2011 REGISTRATION DOCUMENT

ANNUAL FINANCIAL REPORT

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The element of the annual financial report are clearly identifed in the table of content using the pictogram AFR

REGISTRATION DOCUMENT 2011

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 15, 2012, in accordance with the article 212-13 of the General Regulation of the AMF.

This document may not be used to support a financial operation unless it is accompanied by an operation note certified by the AMF.

It was prepared by the issuer and is the responsability of the person whose signature appears therein.

The registration in accordance with the provisions of Article L. 621-8-1-I of the French Monetary and Financial Code, was made after that the AMF has verified that the document is complete and understandable and that the information it contains is consistent.

It does not authenticate by AMF of the accounting and financial information.

In case of discrepancy, the French version prevails.

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:

- TF1, the channel for major events, ranked no. 1 in France;
- TMC, the leading digital terrestrial channel and fifth nationwide, and NT1.

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

- Eurosport, the leading pan-European sports broadcasting platform, received by 129 million households;
- 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-tailing, catch-up TV and video on demand content, licences, musicals and board games.

Harnessing the growth of the Internet and new technologies, TF1 produces, develops and publishes new **interactive content and services for the Web**, smart phones, tablet computers, internet TV and free newspapers.

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.

MESSAGE FROM THE CHAIRMAN AND CHIEF EXECUTIVE

Consolidating and moving forward

The last French region changed over to all-digital broadcasting on November 29, 2011, bringing an end to the switch-off process, a key step in the sweeping transformation of the audiovisual sector that began in 2005.

The audience shares of incumbent broadcasters have fallen with the arrival of 12 new competitors and concentration has been rife: of the six new entrants at the time, the only two still remaining are NextradioTV and NRJ. Amid this flux, Canal+ has moved into the non-scrambled market, confirming the robustness and appeal of the free television business model. In another major change, one driven by technological advances, audiovisual content can now be enjoyed live, as well as in catch-up and on PCs, smartphones and tablets.

Connected TVs have become a reality, promising access to a new world – that of the Web giants.

And yet television viewing hours set a new record in France in 2011, auguring a bright future for TF1's core business and demonstrating the complementary media fit that TF1 has championed since 2008.

The Group has played its game well in this whirlwind of innovation.

TF1 remains a benchmark in Europe through the power of its audience, while TMC and NT1 are becoming ever more efficient escorts of the flagship. The conclusive renegotiations on the redistribution of the Group's themed channels are proof of their appeal. And the 360° strategy is now a reality: TF1 is the leading European partner of Facebook and Twitter with MYTF1, which has become the exclusive brand for all digital media services.

The production subsidiaries are notching up success after success – from *Danse avec les Stars* to *Intouchables* – and diversification is continuously enhancing these results across all sectors, with the Tintin collection a symbol of the renewal.

Profitability has increased through the rationalisation work undertaken in the last four years. The Group's methods and organisation structure have been radically revised, while taking full account of today's social, environmental and economic concerns and improved dialogue with stakeholders.

The Group has demonstrated its ability to take the initiative and bounce back ever stronger.

The Group will rely on its advantages and strengths to move forward in 2012, a year in which we can expect:

- a difficult macroeconomic situation;
- six new HD-broadcast channels (reaching full coverage in 2014) allocated by the CSA following a call for bids, to which TF1 has naturally responded;
- a complex advertising market, with a mix of high volatility and low visibility on investments.

This year will be an opportunity for TF1 to bring all of its expertise to the fore, enabling the Group to respond to the new challenges it is ready to take on, by relying on a solid strategy implemented over a number of years. TF1 and its employees are readying to manage each component of the Group even more conscientiously. Discipline, creativity and adaptability are today's keywords. Our past decisions have been borne out and on that point I would like to thank our shareholders for their trust and the employees for their hard work and unfailing effort.

Boulogne-Billancourt, February 15, 2012
Nonce Paolini, Chairman and Chief Executive Officer of TF1

PRESENTATION OF THE TF1 GROUP

1

1.1 THE MANAGEMENT TEAM

February 2012

Senior Management Committee, TF1 group

Nonce Paolini, Chairman and Chief Executive, TF1 group

Arnaud Bosom, Executive Vice President, Strategy, Organisation and Marketing, TF1 group

Jean-Michel Counillon, General Counsel

Philippe Denery, Executive Vice President, Group Purchasing and Finance

Martine Hollinger, Chairman of TF1 Publicité

Frédéric Ivernel, Executive Vice President, Communication

Jean-François Lancelier, Chief Executive, Broadcasting and Programmes

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, and Chairman of TF1 Droits Audiovisuels

Gilles Maugars, Executive Vice President, Technologies, Information Systems, Internal Resources and CSR

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

Jean-Pierre Paoli, Managing Director, International Affairs

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

Jean-Pierre Rousseau, Executive Vice President, Human Resources and Internal Communication

Laurent Solly, Chief Executive of TF1 Publicité, Chairman of TF1 Distribution

Laurent Storch, Executive Vice President, Production, and Chairman of TF1 Production

Extended Senior Management Committee, TF1 group

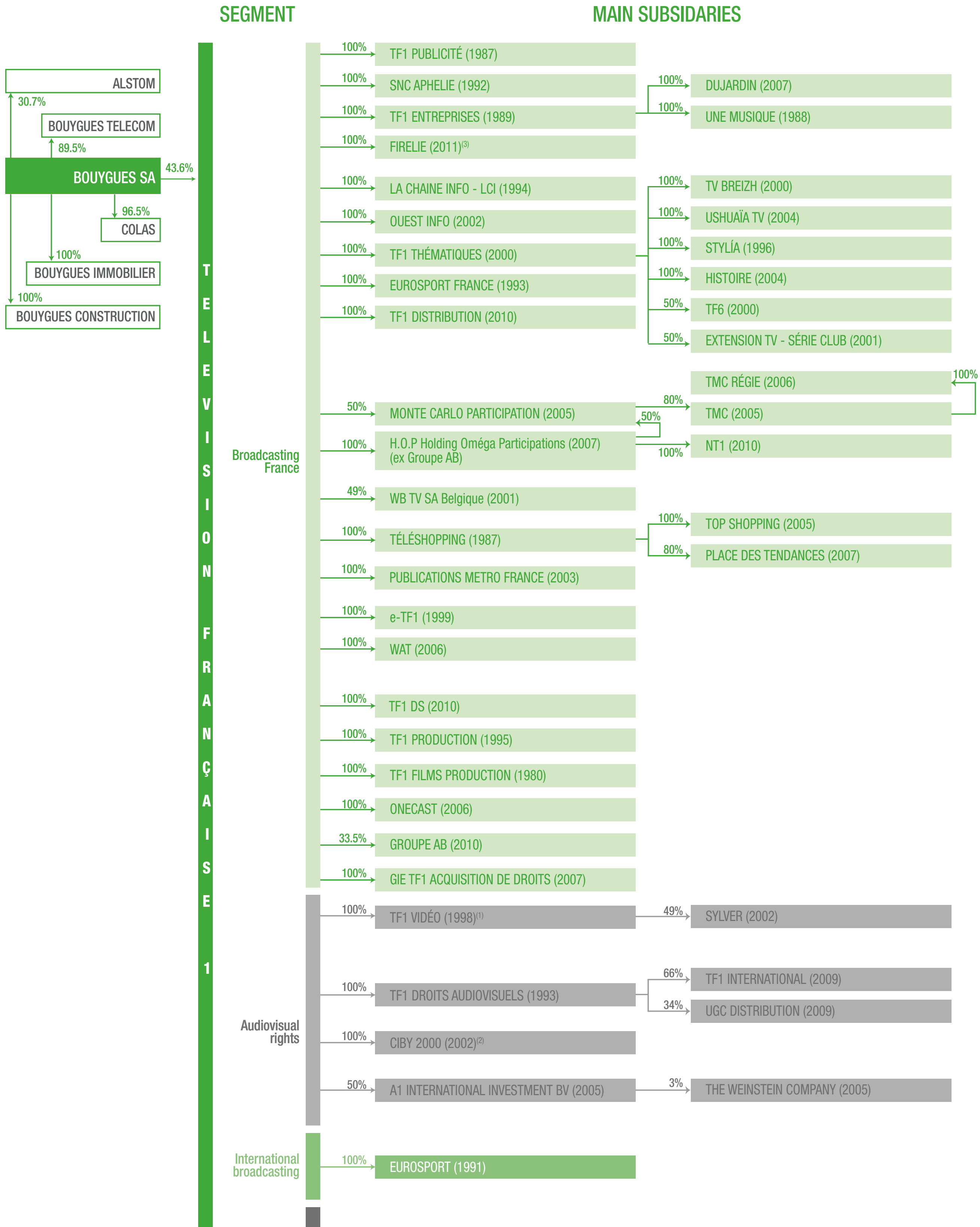
Édouard Boccon-Gibod, Chairman of Publications Metro France

Michel Brossard, Vice President, Diversifications

Éric Jaouën, General Counsel, News and Information, TF1 group

Éric Revel, Managing Director, LCI

1.2 SIMPLIFIED ORGANISATION CHART AS AT 15/02/2012



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

Year of creation and/or acquisition is in brackets

1.3 GROUP ACTIVITIES

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

1.3.1 Broadcasting France

BROADCASTING IN FRANCE

TF1 CHANNEL(1)

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

In 2011, against a more fragmented backdrop, TF1 maintained a strong lead, with an audience share of 23.7% overall and a 26.7% share of advertisers' prime target: women under 50 main household shoppers. TF1 once again demonstrated its dynamic programming approach by notching up 99 of the year's top 100 audiences and being the only channel to attract more than nine million viewers (with 41 programmes) in 2011.

TF1 PUBLICITÉ – ADVERTISING

TF1 Publicité is the multi-audiovisual advertising benchmark for the market. Through the power and diversity of its advertising media, it is able to bring advertisers communications solutions tailored to their needs.

More than ever before, the TF1 channel is the reference vehicle of a media plan. In an environment of rapidly developing audiovisual technology and a 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.

Complementary but distinct theme channels provide an outlet for targeted and effective communications, thus expanding the national offering of TV channels.

In 2011 TF1 Publicité confirmed its success in the radio market by selling advertising space on the 126 local stations run by the economic interest grouping, Les Indépendants. Backed up by the Sud Radio and Wit FM package, this market-leading offering combines power with local presence to promote effective advertising and makes TF1 Publicité a major player in this market[2].

TF1 Publicité strengthened its digital commitment in 2011 with the launch of a dedicated brand, TF1 Publicité Digital.

TF1 Publicité supported its publishers as they rolled out content for PCs, mobiles, tablets and connected TV. TF1 implemented its four-channel digital strategy through a single brand, MYTF1.

TFou, a new version of which was launched in January 2012, is now available on tablets and mobiles, while WAT formed numerous partnerships with entertainment professionals.

TF1 Publicité Digital rolled out a multi-screen strategy featuring substantial premium and exclusive content, including the Rugby World Cup, US series (such as *The Mentalist*, *Dr House* and *Fringe*), *Masterchef* and *Baby boom*.

TF1 Publicité established itself as a leading player in video advertising through its multi-screen offering and by offering a range of formats, including video companions.

Special campaigns, also increasingly multi-screen, have been developed based on product innovations, brand content (*Baby boom: que sont-ils devenus?*, *Les Carnets de Bébés*), format innovations (video companions) and social TV (TF1 programmes integrated in fan pages).

TF1 Publicité reinforced its positions in the mobile market with an offering combining operator portals (Bouygues Telecom and Universal Music Mobile) and apps for media brands (MYTF1, Eurosport, TFou, TF1News)

Taking advantage of new media, TF1 Publicité is launching innovative advertising products that are more interactive and enable advertisers to convert a new contact into a one-to-one relationship with their prospects and customers.

TF1 Publicité 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 channel.

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

(1) Source: Médiamétrie.

(2) Source: Médiamétrie 126,000 Radio – Nov/Dec 2011 – Monday-Friday – 5am-midnight – Target: 13+.

TÉLÉSHOPPING

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

Alongside its shops, Téléshopping has launched an infomercial activity under the Euroshopping brand on a number of DTT, cable and satellite channels (RTL9, NT1, TMC, Direct 8, Eurosport, etc.).

THEME CHANNELS IN FRANCE(1)

Building on its television expertise, the TF1 group has developed a broad offering of complementary and affinity channels. Following the launch of Eurosport in 1991 and LCI in 1994, TF1 now has a direct holding in 14 channels, including the following theme channels: TMC, NT1, LCI, TV Breizh, Ushuaïa TV, Histoire, Stylía, TF6, Série Club and the five Eurosport channels.

The theme channels cover the areas of sport, news, feature films, entertainment and documentaries. Viewers applaud the high-quality content of the channels, which complement the programmes shown on TF1, providing an extended service in news and entertainment. With these channels, the TF1 group has put together a family of channels able to satisfy the expectations of all audiences and all its customers, be they subscribers or advertisers.

TMC

TMC is France's no. 5 channel for the second year in a row, and ranks as the leader in freeview DTT channels, thanks to its unique positioning as a general-interest, family-oriented entertainment channel with four key offerings: magazines programmes, French fiction, movies and entertainment.

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

NT1

NT1 is a freeview DTT channel offering mainstream content and focused particularly on the 15-49 age bracket. It offers a varied selection of magazine programmes, original US series, movies and documentaries on the theme of adventure and sport. NT1 ranks no. 3 DTT channel in 2011 on advertising targets.

NT1 has been part of the Group since July 1, 2010.

EUROSPORT FRANCE

Eurosport France's reputation as the leading sports channel is founded on its strong programming, consisting of international events together with French Ligue 2 and Coupe de France football matches, Moto GP races and, since August 2011, Pro D2 rugby games.

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

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

TV BREIZH

TV Breizh is a pay-to-view general-interest channel broadcasting timeless and successful series and recent US series, together with French family drama and a powerful and diverse film offering.

TV Breizh is the number-one pay-to-view channel in France, both in terms of subscribers and the advertising target of women under 50 main household shoppers.

LCI

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

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. These changes enabled the channel last year to score its highest ratings with the high social/professional demographic since 2004.

The pooling of resources continued between the TF1 channel and TF1.fr website, with a growing number of journalists from TF1 and LCI working together.

The pace of digital development increased with LCI.fr becoming TF1News, a new brand featuring news highlights from TF1 and LCI and Web editorial content. TF1News delivers real-time news coverage and video streams.

