or a maximum of five days per year can be converted into extra pay. The account can also be used by the company to arrange transitional holiday periods for employees approaching retirement. Furthermore, employees have been able to deposit up to 10 days from their time-savings account, per period, to the Bouygues retirement savings fund and thus receive the related company contributions.

Concerning health insurance, coverage is at a good level and the company pays for half of the contributions. The company pays half of the premiums and informs employees annually of the impact of legal indexing rates and the effects on the scheme's finances. Decisions are taken together with the Insurance Coordination Committee, which includes representatives from all the unions that signed the agreement. The committee meets at least once a year to monitor the change in medical costs and take preventive action on benefits and contributions.

As part of this rigorous management of medical expenses and with the aim of overseeing the financial balance of the health insurance regime, a benchmark was set up in 2012 amongst companies in the audiovisual sector. After several working meetings of the "death and disability insurance" coordination committee, an amendment to the collective agreement on health expenses for the TF1 Group, applicable from January 1, 2013, was signed by the unions (CFTC, FO, CGC, CFDT) in order to adapt the contributions and coverage, while maintaining high-quality social-security coverage that is consistent with the prices available in the market.

Several different kinds of death and disability packages are available to Group employees, covering inability to work, disability, death, accidents and other events. For employees who go on professional assignments, two special policies are in place to cover assistance and repatriation and high-risk assignments respectively.

HOUSING ASSISTANCE

As part of its housing assistance programme, TF1 offers accommodation solutions to employees in need of emergency help. Over the past 20 years, the Group has provided nearly 610 low-cost housing units for its staff. In all, 25 employees were housed in 2012, compared with 24 in 2011. Moreover, the Group offers its employees the whole range of schemes provided for in the housing assistance programme. It granted 11 first-home loans in 2012 (32 in 2011), 16 loans to pay rental deposits (16 in 2011), 1 professional relocation package (1 in 2011), 1 renovation loan and 115 employees (136 in 2011) were advised by organisations concerning their home acquisition plans. In 2012, 5 employees benefited from the new Mobili-Jeune system. The total number of employees of the TF1 Group concerned by housing assistance arrangements in 2012 stood at 174.

Loans to adapt accommodation for disabled employees, or employees who have a disabled family member, are made available by the collecting bodies.

A representative of the housing assistance programme is regularly available to meet with employees and help them with the procedures involved and give advice about financing their home acquisition plans. In 2012 a representative was available on four occasions.

7.5.9 Encouraging community involvement by staff

To encourage employees to get personally involved in community projects, the TF1 Group grants two days of paid leave per employee, up to a maximum of 150 for all Group companies. The employees use them particularly in relation to the TF1 Corporate Foundation, which offers tutoring activities. In 2012 the TF1 Corporate Foundation joined the Passeport Avenir association, the vocation of which is to promote access, by young people from working-class districts, to top-ranking higher-education establishments, with the support of professional tutors.

The Chairman and Chief Executive of TF1, Nonce Paolini, is now on the Board of Directors of the association.

Another example: employees providing skills sponsorship under the programme from the French national education service "Ma caméra chez les Pros" ("My camera amongst the Pros"). This involves high school pupils in priority education zones discovering the professions of tomorrow, which have potential to provide future employment. Each class makes an audiovisual news report in one of the receiving companies, supervised by a journalist from the TF1 Group. This programme, which TF1 joined during the 2011/2012 school year, was extended in 2012/2013 by those working for the association. Former employees of TF1 have made their skills available to the pupils, giving an inter-generational dimension to the programme.

The 9th edition of "Noël Solidaire" organised by the TF1 Group on December 6, 2012 was an outstanding success, with more than 14,000 donations made by employees and subsidiaries of the Group. The goods collected were presented to 15 associations, starting on the following day.

7.6 SUSTAINABLE DEVELOPMENT IN PRODUCTS AND ACTIVITIES

The TF1 Group commits to integrate sustainable development issues in the design and use of its productions, products and innovations. The same applies to the management of its head offices.

7.6.1 TF1's environmental policy

The media sector, sometimes seen as having a smaller environmental footprint than other industries, has a similar impact in terms of greenhouse gas (GHG) emissions. It consumes transport services, purchases electronic products and uses power. Media companies also owe it to their stakeholders to set an example. This is why the TF1 Group has made a dual commitment: in the "Ecoprod" process, which endeavours to introduce eco-design into audiovisual production, and in the internal management of its head offices.

In 2007, in partnership with the French Agency for the Environment and Sustainable Energy (ADEME), TF1 carried out a Bilan Carbone® carbon audit to estimate GHG emissions caused by its main channel. The resulting action plan aims to reduce emissions from every source identified, whether internal or external. The measurement of GHG emissions is becoming more comprehensive and precise with each new year. Since 2012 it has participated in the consolidation of carbon emissions for the Bouygues group.

In 2012 the first HQE Exploitation certificate was obtained for a building belonging to the Group. This process will continue on the other buildings that are directly managed.

TF1 leads a far-reaching policy in all the areas within its control. In all Group buildings, action and continuous improvement plans are applied to the consumption of energy, power, water, and raw materials (e.g. paper) and to waste management. The measures introduced by the Group always go well beyond legal requirements. Collective catering, an environmental challenge but also a subject on which employees need to be educated, is the subject of an action plan carried out by the partner ARPEGE in close cooperation with the corporate services department. Increasingly, energy consumption and waste management are factored in at an early stage of any project involving the technical solutions used by the Reporting Department, studios, and IT operations.

In 2010 the Group launched a Commuting Plan in an effort to mitigate the environmental impact of travel to and from Boulogne-Billancourt. In 2011 an electric car sharing system was opened up to all staff for professional travel.

These measures, which reflect the determination of management to adopt best practices, include involving suppliers and raising staff awareness. Events for staff are organised on a regular basis.

The environmental impact of a media group is also indirect: it manifests itself through its ability to raise public awareness of this issue. Apart from the 20-year broadcast of the *Ushuaïa* programme on TF1, the TF1 Group's channels and websites raise the environmental awareness of viewers and Web users year round in several areas, including weather reports, TV news stories, the Ushuaïa TV theme channel, and a campaign on environmental information for children.

7.6.2 The environmental footprint of production

The audiovisual sector emits roughly one million tonnes of CO_2 equivalent a year into the atmosphere, around a quarter of which is directly linked to shoots, according to a study of key figures in the industry made in 2011 and available at www.ecoprod.com.

To better take account of the environment in the audiovisual sector, TF1 launched the Ecoprod initiative in 2009 with five partners (ADEME, AUDIENS, Commission du Film d'Île de France, DIRRECTE IDF, France Télévisions) for producers and other industry professionals.

The Ecoprod collective first launched an online resource centre including best practices by sector and testimonials, available at www.ecoprod.com In 2010 it uploaded a carbon footprint indicator for audiovisual productions (on the Carbon'Clap page). These tools are regularly presented to industry professionals at events and through partnerships with trade media. In 2011 several production supports were introduced to test tools and ensure the reproducibility of practices, and Ecoprod welcomed three new members: the Provence Alpes Côte d'Azur region, Pôle Média du Grand Paris, and France's national cinema centre, CNC. In 2012 a guide to eco-filming was produced and presented at Cannes. A study on the management of waste from the audiovisual sector was initiated with the support of DIRRECTE. Ecoprod supported *Jo*, an international production on the reduction and then compensation of its greenhouse gas emissions. A partnership was initiated with the company Eco-Act to allow producers to compensate emissions with the rigour required for voluntary compensation.

Among the Group's internal productions produced by the subsidiary TF1 Production, the police series *RIS* applied the instructions developed within the framework of Ecoprod again in 2012.

7.6.3 From EMS towards HQE certification

THE ENVIRONMENTAL MANAGEMENT SYSTEM (EMS)

The EMS that was established draws on quality processes and in particular the "plan/do/check/act" cycle of ISO 9001-type systems. The system applies to all buildings that are managed directly by the Group, namely the three buildings in Boulogne (La Tour, Atrium and Delta) and one in Issy-les-Moulineaux (Amiral), for a total useable area of 83,000 square metres. These buildings house more than 3,500 employees, or 83% of the Group's workforce.

The EMS documentation system includes a list of environmental aspects upstream and downstream from the sites, the list of ICPE environment-protection listed buildings, and an environmental road map, which describes planned actions and quantified objectives on the reduction of consumption and waste. The list is regularly reviewed by the CSR coordinator and managers at Corporate Services who approve objectives, ensure actions are implemented, monitor the effectiveness of those actions, and handle feedback.

A FIRST BUILDING CERTIFIED "HQE EXPLOITATION"

At the end of 2011, a process of "HQE Exploitation" certification was undertaken for the head office in Boulogne-Billancourt (three buildings). The first certification for the Delta building was obtained in November 2012. Based on the experience acquired, a study began at the end of 2012 for the La Tour building, which TF1 SA owns through FIRELIE and APHELIE, which are wholly-owned by TF1 SA. The first stage consists of listing the actions to be implemented to constitute the application.

7.6.4 Environmental management

HOW THE INDICATORS ARE READ:

The measures and objectives defined apply within the framework of the EMS.

- Water and steam consumption measures are based on meter readings;
- Electricity consumption data is taken from remote readings obtained from EDF's Internet site through a load-graph monitoring contract and corroborated through the invoices;
- Bulky waste (skips), compacted paper, batteries, printing consumables and electronic waste are weighed by the contractor (invoiced by weight). Wet waste is collected by the town of Boulogne-Billancourt. Its weight is estimated according to weighing that was performed during a period of two weeks in June and July 2011.

To target in-house consumer profiles more accurately, TF1 continued to upgrade its building management system in 2012 by installing more meters throughout the supply networks (electricity, water, etc.). It aims to keep consumption under control through tighter management of lighting and air conditioning equipment. Also note the implementation of measurement points for isolating consumption related to collective catering services, offices and processes. In particular, the installation of meters makes it possible to identify the amount of power consumed for catering, office use and businesses processes:

- offices: lighting for workstations and circulation/office equipment/air conditioning;
- processes: IT server rooms and broadcasting rooms/special facilities such as studios/process-specific A/C.

Several measurement points were installed by EMBIX in 2012, read remotely and concatenated on an Internet site, allowing precise analysis of electrical consumption.

WATER CONSUMPTION

Water consumption in 2012, essentially used in the air conditioning circuit, the washrooms and kitchens, was 48,992 m^3, down 7% on 2011.

INDICATOR: WATER CONSUMPTION (IN CUBIC METRES)

Site	% revenues	2012	2011	2010
Tour/Atrium/Delta	-	41,117	44,965	44,271
Eurosport (Amiral)	-	7,875	7,893	7,783
TOTAL WATER (M^3)	**83**	**48,992**	**52,858**	**52,054**

ACTION TAKEN SINCE 2009

- The braided system was replaced by a mechanical lining (watertight) on the 40 circulation pumps in the heat pump loop. The new system no longer requires the constant arrival of water that is lost for cooling. 95 cubic metres of water are saved per year;
- The faulty pumping system in the high pressure mixed-water network was replaced;
- Automatic detectors and electrically operated flow control valves have been installed on the washroom basins to reduce consumption;
- Service providers have been made more aware of reducing consumption;
- Leak detection campaigns are conducted on a regular basis;
- To cut water usage in vehicle maintenance, the mobile video units have introduced a waterless “ecowash” solution;
- The water-heating system was upgraded (leak detection campaign);
- concerning the catering contract 2012-2014, consumption indicators specific to collective catering are in place (see the paragraph on collective catering and sustainable development.

RAW MATERIALS CONSUMPTION

For an audiovisual sector Group like TF1, the main raw material consumed is paper. In 2009 reprographics services were outsourced to an Imprim’vert-certified external provider. Various means of reducing the remaining consumption (119 tonnes in 2012) have been implemented, including shifting to electronic in-house publications and using the two-side printing facility of the multifunction printers. The paper used bears the European eco-Label. Its weight was reduced from 75g to 70g per sheet in 2011.

INDICATOR: PAPER CONSUMPTION (IN TONNES)

Site	% revenues	2012	2011	2010
Tour/Atrium/Delta	-	69	76	81
Eurosport (Amiral)	-	50	63	44
TOTAL	**83**	**119**	**139**	**125**

In catering, TF1 requests service providers, through a contractual guarantee, to favour local sourcing and seasonal vegetables.

ENERGY CONSUMPTION

ELECTRICITY

The TF1 Group consumes electricity primarily for everyday activities (air conditioning, air and smoke ventilation, cold rooms, surveillance and control equipment, pit water pumps), kitchen equipment, the equipment used for producing and broadcasting programmes (studio lighting, machine rooms, final production, etc.) and lighting and office equipment

Since 2010 TF1 has aimed to reduce electricity consumption by 1% a year. This reduction began in 2010, with a 1% year-on-year fall, and continued in 2012, with overall electricity consumption down by 2.7%. The decrease, which exceeded the fixed objective, was facilitated by halting dual systems, improved management of facilities through the technical management of the building, and favourable weather.

INDICATOR: ELECTRICITY CONSUMPTION (IN KILOWATT HOURS - KWH)

Site	% revenues	2012	2011	2010
Tour/Atrium/Delta	-	25,552,640	26,477,798	27,149,683
Eurosport (Amiral)	-	5,235,932	5,162,909	5,021,403
TOTAL ELECTRICITY	**83**	**30,788,572**	**31,640,707**	**32,171,086**

FUEL OIL

Fuel oil is used in the electrical generator units on the production sites. These serve as the emergency power source in the event of an EDF power cut to continue broadcasts and other key processes. Monthly tests of these generators consumed a total 16,000 litres in 2012.

INDICATOR: FUEL CONSUMPTION (IN LITRES – L)

Site	% revenues	2012	2011	2010
Tour/Atrium/Delta	-	16,000	18,000	18,560
Eurosport (Amiral)	-	500	200	450
TOTAL FUEL OIL	**83**	**16,500**	**18,200**	**19,010**

MEASURES TAKEN TO IMPROVE ENERGY EFFICIENCY

BUILDING MANAGEMENT

Since 2009

- Relamping the entire site by replacing 1,800 dichroic lamps with new transformerless LED lights consuming just 4W;
- Replacing the lighting in the south hall with lamps that have a higher initial cost but that significantly reduce maintenance expenditures;
- Examining a new transmission-driven process for A/C systems, particularly the central station air handlers, which operate 24/7, to reduce energy loss, operating cycles and maintenance costs on these machines;
- Reduction of car park lighting, shortened lighting periods;
- Programmed switch-off of studio lighting and air-conditioning systems;
- Occupancy sensors installed in washrooms;
- Televisions switched off by security staff on their rounds, lighting and air-conditioning in stand-by mode on the non-technical floors from 10pm;
- Building management improved by Central Facilities Management, elimination of the intake of unheated outside air into systems during cold spells, staff awareness raised on matching consumption with needs (air conditioning and lighting);
- Continued rollout of Central Facilities Management and training for technicians to improve building management (with the service provider EXPRIMM);
- Work under way with EMBIX[1] to precisely detail our consumption sources and try to switch them to off-peak hours (excluding implementation period of alternative production emitting CO_2).

In 2012

- Implementation, with the catering services provider, of electricity consumption indicators and encouragement to reduce consumption (operating cycle for ventilation hoods, warm-up cycles for dishwashers, etc.) (see the caterer ARPEGE's action plan, on page 277 of the present registration document and annual financial report).

Planned in 2013

- The EMBIX study carried out in 2012 identified sources of consumption. It will be continued by on site inspection and adding divisional meters to further refine the use of electricity and identify potential for reduction. In 2012 joint work with the IT department's teams improved the efficiency of air conditioning in the computer rooms (increased blowing temperature and improved air convection and circulation), which reduced consumption. This effort will be continued in 2013.

IN PRODUCTION PROCESSES (STUDIOS/NEWS COVERAGE/ BROADCASTING)

Eurosport and LCI have designed their new studios with lighting provided entirely by LED bulbs, which last longer, consume less energy and do not heat up. The new lighting arrangements at LCI have cut the studio's total consumption (lighting and A/C) to 7KW on average – a tenth of the consumption of a studio lit with conventional systems.

The three new mobile video units are lighter, more modern and completely autonomous. They are also fitted with batteries that recharge as the vehicle moves, thus reducing energy consumption. All vehicles comply with the "Euro 4" standard. They are fitted with 6-speed gearboxes to limit consumption. A small generator, connected to a Vitron system, provides energy when needed. Equipment is switched on individually and only as required.

Onecast, a subsidiary of TF1 and a telecommunications operator, now offers its customers a new range of Digital Terrestrial Television transmitters that use less energy (from -7% to -20% depending on the models), also with a significant reduction in ground footprint. Supplied by the company Rohde & Schwarz, six major broadcasting sites including a total of twelve of these transmitters are now operational. This new offer is incorporated in the responses to future calls for tenders. At the 1st convention, Responsible Purchasing from the Bouygues OneCast group, associated with the TF1 Purchasing Department, won the "economic and environmental performance" trophy amongst 5 categories and 43 cases presented.

IN THE IT FIELD

Actions implemented to reduce energy consumption.

Since 2009

- Virtualisation drive with servers;
- Existing machines replaced with less energy-hungry equipment (the "Star Energy" and "EPEAT Gold" standards are included in the specifications for call for tender);
- Implementation of the Econoposte process, which switches IT workstations off if they stand idle for four hours;
- The IT Department carried out tests on the technical environment at the Group over a period of several months and chose an external solution for coordinating the electricity consumption of the Group's 4,000 workstations. The solution, which is robust and does not affect network security, is in place. It saves 60 to 75% of the electricity consumption of current workstations, representing around €100,000 and 125 tonnes equivalent CO_2 each year;
- Audit of data centres with a view to recommending adapted solutions: temperatures, warm corridors, etc.

(1) EMBIX, which is the fruit of cooperation between Bouygues and Alstom, is a power management services company intended for eco-districts.

HARDWARE LIFE CYCLE MANAGEMENT, USE OF IT SYSTEM

Since 2009

- An efficient system for managing the collection and recycling of obsolete hardware was introduced (equipment is recycled *via* the company or the manufacturer);
- A system was put in place to allow paperless handling of documents (expense claims, performance appraisal reports, etc), to lower the consumption of paper, ink and DVDs (by 1,000 units per year) and to reduce waste;
- The policy of replacing printer ink cartridges with less polluting models was continued;
- Extension of policy on purchasing based on life cycle analysis and the profitability of each product purchase, together with continued rollout of supplier assessment *via* Ecovadis;
- Discussions on advantages and objectives in remote working.

USE OF RENEWABLE ENERGIES

The review of turning the studio roofs into a green roof-garden and installing photovoltaic panels has been postponed for cost reasons.

GREENHOUSE GASES (GHG)

GHG emissions were assessed within the scope of the EMS with 2011 activity data using the Bilan Carbone® carbon audit method.

Bilan Carbone® emissions by source	Uncertainty	Emissions, equivalent tonnes of CO_2
Energy	12.5%	3,049
Non-energy	30%	277
Programme grid (using Carbon'Clap)	50%	71,474
Other inputs	50%	46,617
Commuting and professional travel	18%	10,281
Direct waste	48%	166
Fixed assets (computer hardware)	48%	1,223
TOTAL (EXCL. PRODUCT USE)		**133,088**

Emissions by scope	Uncertainty	Emissions, equivalent tonnes of CO_2
Scope 1 (GE fuel, diesel for mobile video unit vehicles, refrigerant gases)	23%	225
Scope 2 (electricity and steam purchased)	10%	2,996
Scope 3 in part (programme grid, other inputs, travel, waste, fixed assets)	50%	129,868
TOTAL SCOPES 1+2+3 (EXCL. PRODUCT USE)		**133,088**
GHG emissions stemming from electricity consumed by TV viewers (TF1 audience basis)		190,000

An investigation is under way to assess GHG emissions stemming from programme grid production. The "Carbon'Clap" resource, developed by the Ecoprod collective of which TF1 is a founding partner, is being used for internal channel productions. Initial key figures have been established by production type.

Example: average hour of non-scripted programme: 8 tonnes; drama filmed in Ile de France: 25 tonnes; drama filmed in Europe: 45 tonnes; one-off events (Rugby World Cup): 1,550 tonnes.

Other purchasing ("Other inputs") is estimated on the basis of a financial factor. This value will be reassessed every three years.

Downstream external GHG emissions, caused by electricity consumption by viewers watching TF1 programmes, have been calculated to represent 190,000 tonnes of CO_2 equivalent, exceeding the totality of upstream Group emissions.

These figures were consolidated with those of the Bouygues group, as part of the Group's carbon accounting. They were communicated to the Police Prefecture as required by the Grenelle 2 act voted in July 2010 and more precisely decree n°2011-829 published on July 11, 2011 (BEGES - Statement on greenhouse gas emissions)

ACTION PLAN CONCERNING INTERNAL GHG EMISSIONS, WITH THE ASSISTANCE OF THE BOUYGUES GROUP

- Plan to reduce electricity consumption with an objective of a 2% decrease per year (see above);
- A purchasing and depreciation policy incorporating environmental criteria for IT hardware and broadcasting equipment;
- Employee travel:
  - corporate fleet: emissions limit of 170g/km of CO_2 set for fleet cars and incentives to use vehicles that emit less than 160g/km. Incentives to use public transport, reimbursement of public transport passes and bike-hire subscriptions raised from 60% to 80%,
  - use of Excellium diesel in report vehicles, hybrid car testing under way,
  - launch of the Commuting Plan in 2010,
  - introduction of an electric vehicle car sharing service for employees' professional travel, replacing the use of taxis,
  - eco-driving awareness day.

OTHER GASES

Ahead of implementation of regulations concerning the gradual elimination of gases that damage the ozone layer (Regulation (EC) no. 2037/2000 of June 29, 2000, with a 2015 deadline), TF1 decided to replace various air-conditioning system components (around 1,600 heat pumps and air-conditioning cabinets and five iced water production systems) starting in 2006. Gas used in cooling equipment is one of the fluids covered by prevailing regulations. Every precaution is taken when purging obsolete equipment before scrapping it.

NOISE AND ODOUR POLLUTION

Eurosport is based in a residential area. It therefore insulated noise-emitting roof-top equipment as of 2001. Supplier equipment (cooling systems, air-refrigeration towers, air handling facilities, generators) is now expected to achieve specific performance levels in terms of noise pollution. An acoustics specialist is called in to verify the quality of these products.

During renovation of the headquarters generators, a venturi-type ventilation system was installed on the generator exhausts to improve the air mixture and consequently reduce the impact of exhaust gases.

WASTE MANAGEMENT

The weight of waste is comparable to the year 2011. It should be noted that the weight of waste collected by the town of Boulogne Billancourt (40% of the total weight of waste from TF1 SA) is an estimate made on the basis of a systematic count of containers and the average weight of the container measured over a period of two weeks, by weighing, in June and July 2011.

The waste, excluding kitchen waste and certain common industrial waste, is sorted and recycled (49% of the total waste) and the rest is reclaimed by incineration (with energy recovery).

INDICATOR: QUANTITY OF COLLECTED WASTE (IN TONNES)

Site	2012	2011	2010
Tour/Atrium/Delta	727	774	1,238
Eurosport (Amiral)	238	196	214
GROUP TOTAL	**965**	**970**	**1,452**
Total recycled waste	*473 (49%)*	*476 (49%)*	*599 (41%)*

OFFICE WASTE

Taking into consideration the specific features of Group sites, waste sorting has been developed wherever feasible. Eurosport has installed dual-container waste bins (paper/other waste). At TF1 headquarters, in the La Tour building, the volume of waste to be removed and the associated logistics prompted Corporate Services to install a waste compressor that has been in operation since August 2003. Sorting is managed by a service company that re-sells the waste collected for recycling. The service provided includes detailed sorting by hand, and 90% of the content is recycled. Waste from the Atrium and Delta is collected and recovered by the local authorities.

"Cleaning Days" are organised in offices for relocations. Employees are provided with containers for sorting and throwing away documents, video cassettes, CDs and DVDs. This waste is destroyed or recycled by approved centres (228 tonnes were collected during the first Cleaning Day in 2009, 111 tonnes in 2010, 96 in 2011, 16 in 2012).

NEON LIGHT BULBS AND TONERS

Exprimm, the company responsible for on-site electrical maintenance, collects used neon light bulbs. All changed neon light bulbs are sent for recycling. Toner cartridges are also collected and recycled. Copier filters are changed regularly.

BATTERIES

A battery collection point has been installed in the cafeterias. Employees are encouraged to use them for both professional and personal battery collection. The weight of batteries collected is roughly one tonne.

COOKING OIL

Cooking oil is stored in special containers and removed by a specialist company.

ORDINARY INDUSTRIAL WASTE

This is processed by the town of Boulogne-Billancourt or by the contractor PAPREC for Eurosport. TF1's contractors are made aware of the problem of waste by criteria in calls for tenders and contracts, and also by common actions carried out within the framework of the service. They do not use disposable wipes or non-biodegradable products for cleaning.

ELECTRONIC WASTE

End-of-life equipment can be given away to non-profit organisations and the sheltered sector or be sold to brokers. A total 8 tonnes of IT equipment was collected in 2012 and treated by the Waste Electrical and Electronic Equipment (WEEE) sector, with 6 tonnes dismantled for recycling and 2 tonnes reused. The slowdown in our investments for renewing the installed base explains the drop in production of WEEE.

OTHER ACTIONS IN 2011 AND 2012 FOR REDUCING WASTE AND IMPROVING RECYCLING

- Collectors provided to employees for end-of-life DVDs and mobile phones. Handsets are reconditioned or recycled by Ateliers du Bocage, an organisation working in the social and community-based economy that helps to create and maintain employment for people in difficulty. The value of the reconditioned phones will be used to finance a reforestation programme in the Mata Atlantica forest in Brazil. The entire operation is being organised in collaboration with the Bouygues group (Bouygues Telecom) and Monextel, a company specialised in the recycling of mobile handsets by people in difficulty;
- Implementation of selective sorting at the TF1 "Club" restaurant. Sorting also concerns waste generated by events held in the TF1 foyer. Glass bottles are collected by the town hall in a specific container;
- Introduction of recyclable bags for snack food (for a saving of 36,000 disposable bags, or 1 tonne of waste a year);
- Increased use of mug detectors in automatic drink machines, reducing the use of plastic cups;
- Sorting when restaurant platters are returned is still being studied. This sorting would involve restaurant users separating the organic residue from meals, plastic or metal bottles and packaging, when platters are returned. The containers are in place, but the flow of restaurant users is such that sorting efficiency is not optimal. However, this point will remain an objective to be achieved in 2013. The containers holding non-organic waste will be emptied into the recycling containers collected by the Boulogne town hall. Another avenue for improving recycling would consist of installing specific collectors on each office floor for waste generated by the company's employees (paper, bottles and organic waste). For the moment, the experiment has not been able to be tried due to lack of available space.

Product	What becomes of it?
Paper	Paper handkerchiefs and tablecloths
Batteries and car batteries	Re-used by industry after extraction of iron, manganese, zinc and mercury
Used cooking oil	Filtered and used as fuel
Printer toners	Container is dismantled, cleaned, refilled and sold
Used IT equipment	Equipment in fair condition is renovated and given to the sheltered sector, otherwise dismantled or destroyed
Furniture	Unusable items are destroyed and materials recycled. Items in satisfactory condition are donated to charities
Wet waste	Incinerated
DVDs	Cases resold and reused, paper insert recycled and discs transformed into plastic bottles or fleeces

EMISSIONS INTO WATER AND SOIL AND MEASURES TO LIMIT IMPACT ON ECO-BALANCE

In the specifications written by our maintenance contractors, we require them not to use products that are harmful for the environment. Our maintenance partner, SAMSIC, has introduced a solution for producing surface-cleaning detergents and disinfectants using fresh water and salt *via* a water electrolysis process. This system holds a number of advantages regarding our sustainable development commitments, as the product is 100% biodegradable, non-aggressive and corrosion-free, and requires neither transport nor storage. Consumption: 50g of salt per hour and the electricity consumption of a 100W light bulb.

EXPENDITURE ON PREVENTING THE ENVIRONMENTAL IMPACTS OF OUR ACTIVITY

Greenhouse gas emissions measurement and reduction are managed in-house. This type of activity does not generate any other specific environmental impact. As TF1's activity has no significant direct effect on the environment, no financial resources were committed.

TF1 contributes €10,000 a year to the Ecoprod initiative (on developing tools to measure and reduce the carbon footprint of audiovisual production).

TF1 activities do not give rise to the implementation of provisions on the reduction of environmental risks or the introduction of an organisation structure to manage pollution accident outside company establishments.

MEASURES TAKEN TO ENSURE COMPLIANCE WITH LEGAL PROVISIONS

TF1 continues to monitor regulations governing its technical facilities that are rated as having a potential ecological impact (ICPE under the French environmental code).

The installations governed by this legislation are classified according to activity, extent of activity and level of risk or nuisance involved, and are therefore subject either to authorisation or to declaration. TF1 has several installations subject to ICPE regulations, including generators, cooling units and cooling towers.

Assessment results showed that all these installations complied with ICPE regulations and do not cause any nuisance.

ENVIRONMENTAL ASSESSMENT AND CERTIFICATION

Aside from its legal obligations, TF1 checks air quality (dust content, hygrometry) and water quality (coffee machines) five or six times a year. TF1 has SOCOTEC and VERITAS inspect all its installations (and air-cooling towers in particular).

TF1 works on environmental issues with certified service providers (ISO 9001 and/or 14001 for waste, electrical systems maintenance, purchase of furniture, etc. There are no plans to audit the Environmental Management System itself, even though it is based on recognised standards.

EFFECT OF RADIOWAVES ON HEALTH

The broadcasting aerials located on the roof of the main TF1 building in Boulogne were monitored in 2007. The resulting measurements, which were passed on to the Health & Safety Committee, showed that authorised levels in the approach area around the aerials were not exceeded. Entrance to this area is reserved for a few technicians only, and the security zone is clearly marked and off-limits to unauthorised personnel. The instructions are updated in the SNG (Satellite News Gathering) cars.

Mobile aerials (broadcasting vehicles, air-transportable aerials) were assessed by APAVE, which found no anomalies. Operators must follow safety procedures when installing such aerials, and a one-and-a-half metre safety zone is marked out around such equipment when on the ground.

Concerning the 3G transmission system used during news coverage operations, measurements made by the EMITECH laboratory show that the Specific Absorption Rates or SAR are clearly complied with. The maximum SAR for the head and the trunk must not exceed 2W/kg and the SAR measured by the laboratory EMITECH is 0.795W/kg. The usage instructions are displayed with news coverage logistics arrangements and supplied to the news coverage department.

The Medical Department is highly vigilant and examines every radiowave-emitting system that is put into service.

IN-HOUSE ENVIRONMENTAL MANAGEMENT STRUCTURES

To handle issues concerning risk management, health and safety and the environment, TF1 has opted for a networked system rather than dedicated departments. This structure enables operational staff to be involved and suits the cross-cutting nature of these issues. The same principle applies to the task force responsible for taking action subsequent to the carbon audit. The CSR coordinator is responsible for ensuring that task force members have complementary skills and for supervising and reviewing progress.

STAFF TRAINING AND COMMUNICATION

Staff are regularly made aware of the subject of sustainable development through sections in the internal publication *Regards* (quarterly), on the Internet site and during dedicated events.

Each year, two managers from TF1 attend the seminar "IMB – Social and Environmental Responsibility" organised by the Bouygues group and regularly enhanced with new perspectives on sustainable development and the Group's strategy.

All contributors to TF1's CSR process meet each year to update knowledge and have a combined overview of roadmaps in a meeting of the CSR Committee.

TF1 is a founding partner of the Nicolas Hulot Foundation, and each year it distributes its communications material internally (green booklet, newspaper, "carbon coach" Internet application).

7.6.5 Services and sustainable development: catering

The Corporate Services Department, in cooperation with the Purchasing Department, has introduced sustainable-development criteria in two calls for tenders for on-site services, particularly in the case of collective catering. Indeed, collective catering presents a double challenge: firstly, it represents an important share of the direct environmental footprint of head offices (purchases, packaging, consumption of water and power, waste production). And, with more than 400,000 meals served annually on the site at Boulogne, it also presents a unique opportunity to inform employees.