DISCOVERY DIVISION

The Discovery Division comprises the TF1 group's pay-to-view documentary channels, broadcast *via* satellite, cable, ADSL and mobile in France and internationally, chiefly in French-speaking Europe and North Africa. They are available for its customers in catch-up television.

Histoire broadcasts history documentaries and cultural debates examining current events.

Ushuaïa TV explores nature and raises viewers' awareness on environmental protection. The channel strengthened its magazine range in 2011 and added three new themes: peoples of the world, solutions for the planet, and human challenges.

Stylía is a lifestyle, luxury and fashion channel. In 2011 it covered headline events including Fashion Week and *Journée de la Gastronomie*.

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

SÉRIE CLUB

Série Club is owned 50% by TF1 and 50% by M6. The channel broadcasts a full offering with recent series of all genres. It is broadcast *via* CanalSat (satellite and ADSL) and Numéricâble and is available in a multilingual version.

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

TF6

A "mini-generalist" channel owned 50% by TF1 and 50% by M6, TF6 broadcasts entertainment events, generational series and films.

It is broadcast in the CanalSat and Numéricâble packages and is also available through pay-to-view DTT on Canal+Distribution and TV Num.

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

	Freeview DTT**	Pay DTT**	CABLE	SATELLITE	ADSL	MOBILE
TMC	X		X	X	X	X
NT1	X		X	X	X	X
Eurosport		X	X	X	X	X
Eurosport 2			X	X	X	X
TV Breizh			X	X	X	X
LCI		X	X	X	X	X
Stylia			X		X	X
Ushuaïa TV			X	X	X	X
Histoire			X	X	X	X
Série Club			X	X	X	X
TF6		X	X	X	X	X

* Of the 14 channels owned by the TF1 group, 11 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
TMC	www.tmc.tv	X		X	X
NT1	www.nt1.tv	X			X
Eurosport	www.eurosport.fr	X	http://www.eurosportplayer.fr/	X	X
Eurosport 2					
TV Breizh	www.tvbreizh.fr				
LCI	http://lci.tf1.fr/	X			
Stylia	www.stylia.fr	X			X
Ushuaïa TV	www.ushuaiatv.fr	X			X
Histoire	www.histoire.fr	X			X
Série Club	www.serieclub.fr				
TF6	www.tf6.fr				

TF1 ENTREPRISES

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

- **TF1 Licences** sells brand licences to manufacturers (*Ushuaïa, MasterChef, Koh Lanta, Barbapapa, Babar, Hello Kitty*, etc.) and seeks to optimise the development of the properties it manages;
- **TF1 Games/Dujardin**, France's number-one board game producer, develops games based on TV programmes (*La Roue de la Fortune, Qui Veut Gagner des Millions, Le Juste Prix*, etc.) together with the *Mille Bornes* and *Le Cochon qui rit* ranges. It has more than 200 games in its catalogue;
- **TF1 Musique** produces or coproduces recording projects (Les Prêtres, Zaz, Nolwenn Leroy, etc.) and blockbuster musical shows (*Mozart, l'Opéra Rock, 1789*, etc.). It also managers numerous partnerships (Christophe Mae, Yannick Noah, Lady Gaga, Seal, Black Eyed Peas) as well as designing and distributing 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 Publishing** has reorganised to focus on the publication of product-and-book sets sold at newsagents and by subscription. The first launch was the Tintin figurine collection in 2011.

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, 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, 90' Enquêtes*, etc.) for the Group's channels
- the Entertainment, Games and Reality TV Department is responsible for entertainment programming including *Danse avec les Stars*;
- the Drama Department develops and produces series and stand-alone dramas;

- 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 Department manages the production of all the trailers for the TF1 channel, designs and shoots adverts, and oversees promotional operations, billboards and short programmes (*Du Côté de chez Vous*).

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, supports creation by acquiring and developing formats for Group channels and TF1 in particular.

e-TF1

The role of e-TF1 is to organise the activities of the TF1 group in emerging digital media.

As part of its multi-screen strategy, e-TF1 uses the MYTF1 brand to distribute channel products in the digital sector, with a broad offering of catch-up programmes available on the Web and mobile devices and included in the television offerings of the main French internet service providers.

With 941 million premium videos watched in 2011, e-TF1 brings the public and advertisers a unique and powerful video offering.

e-TF1 is also present on the Web with its theme-based sites (*plurielles.fr* women's site and *excessif.com* film site), games (notably with channel-based games) and its interactive agency that develops tailor-made Web products.

e-TF1 manages the interactive systems used by the channel, including Audiotel and text messaging, in the form of games and voting (more than 1,500 operations in 2011).

Lastly, with more than 526 million videos watched a year, WAT is the third-ranked video platform in France, providing Web users with a high-performance content-sharing offering.

Source: Panel video Médiamétrie/NetRatings.

METRO FRANCE

(Fully integrated since July 28, 2011)

Metro was the first free daily newspaper launched in France, in 2002 in Paris, Marseille and Lyon, followed by Toulouse, Saint-Étienne, Lille, Bordeaux, Nice, Nantes, Rennes, Strasbourg and Cannes. Metro was launched in Nancy, Metz and Toulon in late 2010.

Metro is the second-ranked national daily with 2.4 million readers.

On July 28, 2011 TF1 SA bought the shares of Metro International and now owns 100% of Metro France.

Source: EPIQ March 2011.

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, which is 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.

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

Over the past 20 years, TF1 Vidéo has established itself as a key player in video publishing and distribution *via* traditional networks, newsagents/kiosks and digital channels thanks to a catalogue of over 4,000 programmes acquired in France and other countries. TF1 Vidéo is the leading independent publisher-distributor and a successful player in all areas: from cinema to comedy shows, children's programmes and TV series. This broad offering, combined with a constant focus on content quality and a flair for innovation, sets TF1 Vidéo apart from its competitors and has also guided recent developments at the company.

In 2005 TF1 Vidéo launched TF1 Vision, the video on demand service of the TF1 group. TF1 Vision has since become a global pioneer in Premium VoD, offering the most popular US series in English with French subtitles, the day after they are aired in the US.

MYTF1VOD is France's most popular distribution platform, easy to access through its portal, MYTF1VOD.fr, and its shops set up with the main internet access providers and on iTunes Video Store. MYTF1VOD has an offering of 6,500 programmes based on the cinema and on comedy, with an exclusive catalogue of France's greatest comedians, series, and children's programmes.

Using the latest technologies, MYTF1VOD innovates continuously to bring customers a service that meets the highest possible standards of excellence in video on demand: catch-up TV, original-language programmes in HD, definitive downloading with back-ups, iPhone and Google Phone apps.

TF1 Vidéo also moved into the high-definition market in autumn 2008 with a collection of premium Blu-ray DVDs based on the biggest box office hits of recent years.

In another recent technological innovation, TF1 Vidéo became the first publisher in France to include a digital copy of programmes on some DVDs, giving consumers a digital, legal copy of the programme for their computer or portable media player, alongside the physical medium.

1.3.3 Broadcasting international

EUROSPORT INTERNATIONAL

Present in 59 countries and broadcasting over all pay channels in Europe (cable, satellite, digital terrestrial and ADSL), the Eurosport channel is a true pan-European multimedia platform, available in 20 languages.

The complementary channel Eurosport 2, launched in 2005, extends the Europe-wide line-up of sports channels with a consolidated portfolio of rights (Bundesliga, Eurocup Basketball). It broadcasts in 18 languages in 47 countries.

The sports news channel, Eurosportnews, is firmly established outside Europe (in South Africa, India, Malaysia, Australia and New Zealand). It is also distributed in Europe, almost exclusively to paying subscribers.

The Group strengthened its offering in 2008 with the launch of the Eurosport High Definition channel, followed by Eurosport 2 HD in 2009. The two channels are available in 43 and 18 countries, respectively. Most of the major sporting events benefit from this cutting-edge technology, which illustrates the Group's innovative capacity, expertise and proactive drive.

The Eurosport website is available in 11 languages. The cooperation agreement initiated in 2007 between Eurosport and Yahoo! has resulted in a website common to markets in the UK, Germany, Spain and Italy. The partnership is part of Eurosport's strategy to consolidate its position as Europe's top sports site, harnessing the content quality of Eurosport and the marketing power and technical expertise of Yahoo!.

Eurosport is also available as an app on iPhones, iPads, Blackberrys and Android phones.

1.4 2011 KEY EVENTS

January

January 4, 2011: Médiamat TV audience ratings now include timeshift viewers (people who record programmes and watch them later *via* videotape or DVD recorders, routers and personal video recorders, or other timeshift technology).

January 24, 2011: TF1 launches its application for the iPad and iPhone, giving users free-of- charge access to live TF1 content in HD, catch-up programmes, and exclusive bonus videos.

January 31, 2011: WAT.tv launches its iPhone application enabling users to find, share and recommend the best of the videos selected by WAT.tv.

February

February 1, 2011: LCI Radio ceases broadcasting, following the failure to obtain an analogue licence from the CSA (the French audiovisual regulator), and the current suspension of the Digital Terrestrial Radio rollout programme in France.

February 3, 2011: *Tout simplement*, a TF1 in-house disability awareness initiative, received a Special Award from the jury at the Creative Human Resources awards organised by ACCE (the French association of recruitment advertising agencies).

February 4, 2011: TF1 sells its entire interest in 1001 Listes to the Galeries Lafayette group.

February 7, 2011: TF1 Publicité launches its new "TV Tags" interactive advertising solutions, which use an on-screen tag in TV ads to tell viewers they can find a special offer or further information on TF1conso.fr.

February 17, 2011: TMC achieves a record for DTT channels by attracting 2 million viewers for the film *Dirty Dancing*, or 17% of "women aged under 50 purchasing decision-makers"(1).

February 25, 2011: Films co-produced by TF1 win 3 *César* awards: Best Actress and Best Original Screenplay for *Le Nom des Gens* (TF1 Droits Audiovisuels), and Best Production Design for *Les Aventures Extraordinaires d'Adèle Blanc-Sec* (TF1 Films Production).

March

March 3, 2011: *Mes Amis, mes Amours, mes Emmerdes*, a drama shown on TF1, receives the award for Best Serial at the *Lauriers du Sénat* ceremony.

March 11, 2011: Eurosport 2 breaks the 50 million household barrier, driven by high-quality programming and coverage of team and new-generation sports.

March 17, 2011: La Française des Jeux launches *Mille Bornes*, a new scratchcard game developed in association with Dujardin, the TF1 Entreprises subsidiary that owns the *Mille Bornes* brand.

March 18, 2011: TF1's enhanced TV portal, MYTF1, becomes available to Free subscribers.

March 28, 2011: The TF1 group, exclusive holder of rights to the Rugby World Cup, resells some of its rights to France Télévisions and Canal+, including the rights to live screenings of 28 of the 48 matches in the tournament.

(1) Source: Médiamétrie - Médiamat

April

April 1, 2011: TF1 Publicité launches the unique, tailored "Puissance 5" scheme for Yves Rocher, giving the brand a presence in the highest-profile time slots across all TF1 media.

April 2, 2011: TF1 newscasts are now produced using *Process News and Sports 2* (the Group's in-house news and sports production systems).

April 4, 2011: launch of the TF1News free iPhone application.

April 5, 2011: Eurosport unveils its new visual identity across all its channels, designed to strengthen the brand and reinforce its top-end image.

April 18, 2011: With the distribution agreements for the pay TV channels expiring on December 31, 2011, these channels initiate a consultation exercise among all the distributors in the market seeking proposals for take-up of the channels.

April 19, 2011: TF1 sells its interest in TCM DA to the M6 group.

April 25, 2011: The new *Les Prêtres* album is released.

May

May 2, 2011: The TF1 group appoints Jean-François Lancelier as Executive Vice President of Broadcasting, Programmes and Production.

May 2, 2011: The TF1 group sells 100% of the shares in online gaming and sports betting company SPS to Solfive, after approval by ARJEL (the French online gaming regulator) of the transfer of the licences.

May 3, 2011: A CSA Institute survey shows that LCI is the best-known news channel among French people aged 15 and over, with brand recall rate of 73%. The same survey names Eurosport as the best-known sports channel among the same group, with brand recall rate of 72%.

May 4, 2011: TF1 Licences launches the *Hello Kitty* monthly magazine, aimed at 3-7 year-olds.

May 5, 2011: TF1 hosts the 2nd "Innovation Campus".

TF1 Vidéo signs a distribution agreement with Cinram International Inc, a leading worldwide creator/distributor of grouped multimedia content.

May 12, 2011: launch of the new politics show *Parole Directe*.

May 23, 2011: TF1 selects Ringier Romandie to sell advertising airtime on the channel to Swiss advertisers.

May 24, 2011: LCI achieves its best audiences since 2003, with growth of 45% among pay-TV subscribers aged 4 and over and of 46% among pay-TV subscribers in higher socio-professional categories over the period from mid-February to mid-April 2011 (versus the period from September 2010 to February 2011)[(1)].

May 31, 2011: The TF1 group presents its growth levers at its first Analyst and Investor Day.

June

June 1, 2011: WAT.tv and TF1.fr become exclusive partners of Twitter in France by adding the "follow" button on their sites.

The consultation initiated by the TF1 group on the take-up of its pay TV channels (Eurosport, Eurosport 2, LCI, TV Breizh, Ushuaïa TV and Histoire) and associated services enjoys positive feedback from ISPs.

June 7, 2011: The first *Social VoD* is launched by TF1 Vision on Facebook with the latest show from comedian Florence Foresti. This new experience gives users the chance to rent and watch the video, and to use Facebook to invite their friends to watch it too.

June 14, 2011: The TF1 group Purchasing Department receives the award for "Purchasing Management and Team of the Year" at the 5th annual award ceremony of the French Federation of Managers and Purchasers.

June 20, 2011: TF1 Entreprises launches iPad and iPhone versions of *Mille Bornes*, the best-selling French card game in the world.

June 21, 2011: The Paris court of first instance orders TF1 Droits Audiovisuels to pay €32 million in compensation to the producer of the film *Miracle at St Anna*, its bankers, and the writer and Director. Back in October 2007, TF1 Droits Audiovisuels had signed an agreement to distribute the film in the four principal European territories (excluding Italy). At the end of 2008, TF1 Droits Audiovisuels refused to distribute the film on the grounds of non-compliance with the contractual specifications, and demanded that the contract be terminated. Following the court ruling, the dispute went to mediation, as a result of which the parties agreed on July 21 to waive all further claims in return for compensation paid by TF1.

June 28, 2011: Nicolas Canteloup is to join TF1 in October to host a daily topical comedy show.

(1) Source: Médiamat/Médiaplanning and Médiamat'Thématik (inter-mediate wave 21.1 Pay TV universe February 14, 2011 to April 10, 2011 and wave 20 – August 30, 2010 to February 13, 2011)

July

July 6, 2011: TF1 organises its first Innovation Summer School, involving 20 conferences and workshops for Group employees held over 3 days.

July 17, 2011: TF1 launches its first-ever summer roadshow, Meeting audiences at 12 French beach resorts.

July 18, 2011: TF1 signs a partnership deal with Sony Pictures Television Distribution covering the studio's drama serials as well as movie/TV and movie catalogues.

July 28, 2011: The TF1 group finalises the acquisition of the 65.7% interest in Metro France held by Metro International, taking TF1's interest to 100%.

August

August 24, 2011: TF1 signs an agreement with SFR giving NeufBox subscribers access to MYTF1.

September

September 8, 2011: TF1 consolidates its digital offering with a global brand, MYTF1, available on all screens.

September 8, 2011: TF1 and Europacorp sign a partnership deal to produce English-language TV series.

September 9, 2011: the TF1 group launches the Rugby World Cup across its channels.

October

October 4, 2011: the TF1 group wins 3rd prize, out of 120 companies, in the French Regulatory Financial Information Transparency awards.

October 7, 2011: Eurosport launches the LiveScore iPhone and iPad application, giving users the latest scores in 9 languages.

October 23, 2011: the France/NewZealand final attracted 15.4 million viewers or 82% of individuals 4 and over, the highest rating of the competition and of the whole year 2011, all channels taken together.

October 24, 2011: TF1 launches its second corporate communications campaign.

October 26, 2011: TF1 launches a collection of Tintin figurines to coincide with the release of the Steven Spielberg movie.

November

November 2, 2011: *Intouchables*, a movie co-produced by TF1 Films Production, goes on general release. The original soundtrack is distributed by TF1 Musique, while TF1 Vidéo owns the VoD and DVD/ Blu-ray rights.

November 14, 2011: TF1 launches the Disabled Persons' Jobs Week.

November 22, 2011: TF1 rolls out the Tweet Replay during the final of the second series of Danse avec les Stars, so that viewers can follow Twitter reactions while watching the catch-up video.

November 24, 2011: The MYTF1 app, launched in January 2011 for iPad, iPhone and iPod touch, passes the two-million download mark.

December

December 5, 2011: In association with Boulanger TF1 launches LIB'TÉLÉ, an innovative digital terrestrial pay-TV subscription package.

December 12, 2011: In line with its commitment to corporate social responsibility, TF1 opens up an electric car-sharing scheme to all of its employees.

December 31, 2011: TF1 achieves 99 of the top 100 audience ratings of 2011, the channel's second-best performance since Médiamat started in 1989[1].

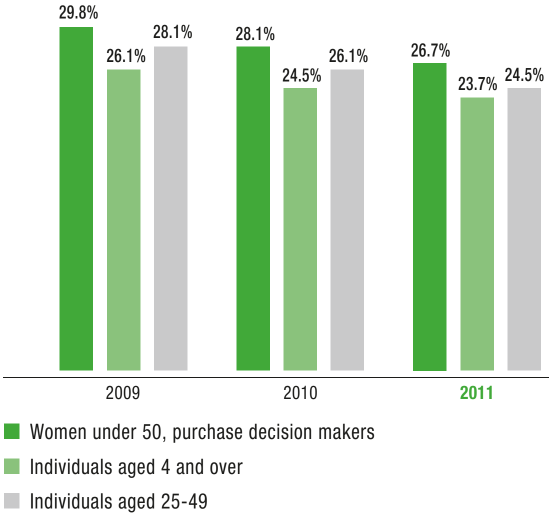
December 31, 2011: The TF1 group completes its negotiations with the principal xDSL, satellite and cable operators (Orange, SFR, Bouygues Telecom, CanalSat and Numericable) on the distribution of its theme channels (Eurosport, Eurosport 2, LCI, TV Breizh, Histoire, and Ushuaïa TV), which were previously distributed on an exclusive basis. These new non-exclusive distribution arrangements, effective for 3 years from January 1, 2012, will enable the Group's theme channels to broaden their reach and stabilize their business model.

(1) Source: Médiamétrie.

1.5 GROUP INDICATORS

1.5.1 Management indicators

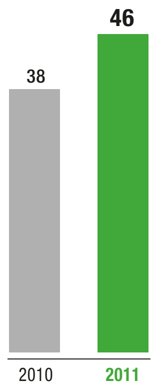
TF1 CHANNEL AUDIENCE SHARE



Source: Médiamétrie Médiamat

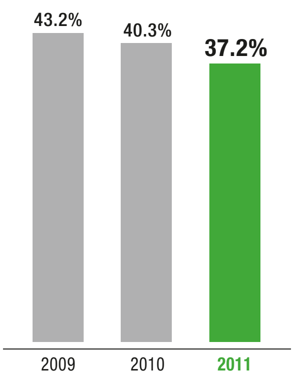
NUMBER OF FREE CATCH-UP VIDEOS SEEN ON AVERAGE PER MONTH

(in million)



Source: eStat Streaming TV.

ADVERTISING MARKET SHARE OF TF1 CHANNEL AMONG ALL TV



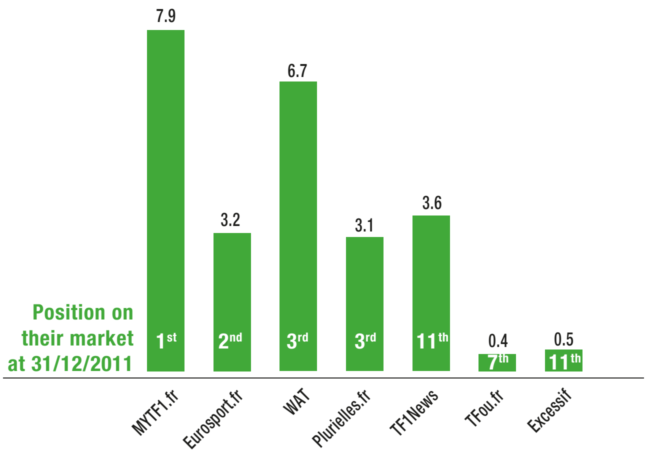
Source: gross data Kantar Média-France

NUMBER OF EMPLOYEES IN THE GROUP

The number of employees in the Group takes into account permanent staff, and employees on youth-work and apprenticeship contracts.

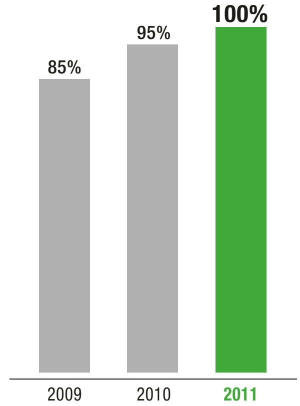
PERFORMANCE OF TF1 GROUP WEBSITE

(million of unique visitors)



Source: Panel NNR Médiamétrie-December 2011

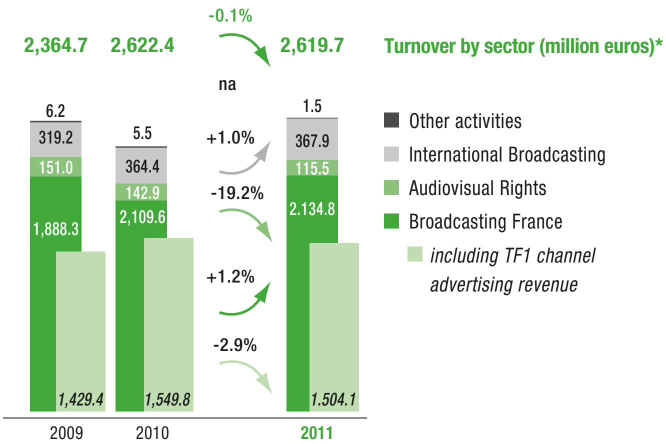
PROPORTION OF SUB-TITLED PROGRAMMING HOURS



1.5.2 Key financial figures

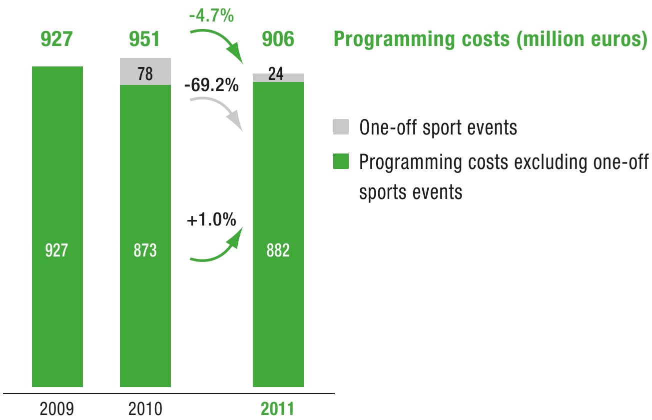
These key figures are taken from consolidated financial information of TF1.

TURNOVER BY SECTOR



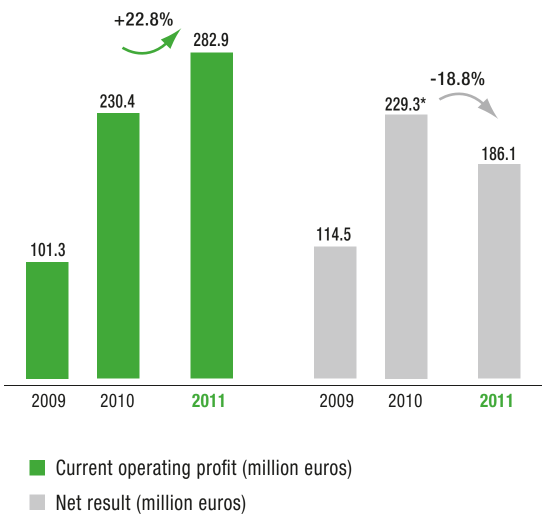
**In the 2009 published financial statements, 1001 Listes was included in Téléshopping and SPS in Broadcasting International. These two businesses were reclassified to "Other Activities" in 2010. The 2009 figures have been restated, and hence are comparable with those for 2010.*

PROGRAMMING COSTS



CURRENT OPERATING PROFIT

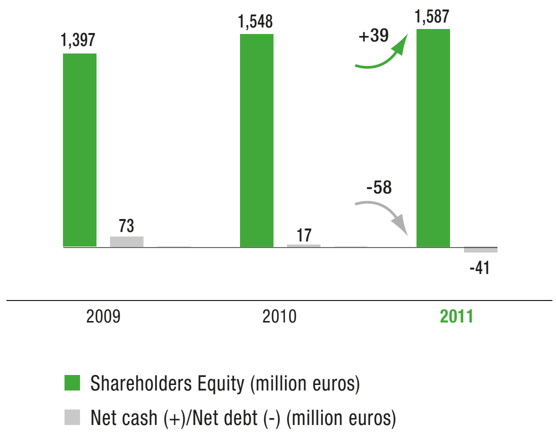
NET RESULT



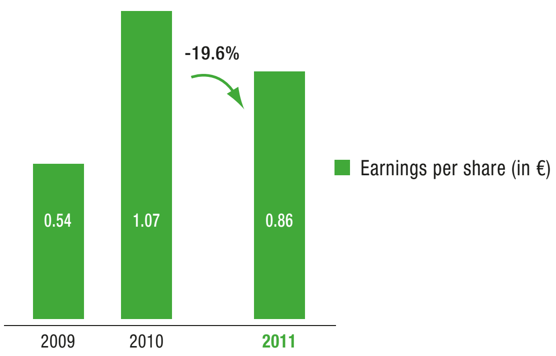
** Result includes a net non-current operating income of €82.8m due to the remasurement of previously-held equity interest in TMC and NT1, reduced by goodwill impairement.*

SHAREHOLDERS'EQUITY

NET DEBT/NET CASH

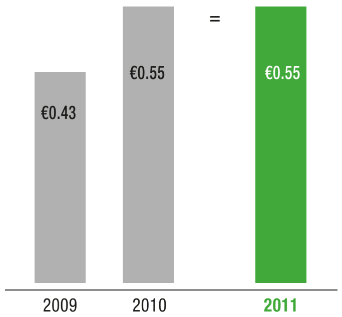


EARNINGS PER SHARE



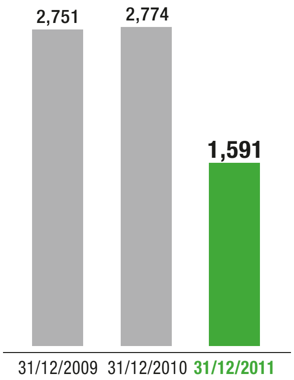
1.5.3 Key trading figures

DIVIDEND PER SHARE

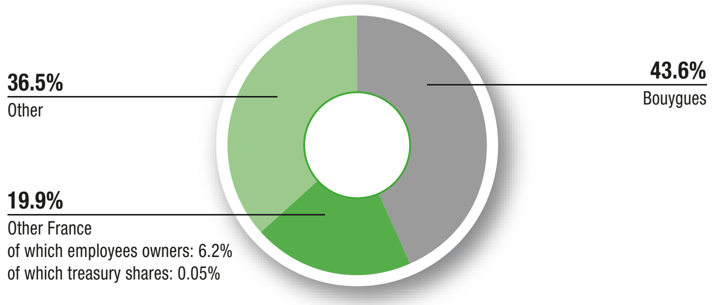


MARKET CAPITALISATION

(in million euros)