The contractor Arpège, selected according to these criteria amongst others, has established a dynamic sustainable-development policy on the site in the following areas:

- **management of utilities**: informing the teams of environmentally-friendly actions to reduce the consumption of water and power in restaurants, lighting the restaurants according to the times when they are used. Ongoing project: a power-on plan for equipment in the restaurant at La Tour, in partnership with TF1 (listing heating times for electrical appliances);
- **responsible purchasing**: daily incorporation of bio products in the restaurant menu, products labelled "fair trade" and local products (origin < 200km). The supply policy includes informed and reasoned use of fish resources, hybrid paper (paper from sustainably-managed forests and recycled fibres) for displays in the restaurants, and paper towels whitened without chlorine and manufactured from recycled fibres;
- **waste management**: 6 categories of waste are sorted in the restaurants: Cardboard/plastic/glass/used cooking oil/batteries and used ink cartridges/bottle caps for the association Bouchons d'amour;
- **detergent products**: products are used that are quality-labelled and that use green chemical processes, and the teams are informed about correct use of detergent products by the supplier (appropriate products and quantities);
- **communication to restaurant users**: restaurant users are informed about responsible purchasing during the sustainable-development week in April 2012. "Responsible" products present in the restaurants are identified every day (Bio, local and seasonal products). A serviette is distributed per guest at the cash till.

In 2013, the partnership between TF1 and Arpège will continue, to establish downstream sorting (by restaurant users) in the company restaurant and to perform a carbon assessment specific to the catering activity with the Elior carbon measurement tool specifically prepared for catering activities.

7.6.6 *Metro France* and sustainable development

The daily freesheet *Metro*, which joined the companies of the TF1 Group in 2011, has taken into account the environmental impact of its activity in the design of its new format, which was introduced on March 5, 2012. The format of the paper was reduced, satisfying both readers and advertisers and saving paper. *Metro* thus went from using 54 tonnes of paper per day to 45. The printers used by *Metro* in the Paris area have moved to a "waterless" procedure, which saves several hundreds of thousands of litres of water per year, and have eliminated chemical additives, which are essential in "conventional" printing. The daily paper is printed in 7 print shops distributed throughout the regions, which limits journeys, on 100% recycled paper (environmental management; PEFC and FSC certification). At the end of the life-cycle of *Metro*, non-distributed papers are recovered the following day by the deliverer and returned to the printer. The paper is then recycled by Paprec, a recycling specialist. *Metro* also covers sustainable development in its editorial content. Twice a year, the French publisher participates in international Green Day, led by all of the *Metro* editorial teams, on an environmental theme. On March 30, 2012, the subject was "the city of the future".

7.7 RESPONSIBLE PURCHASING

7.7.1 "Responsible Purchasing" policy

TF1 purchases large contracts outside the company, representing a very significant share of its revenues. To ensure that the Group's CSR policy and values are shared, the Purchasing Department introduced a "Responsible Purchasing" policy when it was created in 2008. The Responsible Purchasing Charter of the Bouygues group has been supplemented by a system specific to TF1, adapted to its business sector. A dedicated intranet site for the responsible purchasing policy went online in 2011, accessible to all staff, and 100% of buyers were trained on the policy.

Also, in 2013, TF1 will begin an examination of the state of its supplier relationships, to apply for the "Responsible Supplier Relationships" label awarded by the ombudsman in charge of inter-company relationships and the CDAF (company of French managers and purchasers).

RESPONSIBLE PURCHASING COMMITTEE

The Responsible Purchasing Committee meets twice a year, bringing together buyers from the main structures to review actions. Chaired by Jean-Michel Gras, Head of Purchasing, the committee includes managers from the main operational departments and human resources. It disseminates the "Responsible Purchasing" policy throughout the whole Group, reports the progress of activities, develops the use of workshops in the protected/adapted sector and sets the strategic guidelines for the TF1 Group's responsible purchasing policy.

7.7.2 Supplier assessment with Ecovadis

Suppliers' CSR policies are assessed using Ecovadis on the basis of four components: social aspects, the environment, business ethics, and purchasing policy. Assessments give rise to a report that supplies a rating on each component, an overall rating, the weak and strong points and opportunities of the company assessed, as well as a benchmark and 360° information. Analysis of these conclusions contributes to successful Supplier Relations management and is used to set up CSR coordination plans with suppliers. 214 of the Group's suppliers were assessed at the end of 2012 with Ecovadis. This assessment platform is shared with all subsidiaries of the Bouygues group.

7.7.3 Use of the sheltered/adapted sector

The Purchasing Department maintains a list of establishments in the sheltered sector for a range of services, including printing, catering, packaging, creation, communication, maintenance of green spaces, etc.). It raises awareness of the sheltered sector, *via* internal communication tools, the responsible purchasing committee and the diversity committee. It supports decision-makers and ensures the diversification of services.

7.7.4 "Green" purchases

The Purchasing Department includes "sustainable development" criteria in calls for tenders to ensure that the environmental impact of the purchased product is minimised. This approach was reflected in 2011 by the introduction of a car sharing service with a fleet of electric vehicles open to all employees for their professional travel. In 2012 the result of the effort to incorporate "sustainable development" criteria in calls for tenders was particularly sensitive in the collective catering service carried out with Arpège.

RESPONSIBLE PURCHASING INDICATOR

	2012	2011	2010
PR managed by the Purchasing Department *(€ million)*	650	650	600
PR business line total *(€ million)*	1,500	1,500	1,600
Number of suppliers assessed by Ecovadis or in the process of assessment(1)	214	148	89
Revenue of the Purchasing Department covered by an assessment by Ecovadis or in the process of assessment(2) *(in millions of euros)*	150	139	125
No. of suppliers for which the CSR charter is included in contracts/Order	177	121	76
Revenue with the sheltered sector *(in €K)*	321	319	433
% of buyers trained in responsible purchasing	100	100	15

(1) Total number of suppliers assessed in last 3 years (active and non-active, including those that failed to reply).
(2) PR (purchasing revenuess) for the current year represented by the total number of suppliers assessed at least once in the last 3 years (active and non-active, including those that failed to reply), or those in the process of assessment, with the purchase revenues represented.

APPENDIX 1 - SUMMARY TABLE OF CSR ACTIONS

Objective	Indicator	Unit	2012	2011	Review of the year – comment on trend	2013 objective
Dialogue with stakeholders						
Develop dialogue with the public and other stakeholders	Contacts made via the public relations service and Facebook	No.	868,359	-	Increased dialogue in social networks	Maintain high-quality, close relations and trust with public
Issues related to content						
Ensure that ethical principles are applied regarding all stakeholders, help to draw up regulations	CSA intervention (warnings, formal notices, enforcement procedures) on programme production and broadcasts (2011 report(1))	No.	-	5	Constant dialogue with the CSA, compiling the "online games and betting" charter, signing the amendment, audio-description and signature of the quality charter	Continue reinforcing vigilance on the respect of commitments. Gradually apply the same obligations as the channels to Internet sites published by the Group and ODAMS(2)
Ensure the diversity of programmes and representations; ensure that programmes are accessible to all	Increase the number of audio-described programmes	%	37 audio described programmes including 19 programmes that are new in audio description	36 audio described programmes including 17 new programmes with audio-description	Subtitling on themed channels beyond legal obligations	Develop subtitling and audio description on TF1 and themed channels, dialogue with the associations concerned
Promote links with the community and society on Group channels	Total value of community-based initiatives(3)	€M	30.4	22.9	Channels support prime time operations (Restos du Coeur, Pièces Jaunes, Sidaction) and actions from the News Department	Diversify associations receiving donations
Talent and working environment						
Skills and employee benefits Promoting diversity at the company	Employees having attended training:	No.	364	459	Monitoring audit for the Diversity label, confirming the relevance and dynamism of the actions carried out within the Group	Publish the third annual Diversity report Implement new diversity training modules (artistic advisers and researchers
	Disabled people hired:	No.	15	13	Work-study programmes used as a means of integrating disabled persons	Recruit around 10 disabled workers on contracts of more than 6 months
					Renew a partnership with Mozaïk RH to diversify our recruitment	Recruit 6 persons including 4 on work-study schemes
	Young people from disadvantaged areas welcomed by TF1 Corporate Foundation	No.	12	12	3 young people from the group admitted in 2009 hired on open-ended contracts, 1 on a fixed-term contract and 3 freelancers for the group admitted in 2010.	Help with employing the 12 successful candidates from the 6th year group

Objective	Indicator	Unit	2012	2011	Review of the year – comment on trend	2013 objective
Sustainable development into activities and products						
Control the consumption of raw materials and energy in Group offices and activities	Electricity consumption	MW	30,788	31,640	First HQE Exploitation certification in one of the Group's buildings	Maintain 2% reduction objective in 2013 Implement the HQE Exploitation process in the Group's other buildings
Incorporate the recommendations of Ecoprod(4) in the Group's internal production					Implementation of Ecoprod(4) recommendations in shooting the international production Jo, and RIS, and initiation of a study on managing waste in the audiovisual sector	Take part in a working group on a European carbon calculator for audiovisual production
Responsible Purchasing						
Assess CSR policies of main suppliers	Number of suppliers assessed by Ecovadis or in the process of assessment	No.	214	148	Sign the "Charter of Good Practices in Purchasing" under the auspices of the French Ministry of Economy and Finance	Constant progress in discussions with suppliers following Ecovadis assessments and implementation of action plans, commitments from suppliers on the topic of diversity

(1) The report by the CSA audiovisual regulator with confirmed data is released only in the following September. Data on the respect of 2012 commitments will be posted on http://www.groupe-tf1.fr/rse/ when the CSA publishes its report on TF1 in September 2013.
(2) ODAMS: on-demand audiovisual media services.
(3) Cash donations (donations from the Solidarity Committee, passing on profits from certain televised games); donations in kind: value of free channel airtime and advertising airtime granted to campaigns, technical services, production of advertisements and material assets; gifts to TF1 and Bouygues Corporate Foundations, and the «Fondation pour la Nature et l'Homme».
(4) See www.Ecoprod.com.

8

GENERAL MEETING

8.1 TAKING PART IN THE COMBINED GENERAL MEETING OF APRIL 18, 2013

All shareholders may participate in the Combined General Meeting, irrespective of the number of shares they own, either by attending in person, or by being represented by a legal or natural person of their choice, or by voting by mail, in accordance with statutory and regulatory requirements.

Formalities to be completed before participating in General Meetings

Shareholders wishing to attend the Meeting, be represented at it or vote by mail must proceed as follows:

- holders of registered shares must be entered in the shareholders' register of the company no later than midnight (CET) on Monday, April 15, 2013;
- holders of bearer shares must arrange for the authorised intermediary who manages their share account to provide an attendance certificate showing that their shares have been recorded or book-entered no later than midnight (CET) on Monday April 15, 2013.

Only shareholders that can prove they were shareholders at midnight (CET) on Monday April 15, 2013 may participate in the Meeting.

Voting at the General Meeting

No arrangements have been made for voting *via* electronic telecommunication media at this Meeting. Accordingly, none of the sites provided for in Article R. 225-61 of the Commercial Code will be set up for this purpose.

In accordance with Article R. 225-85 of the Commercial Code, when a shareholder has already voted remotely, sent a proxy, requested an admission card or an attendance certificate to attend the General Meeting, he or she may not choose another voting method thereafter.

- Shareholders wishing to attend the Meeting must request an admission card as follows:
  - holders of registered shares should request the admission card from TF1 – Service Titres – c/o Bouygues – 32 avenue Hoche – 75008 Paris (Tel: +33 (0)1.44.20.11.07 - fax: +33 (0)1.44.20.12.42);
  - holders of bearer shares should ask the authorised intermediary who manages their share account to see that TF1 sends them the admission card on the basis of the attendance certificate that has been issued. Any holder of bearer shares who has not received the admission card can have the attendance certificate issued directly by the authorised intermediary who manages their share account.
- Shareholders who do not plan to attend in person but wish to vote by mail must proceed as follows:
  - holders of registered shares should return the proxy/mail vote form sent to them with the invitation to TF1 – Service Titres – c/o Bouygues – 32 avenue Hoche – 75008 Paris;
  - holders of bearer shares should ask the authorised intermediary who manages their share account to provide the proxy/mail vote form and return it together with the attendance certificate to TF1 – Service Titres – c/o Bouygues – 32 avenue Hoche – 75008 Paris.

Duly completed and signed proxy/mail vote forms must be received by TF1 – registered office ("Siège social") or Securities Department (Service Titres) – C/O BOUYGUES – 32 avenue Hoche – 75008 Paris, no later than midnight (CET) on Monday, April 15, 2013, which is three days before the date of the Meeting.

Proxy/mail vote forms are also available on the company website, www.groupe-tf1.fr, under Shareholders/General Meeting.

- Shareholders who do not plan to attend in person but wish to be represented must proceed as follows:
  - holders of registered shares should send in the proxy/mail vote form, which will be sent to them with the notice of Meeting, to TF1 – Service Titres – c/o Bouygues – 32 avenue Hoche – 75008 Paris;
  - holders of bearer shares should ask the authorised intermediary who manages their share account to provide the proxy/mail vote

form and return it together with the attendance certificate to TF1 – Service Titres – c/o Bouygues – 32 avenue Hoche – 75008 Paris.

Proxy/mail vote forms are also available on the company website, www.groupe-tf1.fr, under shareholders/General Meeting.

Shareholders may be represented may be represented by giving a proxy to the Chairman, their spouse or civil union partner, another shareholder or any other legal or natural person of their choice, as set forth in Article L. 225-106 of the Commercial Code; they may also give a proxy with the name left blank.

In accordance with Article R. 225-79 of the Commercial Code, shareholders must sign the proxy voting form, which may be sent electronically, where applicable, in the following manner: a scanned signed copy of the proxy form, stating the full name and address of the shareholder, and the full name and address of the appointed proxy in the case of a natural person, or the company name and address of the head office in the case of a legal person, must be sent as an email attachment to tf1mandatag2013@bouygues.com. Proxies may not be replaced by another person.

Note that in the case of a blank proxy, the Chairman of the General Meeting will vote in favour of the draft resolutions submitted or authorised by the Board of Directors and against all other draft resolutions. To vote otherwise, the shareholder must choose a proxy who agrees to vote in accordance with the shareholder's wishes.

Scanned proxy voting forms that are unsigned will not be considered valid.

Shareholders may cancel a proxy in writing, in the same way as they appointed the proxy, and send the cancellation to the company. To appoint a new proxy, the shareholder must ask either the company (for registered shareholders) or his or her financial intermediary (for bearer shareholders) to send a new proxy voting form indicating a change of proxy.

To be valid, proxy appointments or cancellations sent electronically must be received no later than 3pm CET on the day before the General Meeting, *i.e.* Wednesday April 17, 2013.

Requests to include items or draft resolutions on the Meeting agenda

In accordance with the provisions of Article L. 225-105 of the French Commercial Code, one or more Shareholders Meeting the criteria set out in Article R. 225-71 of the Commercial Code or an association of Shareholders Meeting the criteria set out in Article L. 225-120 of the Commercial Code may ask to include items or draft resolutions on the meeting agenda.

The Chairman of the Board of Directors acknowledges receipt of such requests by registered letter within five days of receipt. The item or draft resolution will be included on the Meeting agenda and brought to the attention of shareholders in accordance with current regulations.

In accordance with Articles R. 225-71 and R. 225-73 of the Commercial Code, requests to include items or draft resolutions on the meeting agenda by shareholders that demonstrate as legally required that they possess or represent the requisite share of the company's capital must be sent to the registered office – "Secrétariat général" – by registered letter with return receipt or by email to tf1inscriptionodjag2013@tf1.fr, within 20 days from the publication of the meeting notice in the legal gazette (BALO).

A request to include an item on the agenda must be accompanied by a brief explanation of the reasons for this. A request to include a draft resolution should be accompanied by the draft resolution.

The persons making the request must provide evidence, as at the date of their request, that they possess or represent the requisite share of the company's capital by recording the shares either in the registered share accounts kept by the company, or in the bearer share accounts kept by an authorised intermediary. They must provide a book-entry attestation with their request.

Before an item or draft resolution may be considered by the Meeting, the persons making the request must first submit a new attestation proving that the shares were book-entered in the same accounts three business days before the Meeting, *i.e.* at midnight (CET) on Monday, April 15, 2013.

If a draft resolution concerns a proposed Director, it should be accompanied by the information required under paragraph 5 of Article R. 225-83 of the Commercial Code, *i.e.* the full name and age of the candidate, professional references and professional activities over the last five years, notably positions currently or previously held in other companies, as well as, where applicable, positions and functions held by the candidate in the company and the number of registered or bearer shares owned.

Submission of written questions

In compliance with Article R. 225-84 of the Commercial Code, shareholders may submit questions in writing until midnight CET on the fourth business day before the General Meeting, *i.e.* Friday, April 12, 2013. Questions must be sent to the Chairman of the Board of Directors at the registered office of the company by registered letter with return receipt or by email to tf1questionecriteag2013@tf1.fr. Bearer shareholders must send a book-entry attestation along with their questions.

Documents available to shareholders

The documents to be provided to shareholders in connection with the General Meeting are available at the registered office of the company, in accordance with statutory and regulatory requirements.

In addition, the documents to be presented at the General Meeting will be posted on the www.groupe-tf1.fr website at least 21 days before the Meeting date, in accordance with statutory and regulatory requirements.

Dates of general meetings for the next two years

2014 General Meeting: April 17th.

2015 General Meeting: April 16th.

8.2 AGENDA

Within the authority of the Ordinary General Meeting

- Approval of the Board of Directors' reports, the Chairman's report and Statutory Auditors' reports
- Approval of the individual annual financial statements and transactions in 2012
- Approval of the consolidated financial statements and transactions in 2012
- Approval of the related-party agreements and undertakings between TF1 and Bouygues
- Approval of the related-party agreements and undertakings other than those between TF1 and Bouygues
- Appropriation of earnings in 2012 and setting the dividend
- Appointment of Catherine Dussart as a Director for a two-year term
- Renewal of Claude Berda's term as a Director for another two years
- Renewal of Martin Bouygues's term as a Director for another two years
- Renewal of Olivier Bouygues's term as a Director for another two years
- Renewal of Laurence Danon's term as a Director for another two years
- Renewal of Nonce Paolini's term as a Director for another two years
- Renewal of Gilles Pélisson's term as a Director for another two years
- Renewal of the Bouygues company's term as a Director for another two years
- Appointment of Olivier Roussat as a Director for a two-year term
- Renewal of Mazars' term of office as Statutory Auditors for a further six years
- Renewal of Thierry Colin's term of office as Alternate Statutory Auditor for a further six years
- Authorisation to the Board of Directors to buy back the own shares of the company

Within the authority of the Extraordinary General Meeting

- Board of Directors' reports and Statutory Auditors' reports
- Authorisation to the Board of Directors to decrease the share capital by cancelling shares held by the company
- Power to the Board of Directors to increase share capital by issuing shares and other securities convertible into the company's shares immediately or at a later date, with pre-emptive rights
- Power to the Board of Directors to increase the share capital through capitalisation of share premium, reserves, profits, etc.
- Power to the Board of Directors to increase the share capital by offering shares and other securities convertible into the company's shares immediately or at a later date to the general public, without pre-emptive rights
- Power to the Board of Directors to increase the share capital through private placements in accordance with Section II of Article L. 411-2 of the French Monetary and Financial Code, by issuing shares and other securities convertible into the company's shares immediately or at a later date, without pre-emptive rights
- Power to the Board of Directors to set, on the terms decided by the Meeting, the issue price for public share offers and private placements scheduled immediately or at a later date, without pre-emptive rights, in accordance with Section II of Article L. 411-2 of the French Monetary and Financial Code
- Authority to the Board of Directors to increase the number of securities to be issued when capital is raised with or without pre-emptive rights

- Power to the Board of Directors to increase the share capital with a view to remunerating contributions in kind to the company consisting of shares or securities convertible into shares of another company, excluding public exchange offers
- Power to the Board of Directors to increase the share capital, without pre-emptive rights, to remunerate contributions of securities in the event of a public exchange offer initiated by the company
- Overall limit on financial powers
- Power to the Board of Directors to increase the share capital, without pre-emptive rights, for the benefit of the employees or corporate officers of the company or associated companies who pay into a company savings scheme
- Amendment to Article 12 of the Articles of Incorporation setting an age limit of 67 for the office of Chairman of the Board of Directors
- Amendment to Article 16 of the Articles of Incorporation setting an age limit of 67 for the offices of Chief Executive Officer and Deputy Chief Executive Officer
- Power to carry out formalities

8.3 REPORT OF THE BOARD OF DIRECTORS ON THE RESOLUTIONS SUBMITTED TO THE COMBINED GENERAL MEETING AND STATEMENT OF THE REASONS FOR THE RESOLUTIONS

Ladies and Gentlemen, dear Shareholders,

This report is part of the management report of the Board of Directors for the General Meeting of April 18, 2013.

Earnings for the year

The consolidated and individual financial statements are included in this registration document and annual financial report, chapter 4, page 101.

Information on the capital

See chapter 6, page 201 of this registration document and annual financial report.

Acquisition and disposal of holdings

See chapter 3, page 97 of this registration document and annual financial report.

Resolutions submitted by the Board of Directors to the General Meeting – Ordinary business

Your Statutory Auditors will provide you with their reports on the accounts for 2012 and on agreements and undertakings relative to Article L. 225-38 of the French Commercial Code. See chapter 5, page 188 of this registration document and annual financial report.

In the resolutions that are submitted to you, we propose that you:

- **approve the individual and consolidated financial statements for 2012, as well as the transactions recorded in the statements;**

Market trends, activities, results and financial results of TF1 SA over the past five years are set forth in the management report of the Board of Directors, in this registration document and annual financial report (chapter 3, page 71).

- **approve the regulated agreements and undertakings;**

These resolutions concern the approval of the related-party agreements and undertakings described in Article L. 225-38 of the Commercial Code, mentioned in the Statutory Auditors' special report, excluding routine operations, decided by the Board and in particular those entered between the company and other companies with Directors or officers in common, or between the company and shareholders owning more than 10% of capital.

Related-party agreements and undertakings, submitted to the vote of the Combined General Meeting of April 18, 2013, are covered by separate resolution. One resolution covers related-party agreements and undertakings between TF1 and Bouygues. Another resolution relates to related-party agreements and undertakings to which Bouygues is not a party.

Process for authorising regulated agreements and undertakings

French legislation on related-party agreements, which cover both agreements and undertakings, is intended to prevent any conflicts of interest that may arise for a Director and/or a major shareholder entering into agreements with the company.

These agreements are subject to the prior authorisation of the Board of Directors on the terms stipulated by the relevant legislation. The Board of Directors takes cognisance of the agreements entered into by a Group company, and agreements between the company and other companies with Directors or officers in common, or between the company and shareholders owning more than 10% of capital. Significant related-party transactions are reviewed by the Board of Directors of TF1, which considers the value of each agreement to TF1 and its group, and the associated financial terms. The preceding provisions do not apply to agreements relating to routine operations entered into on conventional terms.

The Board of Directors of TF1 takes the decision to sign or renew such agreements at its beginning - and end-of-year meetings. Directors concerned by the agreements do not take part in the vote. The Statutory Auditors are given notice of new agreements concluded over the course of the year and ongoing agreements authorised in previous years.

Agreements are then submitted to the TF1 Annual General Meeting for approval after having read the report of the Statutory Auditors. When the Meeting votes on the resolutions, quorum and majority are determined by deducting the number of shares held by the persons concerned by the agreements.

Types of regulated agreements and undertakings

The agreements of assistance represent most of these agreements presented in the Statutory Auditors' special report. TF1 Directors considered it relevant and financially more advantageous for TF1 to be able access the expert services of Bouygues. Similarly, it seemed appropriate to TF1 Directors for TF1 subsidiaries to be able to benefit from TF1's corporate services.

Description of the agreements and undertakings between TF1 and its subsidiaries

The related-party agreements between TF1 and its subsidiaries, described in the Statutory Auditors' special report on such agreements, relate to:

- permanent access by the subsidiaries to TF1 corporate services (management, HR, counsel, finance and strategy). Access to these functions is invoiced to each subsidiary in proportion to its headcount and individual-company revenues. The total amount invoiced for the year ended December 31, 2012 was €13.5 million. Additional services provided on request are invoiced on an arm's length basis,
- business management leases and commercial leases.

Under an agreement dated October 12, 2005, LCI may in the event of a major breaking news story switch its output to the TF1 channel so as to provide immediate news coverage. In 2012, LCI received an annual fixed fee of €5 million.

Description of the agreements and undertakings between TF1 and its main shareholder

Since TF1 was privatised in 1987, Bouygues has been the main shareholder in TF1, and held 43.7% of the capital on February 19, 2013.

The terms and condition of the agreements are decided only by voting Directors; particularly with regard to agreements with Bouygues, Patricia Barbizet, Martin Bouygues, Olivier Bouygues, Philippe Marien et Nonce Paolini did not vote. Their decision is notified to the Statutory Auditors.

The related-party agreements between TF1 and Bouygues, as described in the Statutory Auditors' special report on such agreements, cover:

- **an agreement governs access by TF1 to Bouygues corporate services.** Access to these services is charged by dividing up the corresponding cost among the various user companies of Bouygues. In 2012 Bouygues invoiced TF1 a total of €3.6 million, equivalent to 0.14% of the total revenue generated by the TF1 group (versus €3.5 million and 0.13% of total revenue for 2011).

  The actual cost of these shared corporate functions is recharged to TF1 using a formula tailored to the nature of the service: the ratio of TF1 headcount to total Bouygues group headcount for human resources, long-term capital for financial matters, and revenue for all other functions.

  The services provided break down into two kinds: expertise and coordination.

  Bouygues provides the various companies in the Bouygues group with expert services in a variety of fields such as finance, legal, human resources, administration, information systems and new technologies.

  TF1 has a contractual right to call upon these services in response to issues as and when they arise, in accordance with the terms of an agreement approved annually by the Board of Directors. TF1 can consult Bouygues group experts at any time in areas where they have limited in-house expertise.

  As well as providing advice and assistance on request, the Bouygues group corporate functions co-ordinate activities within their areas of expertise, in particular by arranging meetings at which specialists can exchange views, discuss technical issues and familiarise themselves with new developments; examples include contract law and accounting standards.

  In 2012 examples of this type of assistance and cooperation included the following.

  In HR, a number of senior managers from the TF1 group got the opportunity to receive training on Bouygues group techniques and values at the Bouygues Management Institute. New recruits at the TF1 group took part in a Welcome Day organised by the Bouygues group. In addition, the TF1 group Management Committee participates in the four annual meetings of the Bouygues group Board, and TF1 HR has access to the Bouygues HR data query system.

  The TF1 group also receives support from Bouygues with internal control tools and methods. Numerous meetings were held during 2012, particularly to ensure that the internal control system provided by the publisher satisfied the needs identified by the TF1 group. The Bouygues group also organised a day of system testing and provided training for TF1's two key users TF1.

In addition, Bouygues organised meetings over the course of the year to talk with TF1 about the scope and methods of campaigns to assess the enforcement of internal control principles, and about risk-mapping methodology. Bouygues organised a seminar on October 23rd.

A seminar on internal control on January 19, 2012, attended by 60 or so TF1 group managers, was designed to make group managers more aware of internal control issues.

In the area of Corporate Social Responsibility, the head of CSR at the TF1 group and other employees in charge of CSR in their divisions draw support from initiatives implemented by Bouygues Group's division in charge of sustainable development.

By attending joint meetings and information and training sessions, they share experience on specific issues (non-financial indicators, carbon assessment, Green IT, responsible purchasing, responsible communications). Through Bouygues, they have access to updates on CSR news and legal developments, as well as tools (CSR reporting with Enablon, etc.) and external expertise (Carbone 4 assesses the Group's carbon emissions, etc.).

In 2012, in response to new legislation, namely the decree of April 24, 2012 implementing Article 225 of the Grenelle Act, discussions took place about the structure of reports on CSR policy and acceptance of the required data.

The TF1 group Information Systems Department benefits from synergies with Bouygues group departments, thanks to active coordination by Bouygues. As a result, TF1 belongs to a virus-warning network and enjoys more general benefits such as IT security and global purchasing for IT hardware and tools.

Finally, in 2012, the Bouygues group, as reference shareholder, has regularly provided support, either through formal and/or informal exchanges, on operational topics in different fields, notably legal and financial:

- a seminar gathering Consolidation teams of the Bouygues group has in particular given ground to a reflection about the implementation of tools in this field;
- quarterly breakfast meetings take place, focusing on the interpretation and application of IFRS standards;
- several meetings have taken place regarding either financing issues (linked to the regulatory evolutions of the banking sector) or the awareness to counterparty risks;
- some occasional exchanges on specific topics also take place with the General Counsel and Legal Department of the Bouygues Group, notably with regards to the strategic partnership signed between Discovery Communications and TF1.

- **An agreement sets the amount of the supplementary retirement pension** granted to Nonce Paolini, Chairman and Chief Executive Officer of TF1, who is employed by the Bouygues Group. The Board of Directors approved the renewal of the agreement on the collective pension plan with defined benefits for the members of the Bouygues General Management Committee, which includes Nonce Paolini. Under this supplementary plan, beneficiaries accrue 0.92% of the reference salary (average of the best three years) for each year in the plan. The supplementary annual pension is capped at eight times the social security annual cap. This supplementary pension plan is outsourced to an insurance company.

  The agreement is intended to enable Bouygues to retain the members of its General Management Committee.

  Remuneration in 2012 totalled €472,788 ex. VAT, corresponding to the share of the premiums paid to the insurance company.

- **An agreement offers TF1 the use of aircraft operated by AirBy**, a company owned indirectly by Bouygues and SCDM. TF1 is entitled to use Airby's Global 5000, or, if it is unavailable, a Challenger 605, or, failing that, an equivalent aircraft.

  Use of the aircraft is charged at a flat rate of €7,000 (ex. VAT) per flight hour, which includes the aircraft and all associated services (pilot, fuel, etc.).

  TF1 has not used this facility since 2009.

- **An agreement also provides for the use granted to TF1 by the "32 avenue Hoche" joint venture**, joint venture of function and meeting rooms located on the 1st floor of 32 avenue Hoche, as well as for related services such as reception, computer facilities and secretarial services. For 2012, the joint venture received €10,529 (ex. VAT) of consideration in this respect.

- **appropriate and distribute the profits for the year;**

In the resolutions submitted for your approval, we are asking you to approve the individual financial statements and the consolidated financial statements for the year ended December 31, 2012 and, having noted the existence of distributable profits of €415,571,374.06, comprising net profit for the period of €120,521,749.35 and retained earnings of €295,049,624.71, to appropriate this sum as follows:

- distribution of a cash dividend of €115,658,170.65 (*i.e.* a dividend of €0.55 per share of €0.20 face value),
- the balance of €299,913,203.41 to be carried forward as retained earnings.

The ex-date of the dividend on the Euronext Paris market will be April 25, 2013. The date of record (*i.e.* the day at the end of which the post-settlement positions entitled to the dividend are determined) will be April 29, 2013. The payment date of the dividend will be April 30, 2013.

We are also asking for your authority to transfer to retained earnings the amount of dividend accruing to any of its own shares that TF1 may hold, in accordance with Article L. 225-210 of the French Commercial Code.

The amount of dividend distributed in respect of the three previous financial years was as follows:

Year ended	Net dividend per share
December 31, 2009	€0.43
December 31, 2010	€0.55
December 31, 2011	€0.55

- **appoint or renew as Director for a two-year-term:**

Patricia Barbizet, whose term of office as Director expires at the end of the next General Meeting, has not asked for a renewal of her term of Director. Acting on advice from the Selection Committee, we are submitting for your approval the appointment of Catherine Dussart as Director for two years, i.e until the General Meeting convened to approve the 2014 financial statements. We inform you that Catherine Dussart would qualify as a fully independent Director in accordance with the criteria set down in the AFEP/MEDEF Code.