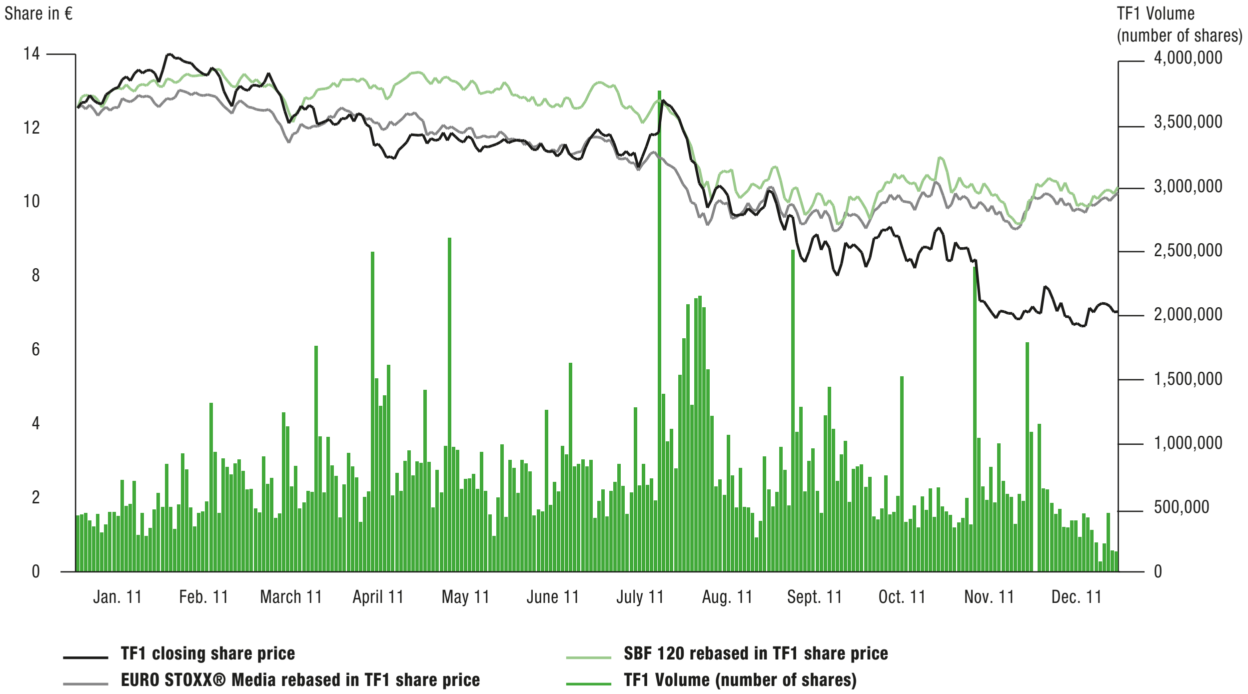


STOCK OWNERSHIP AS OF 31/12/2011[(1)]



(1) Estimations Euroclear at 31/12/2011, including non-identified holders.

SHARE PRICE



Source: NYSE Euronext, STOXX.

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.

The TF1 group spent €7.4 million on Research and Development in 2011.

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 on the TF1 channel, and are written off during the year.

R&D expenditure on technological innovation projects

The Group enjoyed a strong year of innovation in 2011:

- MYTF1 app for iPhones and iPads;
- MYTF1 portal on the Free and SFR routers;
- *Social VoD* on MYTF1VOD;
- launch of the TF1News, TFou, *Mille Bornes* and Eurosport live score apps for iPhones and iPads;
- launch of the *Play Along* app during the broadcast of Money Drop that enables users to play in the same conditions as the contestant;
- launch of TF1 services in HBBTV on connected TVs;
- Tweet Replay on MYTF1.

In 2011 more than 1.2 billion videos were watched on the Group's MYTF1.fr and WAT.tv sites.

In July 2011 TF1 organised its first "Innovation" summer university, drawing over 450 Group employees.

In September 2011 TF1 grouped its digital offering under a single brand, MYTF1, available on all screens. TF1 Vision was renamed MYTF1VOD.

Analogue broadcasting came to an end in France on November 29 with the switchover to all-digital of the final region, Languedoc-Roussillon, and the AB3 analogue satellite.

TF1 held its **annual innovation days** in late November, consisting of 80 demonstrations and mobilising 1,700 employees and 300 non-company guests. The event was an opportunity to present TF1's new digital strategy and demonstrate future uses of technology through numerous proofs of concept.

A considerable number of innovations are also planned for 2012:

- new screens for TMC and NT1;
- a new look for MYTF1;
- development of the Group's multi-screen experience: *social TV*, synchronized interactivity (*TV companion*);
- multi-screen distribution for MYTF1VOD (XBOX, iPad, connected TVs);
- launch of TNT 2.0 project (HBBTV and DRM) with manufacturers.

TF1 will pursue its drive to stimulate and foster innovation in 2012, with annual innovation days, the summer university, customer demonstrations and tighter contacts with manufacturers.

In-house software development

In 2011 TF1 finalised the production launch of the HD news production tool for the three Group entities, TF1, LCI and e-TF1, enabling TF1 to produce 100% of its news programmes from capture (camera) to editing (creating stories) *via* broadcasting (HD digital DTT) and distribution on other media, including the Internet, tablets and telephones.

TF1 continued its work on converting workflow management to all-digital files, gradually discontinuing the use of cassettes, introducing a digital storage database for all its videos, and implementing a tool to make videos more easily accessible for its internet networks (IP protocol). In particular, TF1 made the commitment to make all the videos of Rugby World Cup matches available in replay on MYTF1 less than 15 minutes after the end of each first half.

TF1 launched a plan to better control the image and sound quality of the videos it broadcasts (video feedback mosaic, a tool for analysing audio loss or distortion).

As part of its forward-looking work, TF1 continued its tests on 3D production, notably producing 3D snowfall reports and posting them on MYTF1. TF1 is also keeping a close watch on manufacturer developments in ultra-High Definition (4K).

TF1 places particular emphasis on responsible development, by contributing to the Group's CSR efforts. In 2011 TF1 launched a wide-ranging operation to optimise the energy consumption of employee workstations through intelligent remote management of PCs, the aim being to economise 60% to 75% of the electricity consumption of workstations on migration to Windows 7.

TF1 is also working to make workstation communication between employees easier, with instant messaging, file sharing, and the organisation of audio/video conferences.

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

2

A report on the composition of the Board of Directors and the preparation and organisation of its activities; the procedures governing corporate governance, executive compensation, and the participation of shareholders in Combined Annual General Meetings of the company; and the internal control and risk management procedures implemented by the company (Article L. 225-37 of the French Commercial Code).

Ladies and Gentlemen, Shareholders,

To supplement the Management report of the Board of Directors, and in compliance with statutory and regulatory requirements, the Chairman of the Board of Directors is reporting to you in this document, as approved by the Board of Directors at its Meeting on February 15, 2012, on the composition of TF1's Board of Directors and the application of the principle of balanced male/female representation, the way in which the Board conducts and organises its activities, the procedures relating to corporate governance, the principles and rules adopted by the Board to determine the compensation and benefits of any kind awarded to the corporate officers, the procedures governing the participation of shareholders in the company's Combined Annual General Meetings, and the internal control and risk management procedures implemented by the company.

The company follows the recommendations set forth in the Code of Corporate Governance published by AFEP and MEDEF. Those recommendations are set forth in an appendix to the Board's rules of procedure.

However, some of the Code's provisions may be set aside, or may be 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 continuity of operations.

2.1 COMPOSITION OF THE BOARD OF DIRECTORS AND BOARD COMMITTEES

2.1.1 Composition of the Board 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, and 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. This Act states that at least one-sixth of the company Board of Directors should be made up of employee representatives, and that one seat should be reserved for engineers, executives, and those in a similar category.

The term of office of Board members is two years.

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 rules of procedure of the Board of Directors state that the company voluntarily applies the recommendations set out in the AFEP/MEDEF Code of corporate governance, appended to the rules of procedure.

With respect to this point, the Directors aim to improve governance in terms of independence and increasing the presence of women. Following the appointment of Laurence Danon, as a Director, the Board now has three female Directors and three independent Directors.

At the preceding Combined Annual General Meeting, held on April 14, 2011, the directorships of Patricia Barbizet, Claude Berda, Martin Bouygues, Olivier Bouygues, Laurence Danon, Nonce Paolini, Gilles Pélisson, the Bouygues company and Société Française de Participation et de Gestion (SFPG) were renewed for two years.

On February 15, 2012 the Board of Directors examined the terms of office that are scheduled to expire at the next Annual General Meeting, taking account of the expertise of existing Directors and the need to pursue the process of appointing more women, alongside the new provisions of Act 2011-103 of January 27, 2011 concerning the balanced representation of men and women on Boards of Directors and supervisory Boards, and gender equality in the workplace.

Accordingly, the Board of Directors, having sought the opinion of the Selection Committee, is proposing to shareholders at the Annual General Meeting that Janine Langlois-Glandier, Chairwoman of the Forum des Médias Mobiles, be appointed as Director to replace Alain Pouyat, whose term of office expires at the end of the Combined Annual General Meeting of April 19, 2012.

Ms Langlois-Glandier would qualify as a fully independent Director in accordance with the criteria set down in the AFEP/MEDEF Code.

A vote in favour of this proposal would mean that the Board of Directors had four independent Directors and four women, out of a total of 12 members.

Listed below are the terms of office and functions exercised by the Directors of TF1 in any company, in 2011 and over the past five years.

INFORMATION ON DIRECTORS AT FEBRUARY 15, 2012

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 in April 2004 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 TF1 Management, H.O.P- Holding Omega Participations, NT1, Programmes Européens Francophones Audiovisuels Spéciaux 4; Standing Representative of TF1, Director of Groupe AB, GIE TF1 Acquisitions de Droits, TF6 Gestion and Extension TV; Representative of TF1 Management, manager of La Chaîne Info and TF1 DS.

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

2010 - Chairman of TF1 Publicité; Director of TF1 Thématiques (ex-TF1 Digital)

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

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

2007 - Chairman and CEO of TF1 Digital; Deputy CEO of Bouygues Telecom, Director of Réseau Clubs Bouygues Telecom (RCBT), and Extenso Telecom

PATRICIA BARBIZET Born April 17, 1955 – French citizenship

A graduate of the École Supérieure de Commerce de Paris (ESCP) in 1976, Patricia Barbizet 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. She became managing Director of Artémis in 1992, and of Financière Pinault in 2004. She was Chairman of the supervisory Board of Pinault Printemps-Redoute to May 2005 and has been Vice Chairman of the Board of Directors of Pinault Printemps-Redoute since May 2005.

Patricia Barbizet also sits on the Boards of Directors of Bouygues, Total, Air France-KLM and Fonds Stratégique d'Investissement.

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; 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 of the Board of Christies International (UK); Non Executive Director of Tawa PLC (UK); Member of the Board of Gucci (Netherlands); CEO and Director of Palazzo Grassi (Italy)

Other appointments held within the last five years

2012 - Deputy CEO of Société Nouvelle du Théâtre Marigny

2011 - Director of Fnac

2010 - Chair of the Board of Directors of Taillandier Editions

2009 - Standing representative of Artémis on the Board of Directors of Top Ticket.s; Manager of Misarte

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

2007 - Chairman and CEO 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 Saint-Denis la Plaine

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 H.O.P - 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 of Bouygues SA*; Member of the supervisory Board of Paris Orléans (SADCS)*, Chairman of SCDM; Representative of SCDM, Chairman of ACTIBY, SCDM Participations and SCDM Invest – 3; Member of the Board of Directors of the Francis Bouygues Foundation

Other appointments held within the last five years

2010 - Representative of SCDM; Chairman of F1PARTICIPATIONS; Director of SODECI* (Côte d'Ivoire)

2009 - Representative of SCDM, Chairman of Investaq Energie

2007 - Director of HSBC France

OLIVIER BOUYGUES Born September 14, 1950 – French citizenship

Olivier Bouygues is a graduate of École Nationale Supérieure du Pétrole (ENSPM) and 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), SODECI – Société de Distribution d'Eau de la Côte d'Ivoire* (Côte d'Ivoire), and Compagnie Ivoirienne d'Électricité* (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

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 is now Chairman of the Executive Committee.

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: Chairman of the Executive Board of Edmond de Rothschild Corporate Finance; 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

2011 - Director of Rhodia

2010 - Director of Plastic Omnium

2009 - Director of Experian

2008 - Director of Lafuma

** Listed company.*

ALAIN POUYAT Born February 28, 1944 – French citizenship

Alain Pouyat, a graduate of École Nationale Supérieure des Arts et Métiers (ENSAM), joined Bouygues in 1970. Starting his career as an IT engineer, he was appointed IT manager in 1981 and then Group IT Director in 1986. He has been Executive Vice President for Information Systems and New Technologies of the Bouygues group since 1988.

Director of TF1 since March 18, 1998

Most recent renewal: April 15, 2010, expiring 2012

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: Director of Bouygues Telecom, ETDE, Société Parisienne d'Études d'Informatique et de Gestion (SPEIG); Representative of Bouygues*, Director of C2S; Non-voting Director of Bouygues*

Other appointments held within the last five years

2010 - Director of C2S

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: 32, avenue Hoche – 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 Lyons, 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

Business address: 32, avenue Hoche – 75008 Paris

Appointments held outside the TF1 group

In France: CEO and Director of Bouygues Telecom; Director of Extenso Telecom, Réseau Clubs Bouygues Telecom (RCBT), and ETDE

Other appointments held within the last five years

2008 - Director of Stock com

2007 - Deputy CEO of Bouygues Telecom

** Listed company.*

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

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; 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

2007 - Non-partner manager of Les Collines; Director of La Compagnie des Eaux de Royan and Cise Maintenance

* *Listed company.*

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 (a position he held from February 2004 to October 2005). 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: Groupement des Professions de Services – 55, avenue Bosquet – 75007 Paris

Appointments held outside the TF1 group

In France: Director of BIC and Groupe Lucien Barrière

Outside France: Director of the Global Business Coalition on HIV/AIDS, Tuberculosis and Malaria, Inc. (USA)

Other appointments held within the last five years

2011 - Chairman of the Board of Directors of Accor*

2010 - Chairman and CEO of Accor*; Chairman of la Fondation Accor; Vice Chairman and member of the Supervisory Board of Groupe Lucien Barrière; Representative of Accor on the Board of Directors of ASM and 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

2007 - Director of Scapa Italia (Italy)

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 24 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 presented the Paroles de Français programmes with the French President since 2010.

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 Dorgeles prize, which recognises broadcast professionals who best respect the French language.

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

Most recent renewal: April 15, 2010, expiring 2012

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

CÉLINE PETTON Born on February 20, 1971 – French citizenship

Holder of a degree in archiving and documentation, Céline Petton joined TF1 in November 1994 as an assistant archivist. Since March 2009 she has held the post of senior logistics technician.

Director of TF1, representing the staff, since March 19, 2002

Most recent renewal: April 15, 2010 expiring 2012

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

PROPOSALS FOR THE COMPOSITION OF THE BOARD OF DIRECTORS SUBMITTED TO THE COMBINED ANNUAL GENERAL MEETING OF APRIL 19, 2012

DIRECTOR (NOT REPRESENTING EMPLOYEES)

Alain Pouyat's term of office as Director expires at the end of the General Meeting convened to approve the 2011 financial statements. The Board is submitting to approval of shareholders the appointment of Janine Langlois-Glandier as Director for two years, *i.e.* until the General Meeting convened to approve the 2013 financial statements.

Following the advice of the Selection Committee, the Board believes that Ms Langlois-Glandier's appointment to the Board of Directors would further extend the Board's expertise, owing to her in-depth knowledge of the French audiovisual environment, strengthen the Board's independence and improve the representation of women on the Board.

Janine Langlois-Glandier is a graduate of Institut d'Études Politiques de Paris, holds a post-graduate degree in private law and is a qualified lawyer with the Paris bar. She began her career in 1967 as a manager in the Management Control and Finance Department of ORTF, the national agency in charge of TV and radio broadcasting in France. In 1974, Ms Langlois-Glandier joined Radio France, before moving to Société Française de Production (SFP), becoming CEO in 1982. In 1985, Ms Langlois-Glandier was appointed Chairwoman of France 3 and in 1986 was appointed to chair La Sept (which would later become Arte). From 1987 to 1990, she chaired the National Audiovisual Institute (INA), and was in charge of the Pathé Group from 1991 to 1997. Between 1997 and 2002, Janine Langlois-Glandier was a member of the Conseil Supérieur de l'Audiovisuel (CSA), France's audiovisual industry regulator.

Since 2005, Janine Langlois-Glandier has chaired the Forum TV Mobile, which became the Forum des Medias Mobiles in 2011. She sits on the Boards of SFPC, Agence France-Presse, the newspaper Libération, Cinémathèque Française, and the Fonds d'Action SACEM. She is a member of the Comite de Conservation des Archives Audiovisuelles.

Ms Langlois-Glandier holds the following distinctions: Officier de l'Ordre de la Légion d'Honneur, Officier des Arts et des Lettres and Chevalier de l'Ordre National du Mérite.

DIRECTORS REPRESENTING EMPLOYEES

In accordance with legal and regulatory provisions, employee-representative Directors are elected directly by TF1 employees.

The terms of office of the two employee-representative Directors, Jean-Pierre Pernaut and Céline Petton, expire in 2012. Elections will be held on March 13, 2012.

The Combined General Meeting on April 19, 2012 will be informed of the names of the employee-representative Directors elected for two-year terms by the electoral colleges and will be required to take note of their election and appointment as employee-representative Directors.

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. In particular, members of the Audit Committee have sound accounting and financial expertise by virtue of their training and duties.

AUDIT COMMITTEE

This committee was strengthened on April 14, 2011 by the appointment of Laurence Danon, independent Director, alongside Patricia Barbizet, Chairwoman, and Philippe Marien.

REMUNERATION COMMITTEE

Since renewal on April 14, 2011, the Remuneration Committee has been composed of Patricia Barbizet, Chairwoman, and Philippe Marien.

SELECTION COMMITTEE

Since renewal on April 14, 2011, the Selection Committee has been composed of Martin Bouygues, Chairman, and Alain Pouyat.

The Board will be called on to consider the composition of the Selection Committee at its next Meeting.

2.2 CHAIRMAN'S REPORT

2.2.1 Chairman's report on corporate governance

TF1'S POSITION ON PREVAILING CORPORATE GOVERNANCE RULES

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 and the Board's regularly updated rules of procedure. In particular, the Board has created three committees and incorporated the recommendations of the Corporate Governance Code published by Association Française des Entreprises Privées (AFEP) and Mouvement des Entreprises de France (MEDEF). The rules of procedure, which are available online at www.groupe-tf1.fr, describe the operating procedures, powers, duties and tasks of the Board and its committees. The rules also set the principles for the annual assessment of how the Board works. The code may be accessed online at the MEDEF website: www.medef.com.

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

Since 2011 black-out periods have begun 30 calendar days before the publication of annual, half-yearly and quarterly accounts and run until the day after 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.

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.

The following provisions of the AFEP/MEDEF Corporate Governance Code are not implemented, for the reasons given below:

- number of independent Directors: according to the AFEP/MEDEF Code, independent Directors should make up at least one-third of the Board at controlled companies, such as TF1. At February 15, 2012, 3 out of 12 Directors were independent, or 25%. If Janine Langlois-Glandier is appointed at the next Annual General Meeting, independent Directors will make up one-third of the Board;

- staggering of directorships: the AFEP/MEDEF Code recommends staggering directorships to avoid having to change many Directors at the same time and promote the smooth renewal of the Board. The company has been in the habit of appointing Directors on a frequent basis for two-year terms. It is now considering adjusting Directors' terms of office to promote the smooth renewal of the Board.

COMPOSITION OF THE BOARD OF DIRECTORS AND INDEPENDENCE OF DIRECTORS

The Board of Directors, acting on advice from the Selection Committee, submits proposals to the General Meeting of Shareholders on the appointment of Directors.

The Board of Directors comprised 12 members, including 3 independent Directors, as at February 15, 2012.

With a view to diversifying its make-up, the Board pays particular attention to the training, skills and experience of each of its members, as well as their knowledge of the Group's business lines, which enable them to participate effectively in the Board's work.

The Board of Directors and the Selection Committee annually assess the situation of each Director with respect to the AFEP/MEDEF Code criteria for Director independence, which are as follows. To be independent, a Director must:

- 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.

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.

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. Mr Berda is a non-independent Director.

The Directors considered that the arrival of Laurence Danon, co-opted on July 22, 2010, would increase the Board's competencies because of her extensive knowledge of French manufacturing. Based on the criteria of the AFEP/MEDEF Code, the Selection Committee found Ms Danon to be fully independent. The first steps to increase independence within the Board and its committees were therefore taken with Ms Danon's appointment to the Audit Committee.

The Board judged that Patricia Barbizet had the skills and freedom of judgment necessary to carry out her duties. Accordingly, Ms Barbizet is deemed to be an independent Director, alongside Laurence Danon and Gilles Pélisson.

The Directors want to continue opening up the Board to other independent Directors and increasing the presence of women on the Board.

As at February 15, 2012, the TF1 Board of Directors had 12 Directors, of whom 3 were women, including:

- 5 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;
- 3 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.

TF1 has already begun taking steps to comply with the provisions of Act 2011-103 of January 27, 2011 concerning the balanced representation of men and women on Boards of Directors and supervisory Boards, and gender equality in the workplace by appointing two female Directors, who make up 20% of the members, not counting Céline Petton, the Director representing employees. The Board will meet the 40% requirement within the allotted timeframe.

If the proposal to appoint Janine Langlois-Glandier, who qualifies as an independent Director according to the criteria set down in the AFEP/MEDEF Code, is approved, the Board will have 12 Directors, four of whom are 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 by the electoral colleges of employees.

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 discussion 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.

Once a year the Board of Directors devotes part of its agenda to a debate on its operation. A detailed questionnaire is sent in advance by the Board Secretariat to Directors so that they can make the necessary preparations. Directors talk freely and conduct a peer review. Feedback is reviewed by the Board Secretariat and compared against the responses given in previous years.

As a whole, the Directors' responses expressed a positive or very positive assessment of the operation and membership of the Board. The Directors considered that the Board was equipped with all the resources necessary to carry out its remit.

The information received on most issues was judged very satisfactory. The members of the Board were particularly satisfied with the information they received on the activities the TF1 group and on accounting, financial, and legal matters.

The quality of dialogue with senior management was appreciated. However, Directors representing employees called for more discussions with senior management.

Some Directors expressed the view that debate on topics such as strategy, audiovisual rights management and HR policy could be expanded. Others spoke of the need to get complete documentation at an earlier stage before Meetings. However, improvements were noted on last year.

The remuneration system was considered satisfactory. Some Directors consider that Directors' fees are on the low end of the scale compared with those of other SBF120 companies. Suggestions were made concerning having an independent expert assess the Board of Directors every three or five years and strengthening the Board, and even the Audit Committee, through the presence of independent Directors.

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

The need to increase the presence of women on the Board is another priority that will guide future discussions on enhancing TF1's governance.

ROLE, WORK AND ORGANISATION OF THE BOARD OF DIRECTORS

The natural place of the company's Board of Directors is alongside its senior managers and shareholders.

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 remit 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.

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 six times in 2011 and constituted an *ad hoc* committee on an exceptional basis in March 2011.

The following table details the Board's main decisions and attendance rates for 2011.

Board Meeting	Main decisions	Attendance
February 16	Review of activity in 2010 and the outlook for 2011; approval of individual and consolidated annual financial statements in 2010 and the proposed allocation of earnings, submitted to Annual General Meeting; approval of accounting and forward-looking documents; progress report on takeover of TMC/NT1 and the channel's major contracts; consideration of legal and regulatory changes in the audiovisual sector and current litigation; review of employee savings plan; review of reports from the Selection and Remuneration Committees; constitution of *ad hoc* committee to respond to the UEFA call for bids for the next two Euro football competitions; proposal to AGM to renew the terms of office of Directors; financial authorisations, approval of reports and resolutions presented at the Annual General Meeting.	83%
April 14 Pre-AGM	Review of written questions from shareholders; information on SPS disposal; talk on the report from the *ad hoc* committee; information on current files and litigation; authorisation to negotiate a new profit-sharing scheme for employees of the TF1 group.	83%
April 14 Post-AGM	Elections of Chairman and CEO and Committee members.	83%
May 12	Review of consolidated financial statements for first-quarter 2011 and strategic focuses; update of plan; examination of risk mapping; review of major channel contracts; review of legal and regulatory changes in the audiovisual sector and current files and litigation; review of new stock option plan; consideration of project to revise Board rules of procedure; labour review; approval of Aile Sud building acquisition (headquarters building).	92%
July 25	Review of first-half 2011 financial statements; update of accounting and forward-looking documents; review of current files and major channel contracts; review of legal and regulatory changes in the audiovisual sector and current litigation; labour review; adoption of new Board rules of procedure; adoption of performance criteria for stock options; review of themed channels.	92%
November 10	Review of financial statements for third-quarter 2011; analysis of activity and estimated results for 2011, 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; Group policy on professional and pay equality; assessment of Board of Directors and report from Remuneration Committee.	100%

On average, the attendance rate of Directors in 2011 was 89%.

For major projects, the Board may ask some of its members to form *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 the UEFA call for bids for the Euro competitions, to approve the conditions for the presentation of the offer for the television broadcasting rights for the matches in the next two Euro football competitions, in 2012 (Poland/Ukraine) and 2016 (France). The Committee, meeting on March 23, 2011 was composed of Nonce Paolini, Laurence Danon, Philippe Marien and Gilles Pélisson, and had interviewed the operational and functional managers concerned at TF1.

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.

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.

COMBINATION OF THE DUTIES OF CHAIRMAN OF THE BOARD AND CEO

At the Meeting of July 31, 2008 the Board of Directors voted to discontinue the separation of duties of the Chairman and the Chief Executive and appointed Nonce Paolini as Chairman and CEO. The Board approved the decision not to separate these functions at its Meeting of April 14, 2011.

That decision has proven a factor that contributes to efficient governance, notably in view of the organisation of the TF1 group, which is based on a TF1 senior Management Committee and a Group Senior Management Committee that meet alternately every week with 16 or 20 members. They coordinate the implementation of strategic policies and monitor the achievement of objectives.

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 Board of Directors Meeting of February 16, 2011 authorised the CEO 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 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.

The Board has placed no special limits on the CEO's powers. However, its rules of procedure stipulate that it must examine and decide upon operations of true strategic importance. Any operation deemed to be of major importance at Group level – organic growth investments, acquisitions, disposals, internal restructuring, especially if it departs from the strategy announced by the Group – is first referred to the Board for approval.

The age limit for exercising the duties of Chairman of the Board is set at 68, while that of the CEO, in compliance with law, is 65.

POTENTIAL CONFLICTS OF INTEREST AND COMPLIANCE FOR DIRECTORS

To the knowledge of TF1, no member of the Board of Directors has any potential conflict of interest between their duties to TF1 and their private interests and/or other duties.

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.

Article 5 of the Charter specifically raises the issue of conflicts of interests: *"Directors shall inform the Chairman of the Board of any conflict of interest, even potential, and they shall abstain from voting on any matter directly or indirectly concerning them"*.

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.

OTHER INFORMATION

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.

With the exception of the employment contracts of the employee representatives, 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.

No Director (who is a natural person) has received a loan or guarantee from TF1.

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 222–14 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.

BOARD COMMITTEES

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 Compensation 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

The Audit Committee, created on February 24, 2003 (as the Accounts Committee), is composed of Patricia Barbizet, Chair, qualifying as an independent Director, Laurence Danon, qualifying as an independent Director, and Philippe Marien. The members were chosen for their solid experience in accounting and finance acquired through their training and functions. Laurence Danon's appointment to the Committee in April 2011 strengthened its independence. Their biographies are included in chapter 2.1.1 of this document.

The Committee is tasked with monitoring issues relating to the preparation and control of accounting and financial information. Its main duties are to monitor:

- The process for preparing financial disclosures and, hence, to:
  - examine the parent company accounts and consolidated financial statements at least two days before they are presented to the Board,
  - ensure the appropriateness and consistency of the accounting methods adopted to prepare the accounts,
  - examine the internal control procedures for the preparation of the financial statements, with the assistance of internal departments and competent advisors,
  - examine changes that may have a material impact of the financial statements,
  - examine 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, and hence to;
  - examine in detail the fees paid by the company and its Group to the Statutory Auditors and check that the proportion of these fees in the revenues of each audit firm will not affect its independence,
  - direct the procedure for selecting and reappointing the Statutory Auditors,
  - make a recommendation on the Statutory Auditors proposed to the General Meeting for commitment;
- to issue 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.

Four Meetings a year are scheduled to examine the quarterly, half-yearly and annual accounts, monitor cash flow and review internal audit and control reports before they are submitted to the Board.

The committee met four times in 2011 and once in the first two months of 2012. Each Meeting was attended by the Executive Vice President, Group Purchasing and Finance, the Director of Accounting, Tax and Financing, the head of Internal Audit, the head of Internal Control, and the Statutory Auditors. The attendance rate was 93%. Minutes were taken of each Meeting and subsequently sent to the Directors.