Following the advice of the Selection Committee, we believe that Ms Dussart's appointment to the Board of Directors would further extend the Board's expertise, owing to her in-depth knowledge of French and international cinema and the French audiovisual sector, strengthen the Board's independence and improve the representation of women on the Board. Ms Dussart's CV is provided in part 2.1.1 of this registration document, on page 38.

The term of office of Société Française de Participation et de Gestion – SFPG expires at the end of the next General Meeting. Acting on advice from the Selection Committee, we are submitting for your approval the appointment of Olivier Roussat, CEO of Bouygues Telecom and until now the standing representative of Société Française de Participation et de Gestion – SFPG, as Director for a two-year term, i.e. until the General Meeting convened to approve the 2014 financial statements.

We inform you that Olivier Roussat would not qualify as independent in accordance with the criteria set down in the AFEP/MEDEF Code. Mr Roussat's CV is provided in part 2.1.1 of this registration document, on page 29.

Acting on advice from the Selection Committee, we are submitting for your approval the renewal of the terms of office of Directors Claude Berda, Martin Bouygues, Olivier Bouygues, Laurence Danon, Nonce Paolini, Gilles Pélisson and the Bouygues company, represented by Philippe Marien.

Their CVs are provided in part 2.1.1 of the present registration document and annual financial report, on page 24.

The Board of Directors would include 4 independent Directors and 4 Women out of the 12 Directors (please see part 2.1.1, page 33 of the current registration document and annual financial report).

- **to renew Mazars' term of office as Statutory Auditors and Thierry Colin's term of office as Alternate Auditor**, for six years, expiring at the General Meeting called to approve the financial statements for 2018;

The Board of Directors proposes renewing the terms of office of the Auditors. The Board has found that the experience and technical competence of the partners and managers has produced efficient, relevant audits, as well as contributions useful to TF1, particularly the recommendations made after the process review and the adaptation of accounting procedures. The Board also thinks, more broadly, and on advice from the Audit Commitee, that the Group's relationship with the Statutory Auditors from Mazars offers continuity and stability, a decisive factor in the quality of the audits. The Board informs the shareholders that the rotation of partners ensures the firms' independence from management.

The cost of the Statutory Auditors is closely monitored. The fees paid to the Statutory Auditors by TF1 and its subsidiaries appear in this registration document and annual financial report, chapter 4, note 35 of the notes to the consolidated financial statements, page 158.

- **authorise your company to trade in its own shares;**

The **17th resolution** authorises the company to trade in and buy back shares representing up to 5% of the company's share capital, within the limits set by the shareholders and in accordance with law. This resolution supersedes the authorisations given by the shareholders at previous General Meetings.

Details of the programme submitted for approval

- Securities concerned: shares,
- Maximum percentage of the capital authorised for repurchase: 5%,
- Maximum overall amount: €150 million,
- Maximum price per share: €20,
- Duration: 18 months.

Aims

The aims of the buyback programme are the same as for the previous programme. A description of the share buyback programme is provided in this registration document and annual financial report (chapter 6, page 216).

Share buybacks, which must not exceed 5% of the capital, can be used in particular to cancel shares actions under the authorisation set forth in the eighteenth resolution, in order to offset the dilutive impact on shareholders on the exercise of stock options allocated to employees and corporate officers. Buybacks can also, in accordance with a market practice accepted by the AMF (Autorité des Marchés Financiers) ensure the liquidity of and organise the market for the company's shares, through an investment service provider acting completely independently. They can also be used as a medium of payment or exchange for acquisitions, mergers, demergers or transfers of assets or upon the exercise of rights attached to securities through redemption, conversion or exchange.

The purchased shares can subsequently be disposed of under the conditions set by the AMF in its position of November 19, 2009 on the implementation of the new rules on share buybacks.

These transactions may be carried out in any manner and at any time, except during a takeover bid, a public offer of exchange or a standing market offer for the company's shares, and without using derivative financial instruments, in compliance with regulatory requirements, pursuant to Article L. 225-209 of the Commercial Code and the regulations set forth by the Autorité des Marchés Financiers (AMF). The purchase price cannot exceed €20 per share. The maximum amount of funds that can be used for the share buyback programme is €150 million.

The authorisation for the company to buy back its own shares is subject to several legal limits, in particular:

- the company may not own, directly or through an intermediary acting in its own name but on behalf of the company, more than 10% of the total number of shares making up its share capital,
- the acquisition of shares must not reduce shareholders' equity below the amount of capital plus non-distributable reserves,
- throughout the period of ownership of the shares, the company must have reserves, in addition to the legal reserve, at least equal to the value of all the treasury shares it owns.

Treasury shares have no voting rights and dividends accruing to them are carried forward as retained earnings.

Between February 15, 2012 and February 19, 2013, the company purchased 650,366 of its own shares on the market for €5.3 million.

On February 19, 2013, the company did not hold any of its own shares.

Resolutions submitted by the board of directors to the General Meeting – Extraordinary business

The financial authorisations and powers granted by the previous General Meetings are listed in a table on page 218 *et seq.*, chapter 6 in this registration document and annual financial report.

Between February 15, 2012 and February 19, 2013, the Board of Directors used the financial powers on reducing the capital and allocating stock options, granted by the General Meetings of April 19, 2012 and April 14, 2011 respectively.

In the resolutions that are submitted to you, we propose that you:

- **authorise a capital reduction through the cancellation of shares;**

The purpose of this resolution is to authorise your Board of Directors to reduce the capital of the company, on one or more occasions and by up to 5% of the capital per 24-month period, by cancelling some or all of the shares acquired under the buyback programmes authorised by the General Meeting. This authorisation will be given for an 18-month period and replace the one given at the Combined Annual General Meeting of April 19, 2012.

Cancelling repurchased shares makes it possible, if the Board deems it appropriate, to offset the dilutive impact on shareholders arising from the creation of new shares following, for example, the exercise of stock options.

The company bought back 650,366 of its own shares between February 15, 2012 and February 19, 2013, then cancelled those shares. On February 19, 2013, no treasury shares were held.

- **to grant the financial power to issue shares and other securities;**

The powers submitted for approval in these resolutions are to issue shares and securities convertible into shares, with or without pre-emptive rights. They cancel and supersede pre-existing powers (granted by the General Meeting of April 14, 2011) to issue shares and securities convertible into shares immediately or at a later date, with or without pre-emptive rights, which the Board may no longer use. The powers to grant options and allocate performance shares, which expire on June 14, 2014 remain valid.

Over the years, the General Meeting has regularly granted the Board of Directors the necessary powers, enabling it to take opportunities on the financial market, in order to conduct operations that best meet the company's needs in terms of shareholders' equity, by choosing the securities convertible into shares, with or without pre-emptive rights.

We submit for your approval to renew the previous authorisations by granting the General Meeting's powers to the Board of Directors for a period of 26 months.

The policy of the Board of Directors is to prefer on principle to maintain pre-emptive rights when raising capital. However, it may be necessary to waive pre-emptive rights for some financial transactions. Those transactions can only take place if the shareholders agree to renounce their pre-emptive rights in favour of the designated beneficiaries or categories of beneficiaries, or without designated beneficiaries if the company offers shares to the public or to qualified investors or a restricted circle of investors (private placement). The Board of Directors could however grant shareholders the possibility to subscribe as of right and/or up to the amounts requested by them.

The amount of each capital increase and the total amount of all increases authorised are covered in the **27th resolution**. The maximum nominal amount of immediate and deferred capital increases that can be made by virtue of the authorisations submitted for approval, is €8.4 million (the "overall ceiling" of 20% of the share capital) with pre-emptive rights or €4.2 million (the "sub-ceiling" of 10% of the share capital) without pre-emptive rights. The corresponding issues are limited by the overall ceiling. The maximum nominal amount of debt securities that may be issued under the authorisations would be €900 million.

The sub-ceiling applies to the following types of transactions:

- capital increase without pre-emptive rights through the issuance of shares or securities *via* public offer or private placement (21st resolution and 22nd resolution),
- additional issues by application of the green-shoe clause, if the issue is organised without pre-emptive rights (24th resolution),
- issues for in-kind contributions (25th resolution),
- issues for contributions of shares (26th resolution).

In accordance with the legislation, the issue price for shares must be at least equal to the weighted average share price in the last three market sessions prior to the setting of the price, to which a maximum discount of 5% may be applied. However, you are asked to exempt the Board from the price-setting conditions set forth in the 21st and 22nd resolutions by allowing an issue price equal to the average share price over a maximum period of six months prior to the issue or an issue price equal to the weighted average share price on the market on the day before the issue (VWAP 1 day), to which a maximum discount of 10% may be applied.

In the **19th resolution**, you are asked to grant to the Board of Directors the power to increase the share capital with pre-emptive rights, by issuing ordinary shares in the company and securities of any kind, issued in exchange for payment or allotted as bonus shares, convertible immediately or at a later date into ordinary shares in the company that are outstanding or that will be issued.

Shareholders will be offered a pre-emptive right, in proportion to the amount of their shares, to subscribe as of right and, if the Board so decides, up the amounts they request, for ordinary shares and securities issued on the basis of this resolution.

The total nominal amount of capital increases must not exceed €8.4 million, which is approximately 20% of the current registered capital, and the total amount of debt securities convertible into shares immediately or at a later date would be capped at €900 million. These amounts are deducted from the ceilings for capital increases authorised by the 27th resolution.

In the **20th resolution**, you are asked to authorise the Board of Directors to increase the share capital through capitalisation of share premium, profits, reserves or other amounts whose capitalisation is legal or statutory, by allotting bonus shares or by raising the nominal value of outstanding shares, or by a combination of the two processes, up to a nominal limit of €400 million. This ceiling is independent from and does not alter the overall ceiling set in the 27th resolution.

The **21st and 22nd resolutions** seek to authorise the Board of Directors to increase the share capital without pre-emptive subscription rights, by issuing ordinary shares in the company and securities of any kind, issued in exchange for payment or allotted as bonus shares, convertible immediately or at a later date into ordinary shares in the company that are outstanding or that will be issued, up to a limit of 10% of the share capital (€4.2 million) and €900 million for debt securities. These amounts are deducted from the ceilings for capital increases authorised by the 27th resolution.

The 21st resolution concerns public offers and the 22nd resolution private placements. These transactions would enable the company to optimise its access to financial markets and benefit from the best market conditions.

Unlike public share offers, capital increases by private placement are intended for fund managers or for qualified investors or for a restricted circle of investors, as long as these investors are acting on their own behalf. Private placements are capped at 10% of the share capital within a twelve-month period.

The issue price for ordinary shares and securities must be such that the amount received immediately by the company plus any amount to be received at a later date for every ordinary share issued, is at least equal to the legal minimum amount, unless the provisions of the 23rd resolution granting power to the Board of Directors to set the price on different terms in certain cases, up to a limit of 10% of the share capital.

The **23rd resolution** seeks, in accordance with Article L. 225-136, paragraph 1 of the Commercial Code, to exempt the Board of Directors from the price-setting conditions stipulated in the legislation (Article R. 225-119 of the Commercial Code) for issues made via public offer or private placement, and to set the issue price of shares to be issued immediately or at a later date on the terms to be determined by the Meeting, up to a limit of 10% of the share capital within a twelve-month period.

The issue price would be set as follows:

- for shares to be issued immediately, the Board could opt for one of the following methods:
  - an issue price equal to the average share price over a maximum period of six months prior to the issue,
  - an issue price equal to the weighted average share price on the market on the day before the issue (VWAP 1 day), with a maximum discount of 10%,
- for shares to be issued at a later date, the issue price will be such that the amount received immediately by the company plus the amount that will be received at a later date by the company for each share is at least equal to the amount indicated above.

The **24th resolution** would enable the Board of Directors, for any capital increase with or without pre-emptive subscription rights, to increase the number of shares to be issued, during a period of 30 days after the subscription closes, up to a limit of 15% of the initial issue, and up to the ceiling stipulated in the resolution by virtue of which the capital increase is decided, and at the same price as for the initial issue.

The **25th resolution** seeks to empower the Board of Directors to make, on the merger auditor's report one or more capital increases, up to a limit of 10% of the share capital (€4.2 million) and €900 million for debt securities, with a view to remunerating contributions in kind to the company consisting of shares or securities convertible into shares of another company, excluding public exchange offers. The transactions performed under this delegation of power will be deducted from the ceilings for capital increases and debt security issues stipulated in the 27th resolution.

In the **26th resolution**, we ask you to empower the Board of Directors to decide, in the light of the opinion of the Statutory Auditors on the conditions and consequences of an issue, to make one or more capital increases, up to a limit of 10% of the share capital (€4.2 million) and €900 million for debt securities, with a view to remunerating contributions of securities in the event of a public exchange offer initiated by the company for securities of a company whose shares are admitted to trading in a regulated market. The transactions performed under this delegation of power will be deducted from the ceilings for capital increases and debt security issues stipulated in the 27th resolution.

- **to authorise a capital increase for employees and corporate officers who belong to a company savings scheme;**

The purpose of the **28th resolution** is to authorise the Board of Directors to make capital increases reserved for employees of the TF1 group who belong to one of the Group's company savings scheme, since the previous authorisation granted by the Combined General Meeting of April 14, 2011 (30th resolution), which the Board did not use, expires in 2013.

At December 31, 2012, 73% of eligible employees belonged to the TF1 group company savings scheme. Through the "FCPE TF1 Actions" company savings scheme, employees owned 7.2% of the share capital and voting rights. The management company of FCPE TF1 Actions buys TF1 shares owned by employees on the market at no discount.

The Company firmly believes that it is important to enable employees to benefit from the Group's success, to which they are key contributors. Employee savings transactions and capital increases reserved for employees would enable them to build up savings and be directly rewarded and involved in the Group's operations, which would enhance their motivation and commitment to the company.

We ask you to renew the authorisation granted to the Board of Directors, for a period of 26 months, to decide, for an amount and at times it considers fit, to make one or more capital increases reserved for employees and corporate officers of the company and associated companies as defined by Article L. 225-180 of the Commercial Code, up to a limit of 2% of the existing share capital on the day it takes the decision, by issuing new cash shares and, where appropriate, through the capitalisation of reserves, profits and premiums and the allotment of bonus shares or other securities convertible into shares. In accordance with Article L. 3332-19 of the Labour Code, the subscription price will be equal to the average of the share prices quoted on the Euronext Paris market in the 20 trading sessions prior to the day on which the Board of Directors sets the date of the subscription, with a maximum applicable discount of 20%.

- **to amend the Articles of Association of the company;**

The **29th and 30th resolutions** seek to amend the Articles of Incorporation of TF1 SA. The purpose of these resolutions is to set an age limit of 67 for the offices of Chairman of the Board of Directors and Chief Executive Officer (or Deputy Chief Executive Officer).

The Board of Directors wishes to amend the Articles of Incorporation with a view, in particular, to extend the term of office of Nonce Paolini as Chairman and Chief Executive Officer. The strategic developments implemented by Mr Paolini on a horizon of 2015/2017 are vital for the company and should make it possible to implement and complete the operations and changes initiated in 2012 (partnership with Discovery, increasing the complementarity of the four free channels in compliance with the commitments made to the anti-trust agency, the Autorité de la Concurrence, with respect to TMC and NT1, consolidation of the pay TV channels, etc.).

Moreover, it appears relevant to the Board of Directors to ensure continuity of management, in a period of economic uncertainty, to prepare for a successor to Nonce Paolini under the best conditions. Consequently, the Board wishes the Group to continue to benefit from the experience and credibility that the Chairman and CEO has built up over six years with the Group's stakeholders.

Lastly, it should be noted that the Board of Directors is continuing to improve governance. The General Management Committee, consisting of 20 board members, has been replaced by a smaller Executive Committee in early 2013, comprising seven executives, two of them women, to improve decision-making. Furthermore, the Board's independence and representation of women on the Board should be improved through the proposed directorships.

- **delegate powers to carry out corporate formalities;**

The purpose of the resolution is to allow all legal and administrative formalities, filings and disclosures provided for by prevailing law to be carried out.

The indications on the progress of social affairs, to be provided under the law, contained in the report of management that you received.

You are asked to vote on the proposed resolutions.

The Board of Directors

8.4 PRESENTATION OF THE DRAFT RESOLUTIONS

Ordinary General Meeting

FIRST RESOLUTION

(Approval of the company annual accounts and transactions for the 2012 business year)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, having heard the reports of the Board of Directors, the Chairman of the Board of Directors and the Statutory Auditors, approves the annual company accounts for the 2012 business year as submitted, as well as the operations reflected in these accounts and summarised in these reports.

SECOND RESOLUTION

(Approval of the consolidated accounts and transactions for the 2012 business year)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, having heard the reports of the Board of Directors, the Chairman of the Board of Directors and the Statutory Auditors, approves the consolidated accounts for the 2012 business year as submitted, as well as the operations reflected in these accounts and summarised in these reports.

THIRD RESOLUTION

(Approval of related-party agreements and undertakings between TF1 and Bouygues)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, having noted the Statutory Auditors' special report, notably on related-party agreements and undertakings between TF1 and Bouygues, and in accordance with the provisions of Articles L. 225-38 *et seq.* of the French Commercial Code, approves the related-party agreements and undertakings between TF1 and Bouygues described in this report.

FOURTH RESOLUTION

(Approval of related-party agreements and undertakings other than those between TF1 and Bouygues)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, having noted the Statutory Auditors' special report, notably on related-party agreements and undertakings other than those between TF1 and Bouygues, and in accordance with the provisions of Articles L. 225-38 *et seq.* of the French Commercial Code, approves the related-party agreements and undertakings other than those between TF1 and Bouygues described in this report.

FIFTH RESOLUTION

(Appropriation of profits for the 2012 business year and setting the amount of the dividend)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, having noted the existence of available profits of €415,571,374.06, taking into account the net profit for the period of €120,521,749.35 and retained earnings of €295,049,624.71, approves the following appropriation and distribution proposed by the Board of Directors:

- distribution of a cash dividend of €115,658,170.65 (*i.e.*, a dividend of €0.55 per share with a par value of €0.20);
- appropriation of the balance, *i.e.* €299,913,203.41.

The ex-dividend date for the Euronext Paris market shall be April 25, 2013.

The cut-off date for positions qualifying for payment shall be April 29, 2013.

The dividend shall be paid in cash on April 30, 2013.

The General Meeting authorises the appropriation to Retained Earnings of the dividends arising on the TF1 shares that TF1 is authorised to hold as treasury shares, in accordance with article 225–210 of the Code of Commerce.

The General Meeting notes that the dividends distributed for the last three business years were as follows:

Year ending:	Dividend per share	Allowance*
31/12/2009	€0.43	yes
31/12/2010	€0.55	yes
31/12/2011	€0.55	yes

* *Eligible for the 40% tax relief available to individuals tax-resident in France under Article 158.3.2 of the French General Tax Code.*

SIXTH RESOLUTION

(Appointment of Catherine Dussart as a Director for a two-year term)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, appoints Catherine Dussart, as Director for two years, replacing Patricia Barbizet, whose term of office expires at the end of this Ordinary General Meeting.

This appointment shall run until the end of the Ordinary General Meeting convened to approve the 2014 financial statements.

SEVENTH RESOLUTION

(Renewal of Claude Berda's term of office as a Director)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, renews the term of office of Claude Berda, which expires at the end of this Meeting, for a further two years.

This appointment shall run until the end of the Ordinary General Meeting convened to approve the 2014 financial statements.

EIGHTH RESOLUTION

(Renewal of Martin Bouygues's term of office as a Director)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, renews the term of office of Martin Bouygues, which expires at the end of this Meeting, for a further two years.

This appointment shall run until the end of the Ordinary General Meeting convened to approve the 2014 financial statements.

NINTH RESOLUTION

(Renewal of Olivier Bouygues's term of office as a Director)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, renews the term of office of Olivier Bouygues, which expires at the end of this Meeting, for a further two years.

This appointment shall run until the end of the Ordinary General Meeting convened to approve the 2014 financial statements.

TENTH RESOLUTION

(Renewal of Laurence Danon's term of office as a Director)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, renews the term of office of Laurence Danon, which expires at the end of this Meeting, for a further two years.

This appointment shall run until the end of the Ordinary General Meeting convened to approve the 2014 financial statements.

ELEVENTH RESOLUTION

(Renewal of Nonce Paolini's term of office as a Director)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, renews the term of office of Nonce Paolini, which expires at the end of this Meeting, for a further two years.

This appointment shall run until the end of the Ordinary General Meeting convened to approve the 2014 financial statements.

TWELFTH RESOLUTION

(Renewal of Gilles Pélisson's term of office as a Director)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, renews the term of office of Gilles Pélisson, which expires at the end of this Meeting, for a further two years.

This appointment shall run until the end of the Ordinary General Meeting convened to approve the 2014 financial statements.

THIRTEENTH RESOLUTION

(Renewal of the Bouygues company's term of office as a Director)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, renews the term of office of the Bouygues company, which expires at the end of this Meeting, for a further two years.

This appointment shall run until the end of the Ordinary General Meeting convened to approve the 2014 financial statements.

FOURTEENTH RESOLUTION

(Appointment of Olivier Roussat as a Director for a two-year term)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, appoints Olivier Roussat, as Director for two years, replacing SFPG, whose term of office expires at the end of this Ordinary General Meeting. This appointment shall run until the end of the Ordinary General Meeting convened to approve the 2014 financial statements.

FIFTEENTH RESOLUTION

(Renewal of Mazars' term of office as Statutory Auditor for a further six years)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, renews the term of office of Mazars, which expires at the end of this Meeting, for a further six years.

This appointment shall run until the end of the Ordinary General Meeting convened to approve the 2018 financial statements.

SIXTEENTH RESOLUTION

(Renewal of Thierry Colin's term of office as Alternate Auditor for a further six years)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, renews the term of office of Thierry Colin, which expires at the end of this Meeting, for a further six years.

This appointment shall run until the end of the Ordinary General Meeting convened to approve the 2018 financial statements.

SEVENTEENTH RESOLUTION

(Authorisation granted to the Board of Directors to trade in the company's own shares)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, and having acquainted itself with the Board of Directors' report, including a description of a share buyback programme, in accordance with the provisions of Articles L. 225-209 *et seq.* of the Commercial Code:

1. hereby authorises the Board of Directors to buy back, under the conditions set out below, shares representing up to 5% of the company's share capital at the date of the buyback, in compliance with the prevailing legal and regulatory conditions applicable at that date, particularly the conditions laid down by Articles L. 225-209 *et seq.* of the Commercial Code, by European Commission Regulation no. 2273/2003 of December 22, 2003, and by the AMF (Autorité des Marchés Financiers) General Regulation;
2. resolves that the purpose of this authorisation is to enable the company to:
   - cancel shares under the conditions provided for by law, subject to authorisation by the Extraordinary General Meeting,
   - grant shares to employees or corporate officers of the company or related companies under the terms and conditions laid down by law, in particular as part of profit-sharing schemes, stock option schemes, corporate savings plans and inter-company savings schemes or through an allotment of bonus shares,
   - ensure the liquidity of and organise the market for the company's shares, through an investment service provider acting under the terms of a liquidity agreement that complies with a Code of Conduct recognised by the AMF,
   - retain shares with a view to using them subsequently as a medium of payment or exchange for acquisitions, mergers, demergers or transfers of assets, in compliance with market practices accepted by the AMF and with regulatory requirements,
   - retain shares with a view to delivering them subsequently upon exercise of rights attached to securities through redemption, conversion or exchange, presentation of a warrant or in any other manner,
   - implement any market practice accepted by the AMF and generally to carry out any other transaction in compliance with prevailing regulations;
3. resolves that the acquisition, sale, transfer or exchange of these shares may be carried out, in compliance with rules issued by the market authorities, in any manner, notably on or off-market (including the over-the-counter market) without using derivative financial instruments, and at any time, except during a takeover bid, a public offer of exchange or a standing market offer for the company's shares. The entire programme may be carried out through block trades. The purchased shares can subsequently be disposed of under the conditions set by the AMF in its position of November 19, 2009 on the implementation of the new rules on share buybacks;
4. resolves that the purchase price cannot exceed €20 (twenty euro) per share, subject to any adjustments relating to share capital transactions. If share capital is increased by incorporating premiums, earnings, reserves or bonus shares into capital, or in the event of a stock split or reverse stock split, the price indicated above shall be adjusted by a multiplication factor equal to the ratio of the number of shares making up the share capital before the transaction to the number of shares after the transaction;
5. sets at €150,000,000 (one hundred and fifty million euro) the maximum amount of funds that can be used for the share buyback programme;
6. notes that, in accordance with law, the total shares held at any given date may not exceed 5% of the share capital outstanding at that date;
7. gives full powers to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, to implement this authorisation, place all stock orders, conclude all agreements, in particular with a view to the registration of purchases and sale of shares, completing all declarations and formalities with the AMF or any other body, and in general taking all necessary measures to execute the decisions taken within the scope of this authorisation;
8. resolves that the Board of Directors shall inform the Annual General Meeting of the transactions carried out, in accordance with applicable regulations;
9. grants this authorisation for eighteen months as from the date of this Meeting and notes that it supersedes the unused portion of any previous authorisation given for the same purpose.

Extraordinary General Meeting

EIGHTEENTH RESOLUTION

(Authorisation to the Board of Directors to reduce the share capital by cancelling treasury stock)

The General Meeting, acting in compliance with the quorum and majority rules required for Extraordinary General Meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with Article L. 225-209 of the French Commercial Code:

1. authorises the Board of Directors to cancel, at its own initiative, on one or more occasions, some or all of the shares that the company holds or may hold as a result of utilising the various share buyback authorisations given by the Annual General Meeting to the Board of Directors, particularly under the seventeenth resolution submitted to this Annual General Meeting for approval, up to a limit of 5% of the capital on the date of the transaction in any twenty-four-month period;
2. authorises the Board of Directors to charge the difference between the purchase value of the cancelled shares and their nominal value to all available premium and reserve funds;
3. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, full powers to carry out the capital reduction(s) resulting from cancellations of shares authorised by this resolution, to have the relevant entries made in the financial statements, to amend the Memorandum and Articles of Association accordingly, and generally to attend to all necessary formalities;
4. grants this authorisation, which supersedes the unused portion of any previous authorisation given for the same purpose, for eighteen months from the date of this Annual General Meeting.

NINETEENTH RESOLUTION

(Granting power to the Board of Directors to increase the share capital with pre-emptive rights, by issuing shares and any securities convertible into shares in the company immediately or at a later date)

The General Meeting, acting in compliance with the quorum and majority rules required for Extraordinary General Meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with Articles L. 225-129, L. 225-129-2, L. 228-91, L. 228-92 and L. 228-93 of the French Commercial Code:

1. gives full powers to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, to make, in the amounts, at the times and on the terms it considers appropriate, one or more capital increases, by issuing, with pre-emptive rights, in France or abroad, in euro, foreign currency or any monetary unit based on a basket of currencies, (i) ordinary shares in the company, and (ii) securities of any kind, issued in exchange for payment or allotted as bonus shares, convertible in any manner, immediately or at a later date, at any time or on a fixed date, into outstanding ordinary shares or to be issued, subscription for which may be in cash or by offsetting receivables;
2. resolves that the maximum nominal amount of immediate or deferred capital increases that can be made by virtue of this authorisation is €8,400,000 (eight million four hundred thousand euro), plus, where applicable, the nominal amount of the additional shares issued, in accordance with the legislation, to preserve the rights of holders of securities convertible into ordinary shares in the company; the nominal amount of the ordinary shares that could be issued by virtue of the twenty-first, twenty-second, twenty-fifth and twenty-sixth resolutions of this Meeting will be deducted from this overall ceiling;
3. resolves that the securities convertible into ordinary shares in the company issued in this manner may consist of debt securities or be associated to the issuance of debt securities, or enable issuance as intermediate securities. They may take the form of subordinated or unsubordinated securities, with or without a fixed term, and be issued in euro, foreign currency or any monetary unit based on a basket of currencies;
4. resolves that the nominal amount of all the debt securities issued by virtue of this authorisation be capped at €900,000,000 (nine hundred million euro) or their exchange value in euros on the date of the decision to make the issue. This amount does not include any premiums on redemption above par. The nominal amount of the debt securities that could be issued by virtue of the twenty-first, twenty-second, twenty-fifth and twenty-sixth resolutions of this Meeting will be deducted from this overall ceiling; this ceiling is independent from the amount of debt securities issuance, which would be decided or authorised by the Board of Directors in accordance with Article L. 228-40 of the Commercial Code. Debt securities convertible into ordinary shares in the company could have a fixed and/or variable rate of interest or with capitalisation, and be redeemed, with or without a premium, or amortised, or bought back on the market, or come under a tender or exchange offer by the company;
5. in the event that the Board of Directors uses this power, resolves that:
   - a. shareholders will have, proportional to the amount of their shares, a pre-emptive right to subscribe to a set amount of any ordinary shares and securities issued by virtue of this resolution,
   - b. the Board of Directors will have the power to grant shareholders the right to subscribe to shares that will be allocated in proportion to their rights and demand,
   - c. if the subscriptions for a set amount of shares and a proportional amount of shares do not absorb all of the issue of ordinary shares or securities issued by virtue of this authorisation, the Board can use, in the order it decides, one or more of the following powers:
     - limit the issue to the amount of subscriptions received, on the condition that demand fulfils at least three-quarters of the issue,
     - allocate freely all or some of the unsubscribed securities,
     - offer to the public some or all of the unsubscribed securities in the French and/or international market and/or abroad,

- d. the Board of Directors will decide on the characteristics, amount and terms of any issue as well as of the securities issued. In particular, the Board will determine the category of securities issued and will set, given the indications in its report, the subscription price, with or without a premium, terms of payment, the dividend date, possibly retroactive, or the conditions on which the securities issued by virtue of this resolution can be converted into ordinary shares in the company, as well as the conditions on which the allotment right of holders of securities convertible into ordinary shares will be provisionally suspended, in accordance with the applicable legal provisions,
- e. the Board of Directors will have full powers, with the power to sub-delegate under and in accordance with applicable law, to implement this authorisation, in particular by entering into any agreement for this purpose, in particular with a view to the proper implementation of any issue, to conduct the abovementioned issues on one or more occasions, in the amounts, at the times it considers appropriate, in France and/or abroad and/or in the international market, - and, if necessary, to suspend them - to have the relevant entries made in the financial statements, to amend the Memorandum and Articles of Association accordingly, and generally to attend to all necessary formalities and declarations and request all the necessary authorisations to carry out these issuances;

6. is informed that this authorisation implies that the shareholders forgo their pre-emptive right to subscribe for the ordinary shares in the company to which the holders of the securities issued by virtue of this authorisation would be entitled;
7. grants this authorisation, which supersedes the unused portion of any previous authorisation given for the same purpose, for twenty-six months from the date of this Annual General Meeting.

TWENTIETH RESOLUTION

(Granting power to the Board of Directors to increase the share capital through capitalisation of share premium, reserves, profits and other amounts).

The General Meeting, acting in compliance with the quorum and majority rules set forth in Article L. 225-98 of the French Commercial Code, having acquainted itself with the Board of Directors' report and in accordance with Articles L. 225-129, L. 225-129-2 and L. 225-130 of the French Commercial Code:

1. gives full powers to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, to make, in the amounts, at the times and on the terms it considers appropriate, one or more capital increases, through the successive or simultaneous capitalisation of share premium, reserves, profits or other amounts whose capitalisation is legal or statutory, by an allotment of bonus shares or by raising the value of outstanding shares or by a combination of the two processes;
2. resolves that the maximum nominal amount of capital increases that can be made by virtue of this authorisation is €400,000,000 (four hundred million euro) plus, where applicable, the nominal amount of the additional shares issued, in accordance with the legislation, to preserve the rights of holders of securities convertible into ordinary shares in the company. This ceiling is independent from and does not alter the overall ceiling set in the nineteenth resolution;
3. in the event that the Board of Directors uses this power, resolves that, in accordance with the provisions of Article L. 225-130 of the Commercial Code, in the event of capital increase in the form of an allotment of bonus shares, the rights to fractional shares are not negotiable or transferable, and the corresponding securities will be sold; the proceeds of the sale will be allocated to the holders of rights within the statutory timeframe stipulated;
4. resolves that the Board of Directors will have full powers, with the power to sub-delegate under and in accordance with applicable law, to implement this authorisation, and generally to take all the necessary action and attend to all necessary formalities to carry out each capital increase, to have the relevant entries made in the financial statements, to amend the Memorandum and Articles of Association accordingly;
5. grants this authorisation, which supersedes the unused portion of any previous authorisation given for the same purpose, for twenty-six months from the date of this Annual General Meeting.