REMUNERATION COMMITTEE

The Remuneration Committee, created in 1989, is composed of Patricia Barbizet, Chair, deemed to be an independent Director, and Philippe Marien. Their biographies are included in chapter 2.1.1 of this document.

The remit of the Remuneration Committee 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.

The committee met four times in 2011 and once during the first two months of 2012. The attendance rate was 100%. In particular the committee provided the Board with an opinion on setting the compensation of TF1's Executive Director. It also recommended the performance criteria to be applied when exercising new options allocated as part of the stock option plan granted by the Board of Directors. Minutes were taken of each Meeting and sent to the Directors.

SELECTION COMMITTEE

The Selection Committee was formed on February 24, 2003 and since April 14, 2011 has comprised Martin Bouygues, Chair, and Alain Pouyat.

Their biographies are included in chapter 2.1.1 of this document.

The remit of the Selection Committee 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.

The committee met twice in 2011 and once in the first two months of 2012, with a 100% attendance rate. It gave its position on the composition of the Board and recommended renewing the appointments of Patricia Barbizet, Claude Berda, Martin Bouygues, Olivier Bouygues, Laurence Danon, Nonce Paolini, Gilles Pélisson, Bouygues and Société Française de Participation et de Gestion (SFPG). Minutes of each Meeting were sent to the Directors.

The Board will be called on to consider the composition of the Selection Committee at its next Meeting.

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 264 of this registration document and annual financial report.

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 6.2% of voting rights at December 31, 2011;
- 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 authorisation (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 Céline Petton would qualify for such a severance package.

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

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.

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 Directors of each Group division and functional Directors and meets twice a month. The Executive Committee enables the CEO to pass along the key internal control policies and to make each member 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 SA Financial Control and Strategic Planning Division, in consultation with the Strategy, Organisation and Marketing. The plans from the various TF1 group entities and companies are subject to a validation process chaired by the Finance Division (DGAF).

A summary of these plans is presented to the Chairman and CEO and to the TF1 Board. During the third 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 (the Eticnet guidelines, etc.) 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 *Label Diversité*, 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 that our 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 first Diversity Annual Report in 2011, 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.

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 approach involved establishing a structured organisation made up of two working groups with representatives from each business line. These groups cover:

- "internal financial and accounting reporting", specialised in processes linked to the organisation and preparation of financial and accounting information, and

- "general principles of internal control", specialised in the five key elements of internal control specified in the AMF reference framework.

A project team from the Bouygues group coordinates these working groups, with the help of a Statutory Auditor in the area of internal control and financial and accounting reporting. A Coordination Committee and a Steering Committee also contribute to this procedure.

This effort culminated in identifying and determining simple, measurable control principles covering the company's key businesses. The working groups continue 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.

The introduction of this common system was a first step, which was supplemented at 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.

Following a trial campaign in 2008, the internal control system is now 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 established and produced supporting arguments for the assessment, and then submitted it for approval by a person in a position to provide a critical perspective on the outcome. The assessment had 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 initial results of this campaign were presented to TF1's Audit Committee, which informed the Board of Directors.

In 2011 the assessment campaign focused in particular on the internal control principles specific to TF1's business lines, through a scope of more specifically concerned entities.

The campaign for assessing TF1's internal control systems has been well received, and the Group plans to continue and develop it. 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 containing information for business lines.

In 2011, working with the other businesses of the Bouygues group, TF1 developed a tool for managing internal control campaigns that will enable 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 Communications Division distributes a magazine, *Regards*, issued three times each year, and a monthly newsletter called *Coups d'Œil*.

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 introduction in 2007 of an annual conference, and the monthly and quarterly 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 and Tax Division, the Financial Control and Strategic Planning Division and the Treasury and Financing 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 backup tools, the *Réagir* plan was updated to include an H1N1 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 backup site and broadening the scope of risk analysis to cover the activities of TMC/NT1 and TMC Broadcasting,

- **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:

Since 2007 a working group composed of representatives of TF1's principal businesses has been developing proposals to improve the organisation and systems for the management of risk 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.

In 2009 and 2010 this initiative led to 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 by committees whose task – in addition to identifying emerging risks – is to manage the resources allocated to risk management.

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.

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.

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 Technical 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 IT 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 H1N1 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.

Accounts and Tax Division (DCF)

The Central Accounts and Tax Division 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 DCF ensures that this information is supplied in the correct format and in a sufficiently timely manner for effective use.

The DCF 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 DCF applies the principle that the tasks of ordering and payment should be separate.

Treasury and Finance Division

The Treasury and Finance Division is responsible for managing operations related to finance, investment, hedging of foreign exchange and interest rate risk, and secure payment methods for all companies in the Group, with the exception of some subsidiaries in which TF1 does not have exclusive or majority control. This centralised organisation delivers:

- effective management of the Group's cash pool in euros and foreign currencies;
- payment security;
- consolidation and global management of interest rate and exchange rate risks;
- maintaining a level of skills equal to the complexity of the issues, and
- the 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.

The Treasury and Finance Division is responsible for ensuring that the Group has sufficient long-term sources of financing at its disposal:

- through monthly analysis and update of cash forecasts and reporting to senior management;
- by negotiating and maintaining sufficient lines of back-up financing with an average of two to three years' maturity.

Project Management Finance and Procurement Division and Data Management Unit

To support the implementation of the SAP software, the DGAAF introduced cross-functional structures in 2011 to coordinate its Financial IT System:

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

Financial Control and Strategic Planning Division

TF1 and the Group's subsidiaries are covered by a financial and strategic planning process and by uniform budget controls which comply with regulatory requirements.

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.

This process is decentralised at the level of each company or entity. The process is organised and coordinated by the Group's Financial Control and Strategic Planning Division.

The annual budget is updated twice annually to adjust estimates of year-end results and to re-orient action plans in the light of the achievement of objectives. These updates also provide an opportunity to review three-year forecasts.

In 2009 the Group established a system of continuous forecasting in order to make monthly updates of the impact that events and ongoing projects will have on end-of-year financial statements.

Each structure and each business generates a monthly dashboard which includes a monthly financial statement, an end-of-year forecast, and key performance indicators in the form of a 'cockpit'. Each entity presents its dashboard to the Financial Control Department in Meetings scheduled on a calendar established at the beginning of each year.

After controlling, validating and analysing the presentations, the Financial Control and Strategic Planning Division generates a consolidated Group dashboard which it presents to senior management.

Since 2008, about one hundred operational indicators reflecting the company's strategic objectives have been annotated and presented to the Executive Committee of the TF1 group in graphical form on a monthly basis month. This set of indicators, constitutes the Group's management 'cockpit'. It serves as an instrument for measuring performance and as the basis for action plans. This approach promotes common shared understanding of the companies' stakes and circumstances and the development of cross-cutting solutions.

This approach has since 2010 been introduced at most subsidiaries, where the cockpits are to be used to capture all existing performance vectors at all levels of operational responsibility.

Investor Relations Division

The Investor Relations Division 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.

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 *Label Diversité* 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;
- 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 Department 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 companies in the Group. In 2011 nearly one out of every two positions was filled through internal transfers.

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 for hiring 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, a dual training programme was launched in 2010 and continued in 2011. One part of the programme is aimed at the 400 top managers, the other at 400 journalists, technicians and programmes advisers who contribute to ensuring that diversity is well represented on-screen. The programme was three-quarters completed in 2011 and will continue in 2012.

General Secretariat and Legal Affairs Division

The Group General Secretariat 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 Finance Division 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 people who have no direct authority over or responsibility for the operation 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 process and the system of risk monitoring.

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 Financial Control and Strategic Planning Division (DCFPS) 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 Finance Division (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 tend 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 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 and Tax Department 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 Financial Control Departments. Periodically, the management data used for reporting are compared with accounting system data.

The Accounts and Tax 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 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 Financial Control and Strategic Planning Division and various operational entities, using the impairment test procedure described in the Appendix 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 Appendix 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 Finance Division (DGAAF), the General Secretariat, the Legal Affairs Division, the Human Resources Department 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.

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 Magnitude, an application used by a large number of listed companies. Magnitude 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 Finance Division (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 and the accounts of the main subsidiaries 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 Finance and the staff of the Financial Communications and Investor Relations Department.

This department generates the activity summaries of TF1 and its subsidiaries for the Board of Directors. It 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 reports;
- financial press releases;
- presentations for financial analysts and investors.

These documents are drawn up according to a structured process which satisfies the requirements concerning financial information, using financial information from the Group's subsidiaries and departments. Before being distributed, the documents are monitored and approved by the Legal Affairs, Human Resources, Communication, Sustainable Development and Finance Divisions, and in some cases by the Board of Directors.

Before being submitted to the AMF in compliance with ITS General Regulation, the registration document is monitored by the Statutory Auditors, who check 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 Financial Communication service 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;
- analysts Meetings and General Meetings 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 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 2011 TF1 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.

Dubbed SIGMA, the project involves teams from the business areas and from the IT and technical functions. The aim is to facilitate and streamline the preparation of information while optimising processes in the areas of human resources, finance, and purchasing. In 2011 the Finance and Purchasing project went live for a new wave of Group entities including TF1 SA, TF1 Publicité and LCI, after the rollout of the Human Resources module across the Group in 2010. The new tool was deployed at Eurosport, Téléshopping and TF1 Entreprises on January 1, 2012.

Also in 2011, the Group conducted a new campaign to assess the application of internal control procedures addressing the risks inherent in its business areas (broadcasting, acquisitions, programming, inventories, rights purchases, programme grid management, royalties, etc.).

TF1 also pursued its risk mapping activities in 2011 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.

One of the additional works in 2012 will review and enhance the internal control policy to specific issues and risks of the TF1 group, on a thematic and organizational perimeter targeted.

2.3 REPORT ON REMUNERATION

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

This chapter contains the reports required by the 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 executives and non-executives directors

REMUNERATION OF THE EXECUTIVE DIRECTOR FOR 2011

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 2011. 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 2011 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 2011 is based on the performance of the TF1 and Bouygues groups, which is measured on the basis of significant indicators, namely:

- quantitative indicators:
  - the consolidated net profit attributable to the Bouygues group,
  - the consolidated net profit attributable to the TF1 group;
- qualitative indicators: 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.

The theoretical level of the variable portion has not been changed. By contrast, the Board of Directors reviews the evolution of TF1's consolidated net profit compared to the previous year.

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.

Nonce Paolini's variable remuneration for 2011 amounted to €936,284.

OTHER INFORMATION CONCERNING REMUNERATION AND SUPPLEMENTARY PENSION

Nonce Paolini

As Nonce Paolini has an employment contract with the parent company Bouygues SA, the amount of fixed and variable remuneration granted by the TF1 Board of Directors is re-invoiced to TF1 by Bouygues.

In addition to his duties as Chairman and CEO of TF1, Nonce Paolini was given by Bouygues in 2009 an additional assignment, which began on July 1, 2009. He received €290,000 in 2010 for his assignment, which consisted in studying technological convergence between the Internet, the media industries and fixed and mobile telephony, and developing strategies and proposals for managing this convergence. The assignment was not renewed in 2011.

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 for each year of membership in the scheme. Nonce Paolini is a member of that committee. The supplementary pension is currently 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

TABLE 1 – SUMMARY OF REMUNERATION, BENEFITS IN KIND AND STOCK OPTIONS GRANTED TO THE EXECUTIVE DIRECTOR IN 2011

Nonce Paolini – Chairman and CEO since 01/08/2008 (in euros)	2011	2010
Remuneration paid by TF1 for the year (details in Table 2)	1,917,321	1,811,037
Remuneration paid by Bouygues for the year (details in Table 2)	0	290,000
Value of options awarded during the year (details in Table 4)	135,595	201,916
Value of performance shares awarded during the year (details in Table 6)	0	0
TOTAL	**2,052,916**	**2,302,953**

TABLE 2 – REMUNERATION OF THE EXECUTIVE DIRECTOR

Nonce Paolini – Chairman and CEO since 01/08/2008 *(in euros)*	2011		2010	
	Amount due	Amount paid	Amount due	Amount paid
Fixed remuneration	920,000	920,000	700,000	700,000
Change	*+31%*	*+31%*	-	-
Variable remuneration(2)	936,284(1)	1,050,000	1,050,000	510,230
Change	*-11%*		*x 2.1*	
% Variable/Fixed	*102%*		*150%*	
cap	*150%*		*150%*	
Other remuneration(3)	-	-	290,000	290,000
Directors' fees(4)	56,000	56,000	56,000	56,000
Benefits in kind	5,037	5,037	5,037	5,037
TOTAL	**1,917,321**	**2,031,037**	**2,101,037**	**1,561,267**

(1) The variable remuneration to be paid in March 2012 to Nonce Paolini for his service as CEO in 2011 is €936,284 (102% of fixed remuneration, capped at 150% of it), reflecting the performance of TF1.
(2) The variable remuneration for 2010 paid in March 2011 was €1,050,000 (150% of fixed remuneration), reflecting the performance of TF1.
The variable remuneration for 2009 paid in March 2010 was €510,230, or 73% of fixed remuneration (capped at 150% of fixed remuneration), reflecting the performance of TF1.
(3) Remuneration paid for the assignment on technological convergence. This remuneration is paid directly by Bouygues. The preceding information is provided in accordance with Article L. 225-102-1, paragraph 2 of the Commercial Code (remuneration paid by companies that exercise control or by controlled companies).
(4) In 2010 this comprised €18,500 for TF1, €25,000 for Bouygues, and €12,500 for Bouygues Telecom.
In 2011 this comprised €18,500 for TF1, €25,000 for Bouygues, and €12,500 for Bouygues Telecom.

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 2011 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 quarter to each member,
  - 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 2011.

Directors' fees totalling €257,941 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	Amounts paid in 2011	Amounts paid in 2010
BARBIZET Patricia	32,900	30,587
BERDA Claude(1)	18,500	18,500
BOUYGUES Martin	23,900	23,900
BOUYGUES Olivier	17,343	11,562
DANON Laurence(2)	24,093	9,250
MARIEN Philippe	32,900	32,900
PELISSON Gilles	18,500	13,875
PERNAUT Jean Pierre(3) (staff representative)	12,718	16,187
PETTON Céline(3) (staff representative)	18,500	18,500
POUYAT Alain	23,900	23,900
ROUSSAT Olivier	16,187	18,500
SABAN Haïm(4)	-	4,625
TOTAL	**239,441**	**222,286**

(1) Appointed as a Director on the recommendation of the Board of Directors on February 17, 2010.
(2) Appointed as a Director on the recommendation of the Board of Directors on July 22, 2010.
(3) Directors' fees due to employee representatives were paid to two trade unions: CFTC (€12,718) and FO (€18,500).
(4) Resigned on April 27, 2010.

The remuneration received in 2011 by Martin Bouygues and Olivier Bouygues is mentioned in Bouygues' registration document.

The salaried Directors, Jean-Pierre Pernaut and Céline Petton, 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

	Amount paid in 2011	Amount paid in 2010
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 Commercial Code

This chapter contains the reports required under the 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 has awarded stock options in 2011, but no performance share 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 resolution 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 2011.

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;
- 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 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 no. 12: 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 2011

DETAILS ON THE SHARE SUBSCRIPTION OPTION PLAN IN 2011

In 2011 the Board of Directors introduced a TF1 subscription option plan, called Plan no. 12, granting options entitling their holders to subscribe for new shares, subject to company performance.

The grant date was June 10, 2011. The number of options granted was 1,500,000 at €12.47.

The options were granted to 130 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 quoted on the 20 trading days prior to the date of June 10, 2011 (from May 13, 2011 to June 9, 2011). 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 determines 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 2011, 2012 and 2013 on a consistent basis, compared with the budgets set in 2010, 2011 and 2012 for the respective fiscal years of 2011, 2012 and 2013.

The Remuneration Committee will review the fulfillment of performance criteria on which the exercising of options depends. The Board of Directors decides on the number of options that beneficiaries may exercise from June 10, 2014, the first day after the lock-up period.

At February 15, 2012 there were no truly exercisable TF1 share subscription options (those no longer in lock-up period and whose exercise price was lower at the date, than the market price).

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

In 2011 Nonce Paolini did not benefit from TF1 purchase or subscription options. As such, he received no option subscription in Plan no. 12.

As part of his functions at Bouygues, in the 2011 fiscal year he received options entitling him to subscribe new Bouygues shares, granted, effective on June 14, 2011, by the Board of Directors of the Bouygues company at a Meeting on May 16, 2011.

TABLE 4 – OPTIONS GRANTED TO THE EXECUTIVE DIRECTOR IN 2011

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*	Adjusted exercise price*	Exercise period
Nonce Paolini	Bouygues Plan Board Meeting date: 16/05/2011 Grant date: 14/06/2011	Subscription	€1.38	98,257	€31.43	June 14, 2015 to December 14, 2018
TOTAL			**€135,595**	**98,257**		

** Adjustment following the 2011 Bouygues share repurchase tender offer*

The exercise price was calculated on the basis of the average of the opening prices quoted on the 20 trading days prior to June 14, 2011, with no discount.

TABLE 5 – OPTIONS EXERCISED BY THE EXECUTIVE DIRECTOR OF TF1 IN 2011

No options were exercised by the Executive Director of TF1 in 2011.

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 10, 2011, options entitling the beneficiary to subscribe new TF1 shares to a salaried Directors, 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 2011 fiscal year receive options granted by the companies linked to the company under the conditions set forth in Article L. 255-180 of the Commercial Code or by companies controlled by the company as provided for by Article L. 223-16 of the 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. 12 Board Meeting date: 12/05 and 25/07/2011 Grant date: 10/06/2011	Subscription	€1.18	7,200	€12.47	June 10, 2015 to June 10, 2018
TOTAL			**€8,496**	**7,200**		

PERFORMANCE SHARES

TABLE 6 – PERFORMANCE SHARES GRANTED TO THE EXECUTIVE DIRECTOR

No performance shares were granted by the company in 2011.

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 no. 10	Plan no. 11	Plan no. 12
Date of General Meeting	17/04/2007	17/04/2007	14/04/2011
Date of Board Meeting	20/02/2008	18/02/2009	12/05 and 25/07/2011
Grant date	20/03/2008	20/03/2009	10/06/2011
Total subscription options granted	2,000,000	2,000,000	1,500,000
to Directors	*56,000*	*56,000*	*7,200*
Nonce Paolini	50,000	50,000	0
Jean-Pierre Pernaut	6,000	6,000	7,200
to the 10 employees receiving the highest grants	*340,000*	*340,000*	*272,000*
Total options granted subject to performance	0	50,000	1,500,000
Options exercisable beginning	20/03/2011	20/03/2012	10/06/2015
Expiry date	20/03/2015	20/03/2016	10/06/2018
Subscription price *(euros)*	€15.35	€5.98	€12.47
Exercise rules	Exercisable on 3rd anniversary. Negotiable on 4th anniversary.		Exercisable and negotiable on 4th anniversary.
Number of shares subscribed as of 31/12/2011	0	11,111	0
Total number of subscription or purchase options for cancelled, non allocated or forfaited shares	198,000	219,103	28,800
Options outstanding at the end of the year	1,802,000	1,769,786	1,471,200

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 2011, a dilutive impact has been taken into account for Plan no. 11.

The change in the number of currently valid options is presented in note 32.2 on page 151 of chapter 4 in this annual financial report and registration document. The cost of option subscription plans granted by TF1 is presented in note 20.1 on page 135 of chapter 4 in this annual financial report and registration document.

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.

A total of 11,111 share subscription options were exercised by Group employees in 2011 as part of Plan no. 11. The exercise price was €5.98, with no discount.

TABLE 9 – STOCK OPTIONS GRANTED TO OR EXERCISED BY THE TEN TF1 EMPLOYEES (NON DIRECTORS) RECEIVING THE HIGHEST GRANTS IN 2011

	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	272,000	€12.47	10/06/2018	12
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	11,111	€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 (see § 1.3)(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) The annual supplementary pension entitlement, i.e. 0.92% of the reference salary for each year of scheme membership, is capped at eight times the annual upper limit for social security contributions (currently €290,976). 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 or 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 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,
    - risk related to the transition to digital transmission;
- **legal risks**
  - risks related to regulation:
    - authorisation to transmit and CSA sanction power,
    - risks related to additional taxation,
    - 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 would 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.

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

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.

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 third- and fourth-quarter 2011 has led the Group to update its action plans.

To soften 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 reorganised in 2009, introducing new processes, making part of its costs variable, and adapting its business model. The Group pursued its action plan by creating a committee to monitor the crisis, equipped with an alert system and operational action plans for reducing costs in the event of a decrease in earnings. The action plan includes a range of measures to be implemented, with deadlines set for each area of activity.

In 2011 the Group continued its efforts on programming costs and purchasing policy, in particular by better matching rights acquisitions with needs based on confirmed audience. Cost reduction measures were proposed in functional sectors and for programming costs. Implementation of these measures is predicated on any drift detected in the alert system indicators and their impact is adapted to the magnitude of the drift in order to maintain the channel's audience and image at the highest possible level.

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 2.2.2 in the 2011 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 843 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 simulcast *via* all internet access providers: Orange, Free, SFR, Bouygues Telecom and Darty;
- cable, satellite, and ADSL in HD digital *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.

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 (analogue, SD DTT, and HD DTT) 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 (deployed and operational but due to be finalised in June 2012), disruptions in multiplex transmission to groups of broadcasting sites are possible and happen periodically. The TMS network will become more robust in the long term and the implementation of a back-up transmission for TF1 HD will be reviewed ahead of the discontinuation of TF1 DTT SD broadcasting.

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 our 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 backup 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 the 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 2011 seventy people in the company took part in a daylong simulation to test the back-up site. The exercise showed that it was possible to resume TV newscasts by using the new news production system. PNS2 (Process News and Sport 2) has been installed at the back-up site to ensure that current stories are always available. Tests and real-life try-outs of channel continuity have been carried out and advertising activity has been tested in complex conditions equivalent to those in real life.

Back-up measures in the *Réagir* plan were implemented twice in 2010 for incidents having no direct impact on the broadcast channel.

The *Réagir* system was activated twice (for an IT virus and a nighttime incident). The problems were solved without having to call on back-up installations.

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); and
- 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-inear 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 by the call for tender launched in late 2011 by the CSA on the attribution of six new DTT frequencies. The TF1 group presented three projects to take advantage of this new DTT audience share and so limit the impact on its premium channel.

The launch of DTT in March 2005 marked the end of a television landscape in which access to freeview terrestrial television was limited owing to the small number of six broadcasters with an analogue broadcasting licence.

The deployment of DTT has brought new channels and 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 2011, that figure had risen to 100% (99% in average for the entire year of 2011).

With the growth in freeview television offerings, it would be normal to expect TF1's audience share to decline. However, the channel's audience has held relatively stable: while multi-channel offerings have increased by a factor of three in six years, TF1's audience share for people four years of age or older declined from 31.8% in 2004 to 23.7% at end-December 2011. Meanwhile, DTT's aggregate audience share increased from 5.8% in 2007 to 23.1% in December 2011, or 17.3 points.

TF1 is the only channel that continues to attract audiences of more than nine million viewers, and it also had 99 of the 100 most-watched shows in 2011. The risk of audience fragmentation facing TF1 will be reduced by TF1's move into DTT with the acquisition of full control of TMC and NT1.

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

- limiting the impact of these changes on its audience through powerful programmes;
- becoming a major DTT player through its holding in TMC (the DTT leader and number-five channel in France in 2011) and NT1;
- establishing MYTF1 as the leading French media website.

TF1 is also present in the connected television market, with reasonable investments, by signing partnerships with manufacturers.

RISK RELATED TO THE TRANSITION TO DIGITAL TRANSMISSION

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 announcement of the abrogation of compensatory channels for incumbent broadcasters following the motivated opinion by the European Commission and the launch of a call for bids for the R7 and R8 multiplexers reduce visibility on future developments in the audiovisual sector.

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.

The procedure for a claim of CNC taxes, as mentioned in note 3.9 to the parent company Financial Statement of this Registration Document and Annual Financial Report, page 172, found a favorable outcome for the TF1 group during the first quarter of 2012.

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 ADDITIONAL TAXATION

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.

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 magistrates' court, 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. Hearings will begin in early 2012 for the YouTube case and, in theory, in first-half 2012 for the Dailymotion case.

The TF1 group also took legal action against the website Wizzgo, which offered an online video copying service. On November 25, 2008 that service was held to be illegal by the Paris magistrates' court. Wizzgo appealed that decision, before being placed in liquidation on January 22, 2009. The companies of the TF1 group filed their submission of claims with the liquidator in April 2009. However, the liquidator took the case to the appeals court and the case was heard by the Paris appeals court on October 19, 2011. In a decision handed down on December 14, 2011 the Paris appeals court confirmed the original judgment, considered that the service proposed by Wizzgo infringed the intellectual property rights of the television channels, and set their claims as part of the collective proceedings between Wizzgo and its creditors (TF1: €1,120,418; NT1: €482,566).

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 (about €1,000 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 by the end of 2012.

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.

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. The rulings handed down in cases of contestants whose "employee" suits were not time-barred have not called into question the analysis made concerning the financial impact for the structure in this type of dispute. 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.

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/10DCC11 engagementsversionpublication.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 registration document and annual financial report in chapter 4, note 31, on pages 143 to 150.

2.4.5 Financial risks

Financial risks, which are liquidity risks and market risks, are dealt with in the present registration document in chapter 4, note 31, on page 143 to 150.

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

3

Ladies and Gentlemen, 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 2011 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 2011 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, 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 page 106 and 165.

These financial statements were approved by the Board of Directors of TF1 SA on February 15, 2012.

Post balance sheet events are disclosed in this chapter.

3.1 2011 MARKET TRENDS

3.1.1 Television

In 2011, television remained a highly attractive medium for viewers, both on a daily basis and especially for major events. The development of new technologies is opening up more possibilities, with TV content accessible on new devices and sharper image quality on TV sets. In 2011, viewers could choose from a wide range of over 100 channels *via* free-to-air or pay-to-view Digital Terrestrial Television (DTT), cable, satellite, ADSL and fibre optic.

HIGH PENETRATION OF TV SETS ENCOURAGES CONSUMPTION[(1)]

Almost every French home now has a TV set: 98.2% have at least one, and of these 52% have more than one.

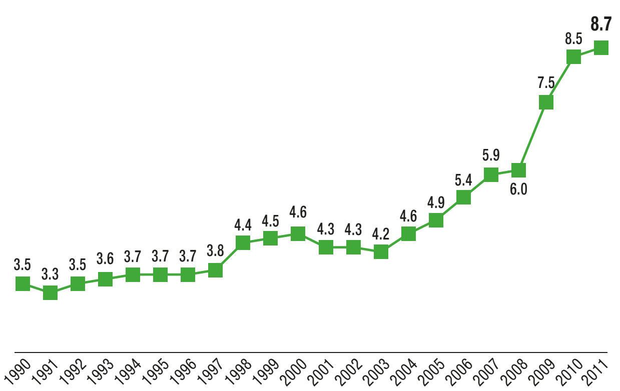
The growing number of sets in French homes is being driven largely by new screen formats: 75% now have a 16/9 set, and 74% a high-definition (HD) set. Penetration rates for both these formats are growing very fast (year-on-year growth of 9 points and 10 points respectively).

While the attractiveness of video equipment continues to rise, growth in audio equipment is relatively flat: 15% of homes have a home cinema system (year-on-year growth of 1 point).

Sales of TV sets hit a new peak of 8.7 million units in 2011, driven by the final phase of the digital switchover.

10 regions switched over in 2010, and 12 in 2011 (including the Greater Paris region on March 8, 2011). Most French people took the switchover in their stride: in the fourth quarter of 2011, 97% of French homes had at least one digital set, and 81% were fully digital (all the sets in the home were digital).

SALES OF TELEVISION SETS, MILLION OF UNITS



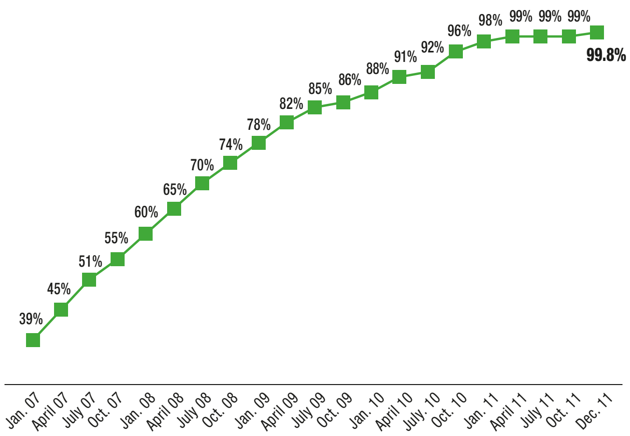
ACCESS TO 19+ CHANNELS NOW THE NORM[(1)]

By end December 2011, virtually everyone in France (99.8%) could receive at least 19 channels. This huge shift in the French broadcasting landscape has happened rather quickly, and is now complete: at end 2006, only 39% of homes with TV sets could access multi-channel offerings.