TWENTY-FIRST RESOLUTION

(Granting power to the Board of Directors to increase the share capital by means of public share offers, without pre-emptive rights, by issuing shares and any securities convertible into shares in the company immediately or at a later date).

The General Meeting, acting in compliance with the quorum and majority rules required for Extraordinary General Meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with Articles L. 225-129-2, L. 225-135, L. 225-136, L. 228-92 and L. 228-93 of the French Commercial Code

1. gives full powers to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, to make, in the amounts, at the times and on the terms it considers appropriate, one or more capital increases through a public share offer, by issuing, without pre-emptive rights, in France or abroad, in euro, foreign currency or any monetary unit based on a basket of currencies, (i) ordinary shares in the company, and (ii) securities of any kind, issued in exchange for payment or allotted as bonus shares, convertible in any manner, immediately or at a later date, at any time or on a fixed date, into outstanding ordinary shares or to be issued, subscription for which may be in cash or by offsetting receivables;
2. resolves that the maximum nominal amount of immediate or deferred capital increases that can be made by virtue of this authorisation is €4,200,000 (four million two hundred thousand euro), plus, where applicable, the nominal amount of the additional shares issued, in accordance with the legislation, to preserve the rights of holders

of securities convertible into ordinary shares in the company. This amount will be deducted from the overall ceiling set in the nineteenth resolution;

3. resolves that the securities convertible into ordinary shares in the company issued in this manner may consist of debt securities or be associated to the issuance of debt securities, or enable issuance as intermediate securities. They may take the form of subordinated or unsubordinated securities, with or without a fixed term, and be issued in euro, foreign currency or any monetary unit based on a basket of currencies;

4. resolves that the nominal amount of all the debt securities issued by virtue of this authorisation be capped at €900,000,000 (nine hundred million euro) or their exchange value in euros on the date of the decision to make the issue. This amount will be deducted from the ceiling set in the nineteenth resolution, and does not include any premiums on redemption above par. This ceiling is independent from the amount of debt securities issuance, which would be decided or authorised by the Board of Directors in accordance with L. 228-40 of the Commercial Code. Debt securities convertible into ordinary shares in the company could have a fixed and/or variable rate of interest or with capitalisation, and be redeemed, with or without a premium, or amortised, or bought back on the market, or come under a tender or exchange offer by the company;

5. resolves to cancel shareholders' pre-emptive right to subscribe for the securities that would be issued by virtue of this authorisation, and to empower the Board of Directors to grant shareholders the possibility to subscribe as of right and/or up to the amounts requested by them, in accordance with the provisions of Article L. 225-135 of the Commercial Code. If the subscriptions, including those from shareholders, if any, do not absorb all of the issue, the Board of Directors may limit the amount of the operation in the manner stipulated by the legislation;

6. is informed that this authorisation implies that the shareholders forgo their pre-emptive right to subscribe for the ordinary shares in the company to which the holders of the securities issued by virtue of this authorisation would be entitled;

7. the Board of Directors will decide on the characteristics, amount and terms of any issue as well as of the securities issued. In particular, the Board will determine the category of securities issued and will set, given the indications in its report, the subscription price, with or without a premium, the dividend date, possibly retroactive, as well as, where applicable, the duration, or the conditions on which the securities issued by virtue of this resolution can be converted into ordinary shares in the company, as well as the conditions on which the allotment right of holders of securities convertible into ordinary shares will be provisionally suspended, in accordance with the applicable legal provisions. Unless the provisions of the twenty-third resolution apply, the issue price for ordinary shares and securities must be such that the amount received immediately by the company plus any amount to be received at a later date for every ordinary share issued, is at least equal to the legal minimum amount, on the day this power is used, in accordance with the provisions of Article R. 225-119 of the Commercial Code, i.e., to the weighted average share price in the last three market sessions prior to the setting of the price, to which a maximum discount of 5% may be applied;

8. the Board of Directors will have full powers, with the power to sub-delegate under and in accordance with applicable law, to implement this authorisation, in particular by entering into any agreement for this purpose, in particular with a view to the proper implementation of any issue, to conduct the abovementioned issues on one or more occasions, in the amounts, at the times it considers appropriate, in France and/or abroad and/or in the international market, - and, if necessary, to suspend them - to have the relevant entries made in the financial statements, to amend the Memorandum and Articles of Association accordingly, and generally to attend to all necessary formalities and declarations and request all the necessary authorisations to carry out these issuances;

9. grants this authorisation, which supersedes the unused portion of any previous authorisation given for the same purpose, for twenty-six months from the date of this Annual General Meeting.

TWENTY-SECOND RESOLUTION

(Granting power to the Board of Directors to increase the share capital through private placements in accordance with Section II of Article L. 411-2 of the French Monetary and Financial Code, without pre-emptive rights, by issuing shares and any securities convertible into shares in the company immediately or at a later date)

The General Meeting, acting in compliance with the quorum and majority rules required for Extraordinary General Meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with Article L. 411-2 II of the Monetary and Financial Code, and Articles L. 225-129, L. 225-129-2, L. 225-135, L. 225-136, L. 228-92 and L. 228-93 of the Commercial Code:

1. gives full powers to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, to make, in the amounts, at the times and on the terms it considers appropriate, one or more capital increases, by the type of offer described in Section II of Article L. 411-2 of the Monetary and Financial Code, by issuing, without pre-emptive rights, in France or abroad, in euro, foreign currency or any monetary unit based on a basket of currencies, (i) ordinary shares in the company, and (ii) securities of any kind, issued in exchange for payment or allotted as bonus shares, convertible in any manner, immediately or at a later date, at any time or on a fixed date, into outstanding ordinary shares or to be issued, subscription for which may be in cash or by offsetting receivables;

2. resolves that the nominal amount of immediate or deferred capital increases that can be made by virtue of this authorisation be capped at 10% of the share capital within a twelve-month period,

and €4,200,000 (four million two hundred thousand euro), which will be deducted from the ceiling set in the nineteenth resolution. To this amount will be added, where applicable, the nominal amount of the additional shares issued, in accordance with the legislation, to preserve the rights of holders of securities convertible into ordinary shares in the company;

3. resolves that the securities convertible into ordinary shares in the company issued in this manner may consist of debt securities or be associated to the issuance of debt securities, or enable issuance as intermediate securities. They may take the form of subordinated or unsubordinated securities, with or without a fixed term, and be issued in euro, foreign currency or any monetary unit based on a basket of currencies;
4. resolves that the nominal amount of all the debt securities issued by virtue of this authorisation be capped at €900,000,000 (nine hundred million euro) or their exchange value in euros on the date of the decision to make the issue. This amount will be deducted from the ceiling set in the nineteenth resolution, and does not include any premiums on redemption above par. This ceiling is independent from the amount of debt securities issuance, which would be decided or authorised by the Board of Directors in accordance with L. 228-40 of the Commercial Code. Debt securities convertible into ordinary shares in the company could have a fixed and/or variable rate of interest or with capitalisation, and be redeemed, with or without a premium, or amortised, or bought back on the market, or come under a tender or exchange offer by the company;
5. resolves to cancel shareholders' pre-emptive right to subscribe for the securities that would be issued by virtue of this authorisation;
6. is informed that this authorisation implies that the shareholders forgo their pre-emptive right to subscribe for the ordinary shares in the company to which the holders of the securities issued by virtue of this authorisation would be entitled;
7. resolves that the Board of Directors will decide on the characteristics, amount and terms of any issue as well as of the securities issued. In particular, the Board will determine the category of securities issued and will set, given the indications in its report, the subscription price, with or without a premium, the dividend date, possibly retroactive, as well as, where applicable, the duration, or the conditions on which the securities issued by virtue of this resolution can be converted into ordinary shares in the company, as well as the conditions on which the allotment right of holders of securities convertible into ordinary shares will be provisionally suspended, in accordance with the applicable legal provisions. Unless the provisions of the twenty-third resolution apply, the issue price for ordinary shares and securities must be such that the amount received immediately by the company plus any amount to be received at a later date for every ordinary share issued, is at least equal to the legal minimum amount, on the day this power is used, in accordance with the provisions of Article R. 225-119 of the Commercial Code, i.e., to the weighted average share price in the last three market sessions prior to the setting of the price, to which a maximum discount of 5% may be applied.;
8. the Board of Directors will have full powers, with the power to sub-delegate under and in accordance with applicable law, to implement this authorisation, in particular by entering into any agreement for this purpose, in particular with a view to the proper implementation of any issue, to conduct the abovementioned issues on one or more occasions, in the amounts, at the times it considers appropriate, in France and/or abroad and/or in the international market, - and, if necessary, to suspend them - to have the relevant entries made in the financial statements, to amend the Memorandum and Articles of Association accordingly, and generally to attend to all necessary formalities and declarations and request all the necessary authorisations to carry out these issuances;
9. grants this authorisation, which supersedes the unused portion of any previous authorisation given for the same purpose, for twenty-six months from the date of this Annual General Meeting.

TWENTY-THIRD RESOLUTION

(Authorisation granted to the Board of Directors to set, on the terms decided by the General Meeting, the issue price without pre-emptive rights, of securities issued immediately or at a later date via a public share offer or private placement, described in Section II of Article L. 411-2 of the Monetary and Financial Code)

The General Meeting, acting in compliance with the quorum and majority rules required for Extraordinary General Meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with Article L. 225-136-1° paragraph 2 of the Commercial Code, and insofar as the securities to be issued immediately or at a later date are equivalent to securities admitted to trading on a regulated market:

1. gives the Board of Directors full powers, with the power to sub-delegate under and in accordance with applicable law, for each issue decided by virtue of the twentieth and twenty-first resolutions above up to a limit of 10% of the share capital (outstanding on the date of this Meeting) within a twelve-month period, to be exempted from the price-setting conditions stipulated by the regulations at the time this authorisation is used, *i.e.* on this day via Article R. 225-119 of the Commercial Code, and to set the issue price of the securities to be issued immediately or at a later date, through a public offer or an offer described in Section II of Article L. 411-2 of the Monetary and Financial Code, on the following terms:
   - a. for shares to be issued immediately, the Board could opt for one of the following methods:
     - an issue price equal to the average share price over a maximum period of six months prior to the issue,

- an issue price equal to the weighted average share price on the market on the day before the issue (VWAP 1 day), with a maximum discount of 10%,

– b. for shares to be issued at a later date, the issue price will be such that the amount received immediately by the company plus the amount that will be received at a later date by the company for each share is at least equal to the amount indicated at a) above;

2. resolves that the Board of Directors will have full powers to implement this resolution on the terms set forth in the resolution by virtue of which the issue is decided;

3. grants this authorisation, which supersedes the unused portion of any previous authorisation given for the same purpose, for twenty-six months from the date of this Annual General Meeting.

TWENTY-FOURTH RESOLUTION

(Authorisation for the Board of Directors to increase the number of securities to be issued in the event of a capital increase with or without preferential subscription rights)

The General Meeting, acting in compliance with the quorum and majority rules required for Extraordinary General Meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with Article L. 225-135-1 of the Commercial Code:

1. authorises the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, to decide in the event of a capital increase with or without preferential subscription rights, to increase the number of shares issued during a thirty-day period from the closing of the subscription period by up to 15% of the initial issue, at the same price as the initial issue, on condition that the ceiling(s) stipulated in the resolution by which the issue was decided is (are) not exceeded;

2. grants the present delegation for twenty-six months as from the date of the present Meeting, and notes that it cancels and replaces the unused portion of any previous delegation granted for the same purpose.

TWENTY-FIFTH RESOLUTION

(Delegation of powers to the Board of Directors to increase the share capital as consideration for contributions in kind to the company consisting of shares or securities giving access to the capital of another company, other than in a public exchange offer)

The General Meeting, acting in compliance with the quorum and majority rules required for Extraordinary General Meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with Article L. 225-147 of the Commercial Code:

1. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, powers to carry out, on the basis of the report of the expert appraiser(s) mentioned in paragraphs 1 and 2 of Article L. 225-147 of the Commercial Code, issues of ordinary shares of the company or securities giving access by any means, immediately and/or in the future, to existing or future ordinary shares of the company as consideration for contributions in kind to the company consisting of shares or securities giving access to the capital of another company, when the provisions of Article L. 225-148 of the Commercial Code are not applicable;

2. resolves that the total nominal amount of capital increases carried out immediately and/or in the future under the present delegation shall be capped at 10% of the share capital existing at the date of the present Meeting, subject to a maximum of €4,200,000 (four million, two hundred thousand euros). This nominal amount shall count toward the overall ceiling set in the nineteenth resolution;

3. resolves that the nominal amount of all debt securities issued under the present resolution may not exceed €900,000,000 (nine hundred million euros) or the equivalent value in euros at the date the issue is decided, with the stipulation that this amount does not include any premium for redemption above par. This nominal amount shall count toward the overall ceiling set in the nineteenth resolution;

4. resolves to cancel, to the extent necessary, the shareholders' preferential subscription rights to the shares and/or securities issued under the present delegation, in favour of the holders of the shares or securities contributed to the company;

5. notes that the present delegation entails the waiver by the shareholders of their preferential subscription rights to any ordinary shares to which the securities issued under the present delegation would entitle them;

6. resolves that the Board of Directors shall have full powers, with the power to sub-delegate under and in accordance with applicable law, to implement the present resolution, and in particular to determine the value of the contributions on the basis of the valuation report of the expert appraiser(s) and to approve the granting of specific benefits, to formally record the capital increases carried out under the present delegation and to amend the Memorandum and Articles of Association accordingly, to carry out all formalities and filings, to apply for all authorisations necessary to carry out the contributions, and specify the conditions under which in accordance with applicable law the allotment rights of the holders of securities giving access to ordinary shares will be temporarily suspended;

7. grants this delegation for twenty-six months as from the date of the present Meeting, and notes that it cancels and replaces the unused portion of any previous delegation given for the same purpose.

TWENTY-SIXTH RESOLUTION

(Delegation of competence to the Board of Directors to increase the share capital without preferential subscription rights as consideration for securities tendered to a public exchange offer initiated by the company)

The General Meeting, acting in compliance with the quorum and majority rules required for Extraordinary General Meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with Articles L. 225-129, L. 225-129-2, L. 225-148 and L. 228-92 of the Commercial Code:

1. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, its competence to issue ordinary shares of the company and/or securities giving access by all means, immediately and/or in the future, to existing or future ordinary shares of the company as consideration for securities tendered to a public exchange offer initiated by the company, in France or abroad, in accordance with local regulations, for shares of another company whose shares are admitted to trading on a regulated market, in accordance with Article L. 225-148 of the Commercial Code;
2. resolves that the nominal amount of all capital increases carried out immediately and/or in the future under the present resolution shall not exceed €4,200,000 (four million, two hundred thousand euros), to which amount shall be added the nominal amount of any additional shares issued to preserve, as required by law, the rights of holders of securities giving access to ordinary shares of the company. This amount shall count toward the overall ceiling set in the nineteenth resolution;
3. resolves that the nominal amount of all debt securities issued under this resolution may not exceed €900,000,000 (nine hundred million euros) or the equivalent value in euros at the date the issue is decided, with the stipulation that this amount does not include any premium for redemption above par. This nominal amount shall count toward the overall ceiling set in the nineteenth resolution;
4. resolves to cancel the shareholders' preferential subscription rights to the ordinary shares and/or securities issued under the present delegation;
5. notes that the present delegation entails the waiver by the shareholders of their preferential subscription rights to any ordinary shares to which the securities issued under the present delegation would entitle them;
6. resolves that the Board of Directors shall have full powers, with the power to sub-delegate under and in accordance with applicable law, to implement the present resolution, including:
   - to set the exchange ratio and the amount of any balancing cash adjustment,
   - to record the number of shares tendered to the exchange,
   - to determine the dates, terms and conditions of the issue, and in particular the price and vesting date of the new shares or of any securities giving immediate and/or future access to ordinary shares of the company,
   - to specify the conditions under which in accordance with applicable law the allotment rights of the holders of securities giving access to ordinary shares will be temporarily suspended,
   - to recognise the difference between the issue price of the new ordinary shares and their nominal value in a "share premium" account, over which all shareholders shall have rights, on the liabilities side of the balance sheet,
   - to charge any and all costs and duties arising from the authorised transaction against this share premium,
   - to make all arrangements and conclude all agreements necessary to carry out the authorised transaction, record the capital increases resulting from it, and amend the Memorandum and Articles of Association accordingly;
7. grants the present delegation for twenty-six months as from the date of the present Meeting, and notes that it cancels and replaces the unused portion of any previous delegation granted for the same purpose.

TWENTY-SEVENTH RESOLUTION

(Overall ceiling on financial authorisations)

The General Meeting, acting in compliance with the quorum and majority rules required for Extraordinary General Meetings, having acquainted itself with the Board of Directors' report, resolves:

- to set the maximum nominal amount of capital increases in cash carried out immediately and/or in the future by virtue of the authorisations granted under the nineteenth, twenty-first, twenty-second, twenty-fifth and twenty-sixth resolutions at €8,400,000 (eight million, four hundred thousand euros), to which amount shall be added the nominal amount of any additional shares issued to preserve the rights of holders of securities giving access to ordinary shares of the company;
- to set the maximum nominal amount of capital increases in cash carried out immediately and/or in the future by virtue of the authorisations granted under the twenty-first, twenty-second, twenty-fifth and twenty-sixth resolutions at €4,200,000 (four million, two hundred thousand euros), to which amount shall be added the nominal amount of any additional shares issued to preserve the rights of holders of securities giving access to ordinary shares of the company, it being also specified that the total nominal amount of capital increases under these resolutions shall count towards the overall ceiling set in the nineteenth resolution of the present Meeting; and;
- to set the maximum nominal amount of debt securities issued by virtue of the authorisations granted under the nineteenth, twenty-first, twenty-second, twenty-fifth and twenty-sixth resolutions at €900,000,000 (nine hundred million euros) or the equivalent value in euros, it being specified that this amount does not include any

premium for redemption above par. This ceiling is separate and distinct from the amount of issues of debt securities that may be decided on or authorised by the Board of Directors pursuant to Article L. 228-40 of the Commercial Code.

TWENTY-EIGHTH RESOLUTION

(Delegation of competence to the Board of Directors to increase the share capital, with preferential subscription rights cancelled, to the benefit of employees or corporate officers of the company or associated companies who are members of a company savings scheme)

The General Meeting, acting in compliance with the quorum and majority rules required for Extraordinary General Meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance firstly with the Commercial Code and in particular Articles L. 225-129-6 (paragraph 1) and L. 225-138-1 thereof, and secondly with Articles L. 3332-1 *et seq.* of the Labour Code:

1. delegates to the Board of Directors the competence to carry out by its own decision, in the proportions and at the times it sees fit, one or more capital increases up to a maximum of 2% of the share capital during the twenty-six month period of validity of the present authorisation, by issuing new shares for cash and as the case may be by the incorporation of reserves, earnings or premiums and the allotment of consideration-free shares or other securities giving access to the capital in accordance with law, and resolves that the ceiling indicated in the present delegation is separate and distinct and that the amount of the capital increases resulting herefrom shall not count toward the other ceilings set by the present Meeting;
2. reserves subscription of all the shares hereby issued for employees and corporate officers of TF1 and for employees and corporate officers of French and foreign companies associated with TF1 within the meaning of applicable laws, who are members of any company or group savings scheme or any inter-company savings scheme;
3. resolves that the subscription price of the new shares as set by the Board of Directors in accordance with Article L. 3332-19 of the Labour Code at the time of each issue shall be no more than 20% below the average of the opening prices of the share on the Euronext Paris market at the twenty stock exchange trading sessions preceding the day of the Board's decision setting the opening date of the subscription period;
4. notes that the present resolution cancels the shareholders' preferential subscription rights in favour of the employees and corporate officers for whom the capital increase is reserved, and waives any and all rights to shares or other securities giving access to the capital that may be allotted free of consideration under this resolution;
5. delegates full powers to the Board of Directors to:
   - determine the date and the terms and conditions of issues carried out under the present resolution and in particular, to decide whether the shares shall be subscribed for directly or through an investment fund or another entity, in accordance with applicable law; to determine and set the terms and conditions for the allotment of consideration-free shares or other securities giving access to the capital pursuant to the authorisation granted above; to set the issue price of the new shares in accordance with the rules specified above, the opening and closing dates of the subscription periods, the vesting dates, the payment period subject to a maximum period of three years, and if need be to set the maximum number of shares that may be subscribed for per employee and per issue,
   - record the capital increases representing the amount of shares actually subscribed,
   - carry out directly or through a representative all procedures and formalities,
   - amend the Memorandum and Articles of Association to reflect the capital increases,
   - charge the costs of each capital increase against the share premium thereon, and deduct from this amount the sums necessary to bring the legal reserve up to one-tenth of the new share capital after each increase,
   - and generally to do all that is necessary.

   The Board of Directors may, subject to the limits stipulated by law and to any limits previously set by the Board, delegate the powers granted to it under the present resolution to the Chief Executive Officer or, with his/her agreement, to one or more Deputy Chief Executive Officers;
6. grants the present authorisation for twenty-six months as from the date of the present Meeting, and notes that it cancels and replaces the unused portion of any previous authorisation given for the same purpose.

TWENTY-NINTH RESOLUTION

(Amendment to Article 12 of the Memorandum and Articles of Association in order to set an age limit of 67 years for holding the office of Chairman of the Board of Directors)

The General Meeting, acting in compliance with the quorum and majority rules required for Extraordinary General Meetings, having acquainted itself with the Board of Directors' report, resolves to amend the Memorandum and Articles of Association as follows:

The final paragraph of Article 12 is amended as follows:

- Current wording:

  "As from the date when shares are admitted to the official listing or to the Second Market of the Paris Stock Exchange, the age limit for performing the duties of Chairman of the Board of Directors is set at sixty-eight years old."
- Amended wording:

  "The age limit for holding office as Chairman of the Board of Directors is set as sixty-seven years. Consequently, as soon as the Chairman reaches the age of sixty-seven, he or she will be automatically deemed to have resigned."

THIRTIETH RESOLUTION

(Amendment to Article 16 of the Memorandum and Articles of Association in order to set an age limit of 67 years for holding the office of Chief Executive Officer or Deputy Chief Executive Officer)

The General Meeting, acting in compliance with the quorum and majority rules required for Extraordinary General Meetings, having acquainted itself with the Board of Directors' report, resolves to amend the Memorandum and Articles of Association as follows:

An additional paragraph (IV) shall be added at the end of Article 16, to read as follows:

"The age limit for holding office as Chief Executive Officer or Deputy Chief Executive Officer is set as sixty-seven years. Consequently, as soon as the Chief Executive Officer or a Deputy Chief Executive Officer reaches the age of sixty-seven, he or she will be automatically deemed to have resigned."

THIRTY-FIRST RESOLUTION

(Powers to carry out formalities)

The General Meeting, acting in compliance with the quorum and majority rules required for Extraordinary General Meetings, gives full powers to the holder of an original, a copy or extract of the minutes of the present Meeting to carry out all legal or administrative formalities and to make all filings and publications under and in accordance with applicable law.

9

ADDITIONNAL INFORMATION

9.1 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT AND INFORMATION CONCERNING THE VERIFICATION OF THE ACCOUNTS

9.1.1 Certificate of the person responsible for the registration document

The person assuming responsibility for the registration document: Mr. Nonce Paolini, Chairman and CEO.

I hereby certify that, having taken all reasonable steps, the information contained in this registration document, reflects the facts, to the best of my knowledge, and contains no omission that could alter its scope.

I hereby certify that, to the best of my knowledge, the accounts have been prepared in compliance with applicable accounting norms and give a faithful picture of the assets, the financial situation and the results of the company and the consolidated companies, and that the management report (a cross-reference table being included on page 315), presents a true image of the development and performance of the business, results and financial situation of the company and the consolidated companies, as well as a description of the main risks and uncertainties facing them.

I have received from the legal auditors of the accounts, KPMG and Mazars, a letter of completion of accounts indicating that they have verified the information concerning the financial situation and the accounts contained in the present registration document and read the whole of the document.

The historical information provided in this document or incorporated herein by reference is covered by reports issued by the Statutory Auditors, as presented on page 183 of this document or incorporated herein by reference on page 311. The report issued by the Statutory Auditors for the year 2011 do not include explanatory comments. The report issued by the Statutory Auditors for the year 2010 includes an explanatory comment about the changes in accounting policy linked to the first-time application of amended IFRS standards and interpretations, and in particular the impact of the takeover of the entities TMC and NT1.

Boulogne-Billancourt, March 13, 2013
Chairman and CEO
Nonce Paolini

9.1.2 Information concerning Statutory Auditors and auditors' fees

Permanent	Date of first appointment	Expiry date of present term of office
KPMG Audit IS represented by Stéphanie Ortega Immeuble Le Palatin - 3, Cours du Triangle 92939 La Défense Cedex	General Meeting of January 14, 1988	General Meeting approving the 2016 accounts
Mazars represented by Guillaume Potel and Olivier Thireau Immeuble Exaltis - 61, rue Henri Regnault 92075 La Défense Cedex	General Meeting of May 15, 2001	General Meeting approving the 2012 accounts

Alternate auditors	Date of first appointment	Expiry date of present term of office
KPMG Audit ID Immeuble Le Palatin - 3, Cours du Triangle 92939 La Défense Cedex	General Meeting of April 14, 2011	General Meeting approving the 2016 accounts
Thierry Colin Immeuble Exaltis - 61, rue Henri Regnault 92075 La Défense Cedex	General Meeting of May 15, 2001	General Meeting approving the 2012 accounts

The fees paid to the Statutory Auditors by TF1 and its subsidiaries are shown in chapter 4 of this registration document and annual financial report, and in note 35, page 158, to the consolidated financial statements.

The Board of Directors, after obtaining the opinion of the Audit Committee, proposes to the shareholders at the General Meeting of 18 April 2013, renewing the appointment as statutory auditor of Mazars and Thierry COLIN for six years.

9.1.3 Name of the independant verifier of social, environmental and societal information

In 2012, and for the first time, in accordance with Decree n°2012-557 dated April 24, 2012 (Article 225 of the Grenelle 2 act), the social, environmental and societal information has been verified by an independent verifier, ERNST & YOUNG et Associés, Sustainable Development Department.

9.2 RELATIONS WITH SHAREHOLDERS

Legal information and investor relations

TF1

1, quai du Point-du-Jour

92656 Boulogne-Billancourt Cedex

Tel.: 00 33 1 41 41 12 34

General Councel: Jean-Michel Counillon

Tel.: 00 33 1 41 41 12 34

Group Legal and Business Affairs Director and Board Secretary: Sébastien Frapier

email: relationsactionnaires@tf1.fr

Tel: 00 33 1 41 41 40 75

Executive Vice President, Group Purchasing and Finance: Philippe Denery

email: comfi@tf1.fr

Tel.: 00 33 1 41 41 12 34

Documents available for public consultation

Documents such as the internal rules of the Board of Directors, the other reports of the Board of Directors to the General Meeting of April 18, 2013 may be consulted on the company website: http://www.groupe-tf1.fr/en/.

Anybody wishing to obtain additional information on the TF1 Group may, without obligation, ask for documents at TF1 – Legal Affairs Department, 1 quai du Point du Jour, 92656 Boulogne-Billancourt cedex, Tel: 00 33 1 41 41 40 75.

You can also receive information on the Group TF1 and obtain on demand historical data about the company by mail at TF1- Investor Relations Department - 1, Quai du Point du Jour – 92656 Boulogne-Billancourt cedex or by e-mail: comfi@tf1.fr. Tel: 00 33 1 41 41 12 34.

Internet website: http://www.groupe-tf1.fr/en/

9.3 2013 DIARY DATES

April 18, 2013: Shareholders' Annual General Meeting.

April 25, 2013: 2012 dividend ex-date.

April 30, 2013: 2012 dividend payment date.

May 7, 2013: Revenue and financial statements for the first quarter of 2013.

July 25, 2013: Revenue and financial statements for the first half of 2013.

November 7, 2013: Revenue and financial statements for the first nine months of 2013.

These dates may be subject to change.

9.4 INFORMATION INCLUDED BY REFERENCE

In application of Article 28 of Regulation (EC) N° 809/2004 of the Commission of April 29, 2004, the following information is included by reference in the present registration document:

- the consolidated accounts for the year ended December 31, 2011, the relevant report of the Statutory Auditors and the Group's management report appearing on pages 65 to 190 of the registration document registered with the AMF on March 15, 2012 with number D.12-0163;
- the consolidated accounts for the year ended December 31, 2010, the relevant report of the Statutory Auditors and the Group's management report appearing on pages 79 to 208 of the registration document registered with the AMF on March 17, 2011 with number D.11-0145.

9.5 ADDRESSES OF MAIN SUBSIDIARIES AND PARTICIPATIONS

(February 2013)

1, quai du Point-du-Jour
92100 BOULOGNE-BILLANCOURT – FRANCE

TF1 THÉMATIQUES

LA CHAÎNE INFO – LCI

USHUAIA TV

SOCIÉTÉ D'EXPLOITATION ET DE DOCUMENTAIRES – STYLÌA

HISTOIRE

ONECAST

NT1

MONTE CARLO PARTICIPATION

TF1 DISTRIBUTION

TF1 DS

Immeuble Le Delta – 55 avenue de la Voie Lactée
92100 BOULOGNE-BILLANCOURT – FRANCE

TF1 PRODUCTION

Atrium – 6, place Abel-Gance
92100 BOULOGNE-BILLANCOURT – FRANCE

TF1 ENTREPRISES

TF1 VIDÉO

UNE MUSIQUE

TF1 PUBLICITÉ

TF1 FILMS PRODUCTION

TF1 DROITS AUDIOVISUELS

TF1 INTERNATIONAL

WAT

e-TF1

L'Amiral – 3, rue Gaston et René-Caudron
97988 ISSY-LES-MOULINEAUX Cedex – FRANCE

EUROSPORT

EUROSPORT France

45, boulevard Victor-Hugo Bâtiment 264
93534 AUBERVILLIERS Cedex – FRANCE

TÉLÉSHOPPING

TOP SHOPPING

PLACE DES TENDANCES

Quai Péristyle
56100 LORIENT – FRANCE

TV BREIZH

6 bis, quai Antoine-I^er^
MONACO

TÉLÉ MONTE CARLO (TMC)

ZA du Pot au Pin, Entrepôt A4
33612 CESTAS Cedex – FRANCE

DUJARDIN

44, rue de Strasbourg
44000 NANTES – FRANCE

OUEST INFO

35, rue Greneta
75002 PARIS – FRANCE

PUBLICATIONS METRO FRANCE

120, avenue Charles-de-Gaulle
92200 NEUILLY-SUR-SEINE – FRANCE

TF6

SÉRIE CLUB

24, avenue Charles-de-Gaulle
92522 NEUILLY- SUR- SEINE CEDEX – FRANCE

UGC DISTRIBUTION

132, avenue du Président-Wilson
93210 LA PLAINE SAINT-DENIS – FRANCE

GROUPE AB

40/42, rue Pierre-Curie
93120 LA COURNEUVE – FRANCE

SYLVER

9.6 REGISTRATION DOCUMENT AND CROSS-REFERENCE TABLE

Cross-reference table – Subjects of the first appendix of EU regulation 809/2004

15	**Compensation and benefits**	
15.1	Amount of compensation paid and benefits in kind	55-61, 157, 180
15.2	Total amounts set aside or accrued to provide pensions, retirement or other benefits	135-136
16	**Board and management practices**	
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The 2012 management report reporting of the elements mentioned below is included in this registration document. It was approved by the Board of Directors of TF1 SA on February 19, 2013.

Elements of the management report as required by the Commercial Code, the Monetary and Financial Code, the *Autorité des Marchés Financiers* General Regulation and the General Tax Code	Registration document
ACTIVITY	
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(1) Global Reporting Initiative (GRI) Referential: globalreporting.org.

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