Free-to-air has been the sole driver of this growth.

TRENDS IN NUMBER OF CHANNELS RECEIVED BY INDIVIDUALS[(2)]

Proportion of people receiving 19 or more channels/Individuals aged 4 and over.



DTT is the most popular way of receiving a multi-channel offering: 61% of homes have a DTT connection (i.e. an external or internal decoder combined with a Yagi aerial). Launched in March 2005, DTT is still growing fast, though the pace is slowing now that the analogue switch-off is complete (2-point growth in 1 year, 12-point growth in 2 years).

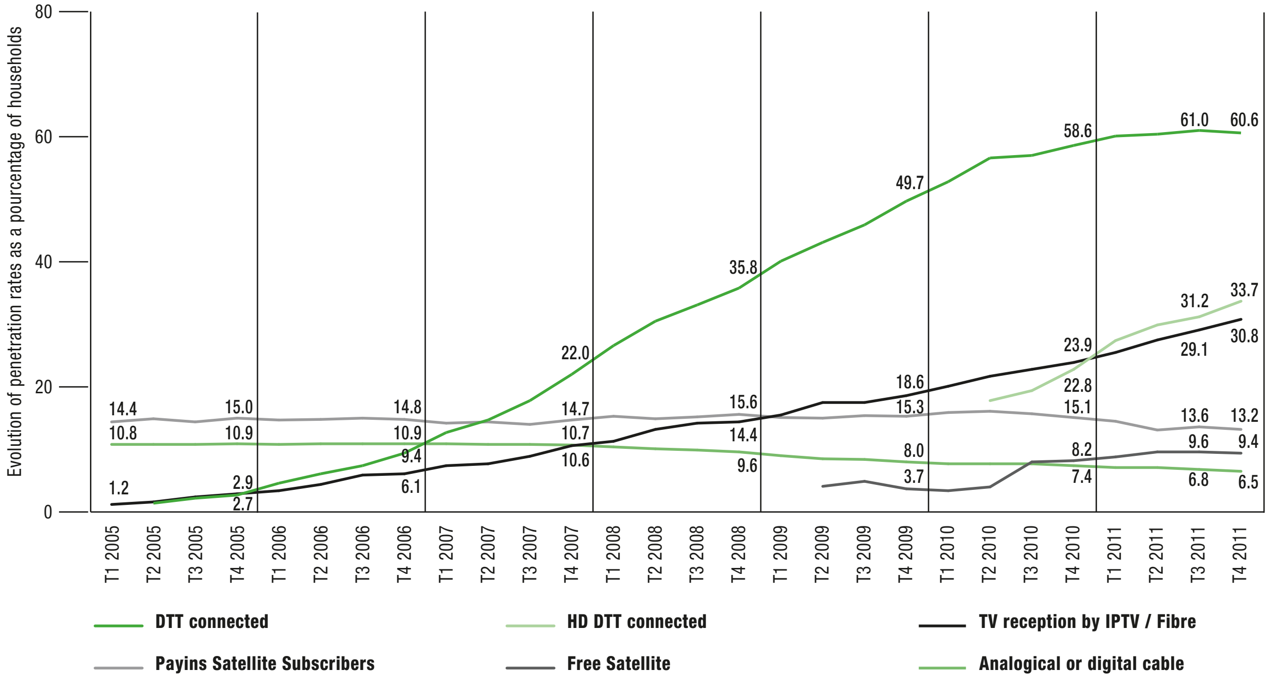
ADSL/fibre optic ranks second: 31% of homes are connected, significantly ahead of satellite and cable. It is also the fastest-growing means of access (2-point growth in 1 year, 11-point growth in 2 years).

The more traditional forms of multi-channel access – subscription to a satellite offering (13% of homes) or to a cable offering (7%) – both declined in 2011, by 2 points and 1 point respectively year-on-year.

(1) *Source: Médiamétrie/GfK – Référence des Équipements Multimédias – Oct-December 2011 – Base: households wih TV sets.*

(2) *Source: Médiamétrie/Médiamat.*

EVOLUTION OF PENETRATION RATES AS A POURCENTAGE OF HOUSEHOLDS



TELEVISION – THE TOP MEDIA CHOICE, INCLUDING WITH 15-24 YEAR-OLDS(1)

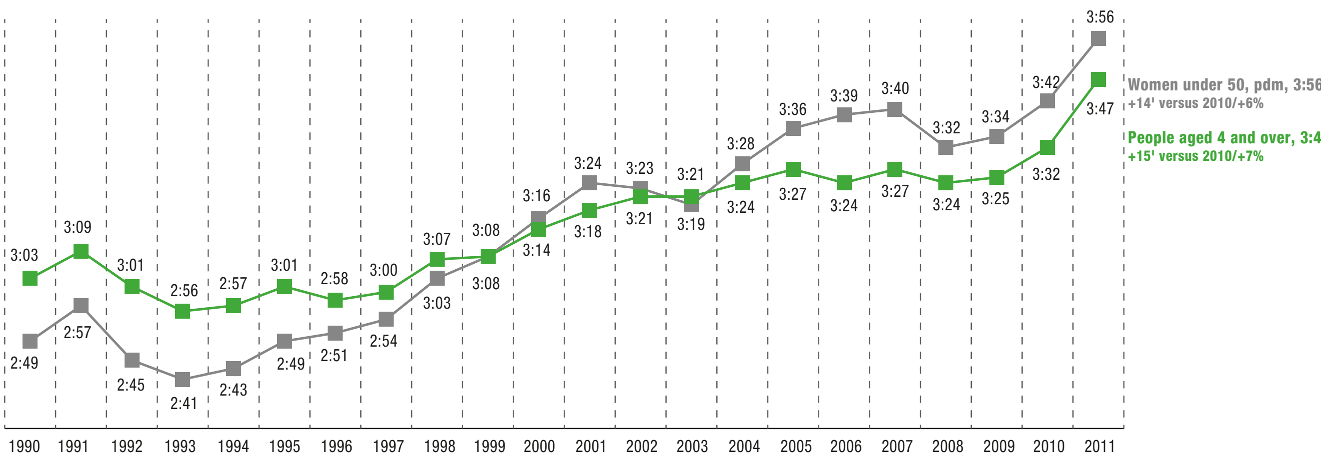
Overall, 81% of French people have at least one contact a day with television, compared with 78% for radio and 42% for the Internet, giving television the broadest reach of all media.

Television also ranked highest in terms of time spent on media consumption by French people during 2011: French people aged 15+ spent an average of 4 hours and 2 minutes a day watching TV, compared with 2 hours and twelve minutes listening to the radio and 32 minutes surfing the Internet.

Television consumption hit a record high in 2011, and advanced across all target markets. It was also the only medium to record growth among 15-24 year-olds (an extra 5 minutes versus 2010, compared with a 1-minute fall for radio and a 3-minute fall for the Internet.

TRENDS IN TELEVISION CONSUMPTION

Viewing time for "Individuals aged 4 and over" and "Women under 50 purchasing decision-makers".



(1) *Source: Médiamétrie – Médiamat/126,000 Radio/NetRatings – Full-year 2011.*

TV CONSUMPTION METHODS: CHANGING, BUT SLOWLY(1)

New ways to watch TV are developing, but are still only marginal.

French people aged 15+ spend an average of 3 hours, 58 minutes a day watching TV at home, live, on a TV set.

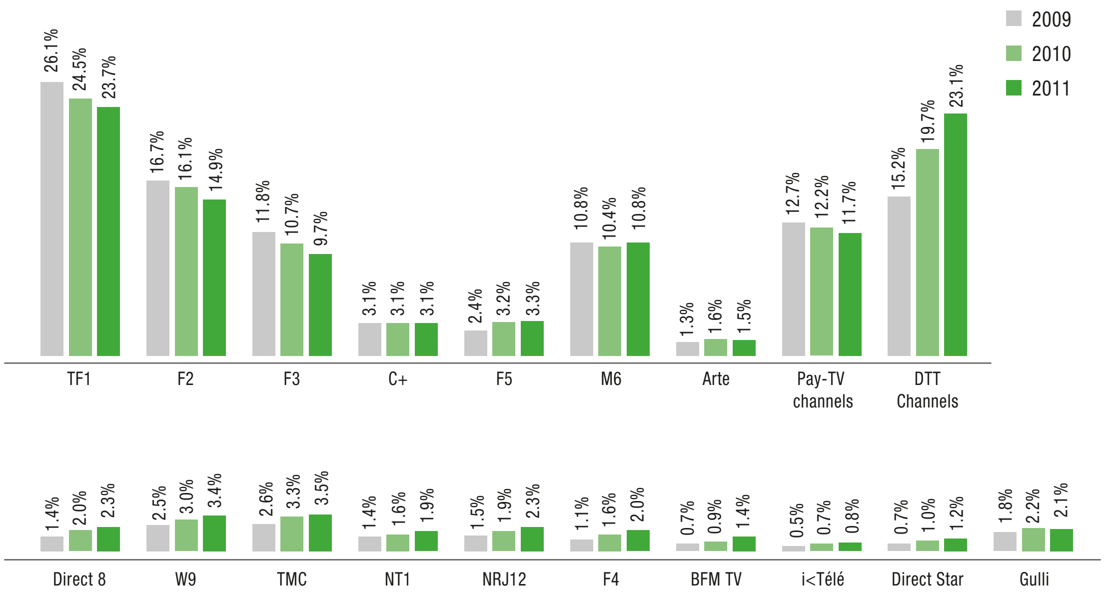
Only 2 minutes a day was spent watching live TV outside the home ("anywhere" viewing), just 0.8% of the level of traditional viewing. For non-TV set devices (computers, smartphones or touchscreen tablets – "any device" viewing) the average viewing time was 1 minute a day, or 0.4% of current TV consumption. As regards "anytime" (non-live) viewing, this now splits into two categories: timeshift viewing of recordings made at home (which since January 2011 has been included in Mediamat statistics, see below), and replay viewing on IPTV (internet), computers, smartphones or tablets.

On January 3, 2011, Médiamétrie rolled out phase 1 of its ATAWAD (AnyTime/AnyWhere/AnyDevice) automatic audience measurement system. Timeshift viewing (watching home recordings, i.e. excluding replay) is now included in daily TV viewing statistics. This upped audience ratings by 1.7% (an extra 3 minutes and 56 seconds per day for French people aged 15+). Over 42% 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-AN/Public Sénat, BFM TV, i<Télé, Direct Star, and France Ô.

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.

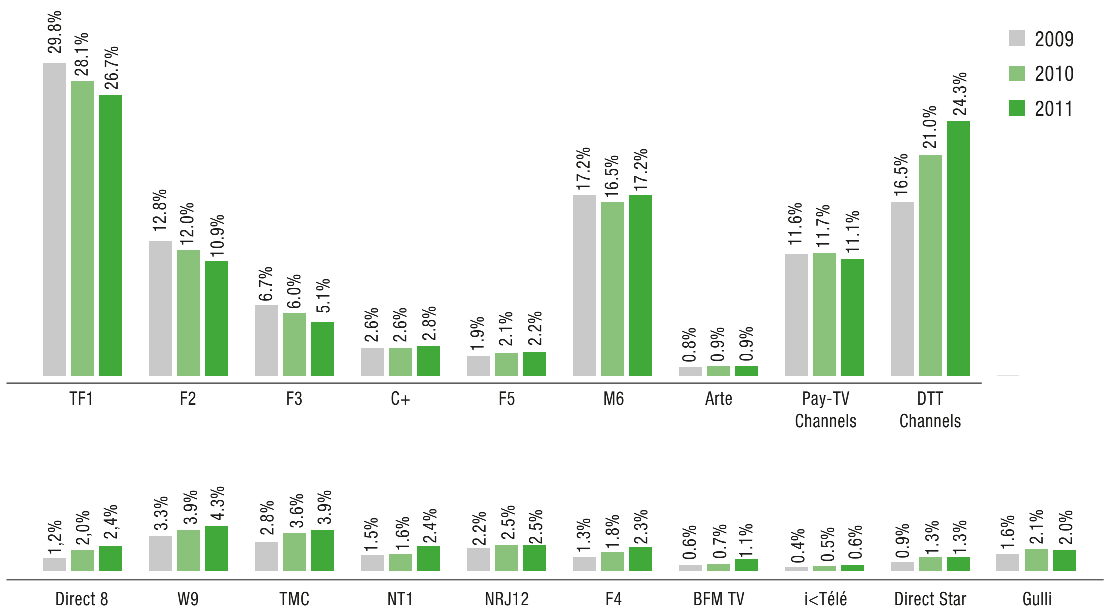
AUDIENCE SHARE – INDIVIDUALS AGED 4 AND OVER(2)



(1) Source: Médiamétrie / Global TV (aged 15+, first quarter of 2011) / Médiamat

(2) Source: Médiamétrie / Médiamat

AUDIENCE SHARE – WOMEN UNDER 50 PURCHASING DECISION-MAKERS(1)



3.1.2 The Internet and non-live viewing: four access options

Television is expanding beyond the confines of the familiar TV set. Images and programmes are now available on the Internet *via* replay and video on demand (VoD), but also on mobile phones, tablets and IPTV (Internet Protocol Television).

The Internet is now part of the daily lives of French people, who use the Web to access entertainment and ever more news content. Online users expect a full-service video offering to meet all their needs, especially in news and entertainment, while interactivity has become the norm.

As a responsive broadcaster and key industry player, TF1 is adapting its digital offering to new patterns of online behaviour, in particular by refocusing the offering on a single flagship brand: MYTF1.

PENETRATION OF INTERNET ACCESS AMONG FRENCH HOUSEHOLDS(2)

An ever-growing number of French people have internet access: in the fourth quarter of 2011, 19.9 million homes were connected to the Internet (a penetration rate of 73%, up 4 points on the fourth quarter of 2010).

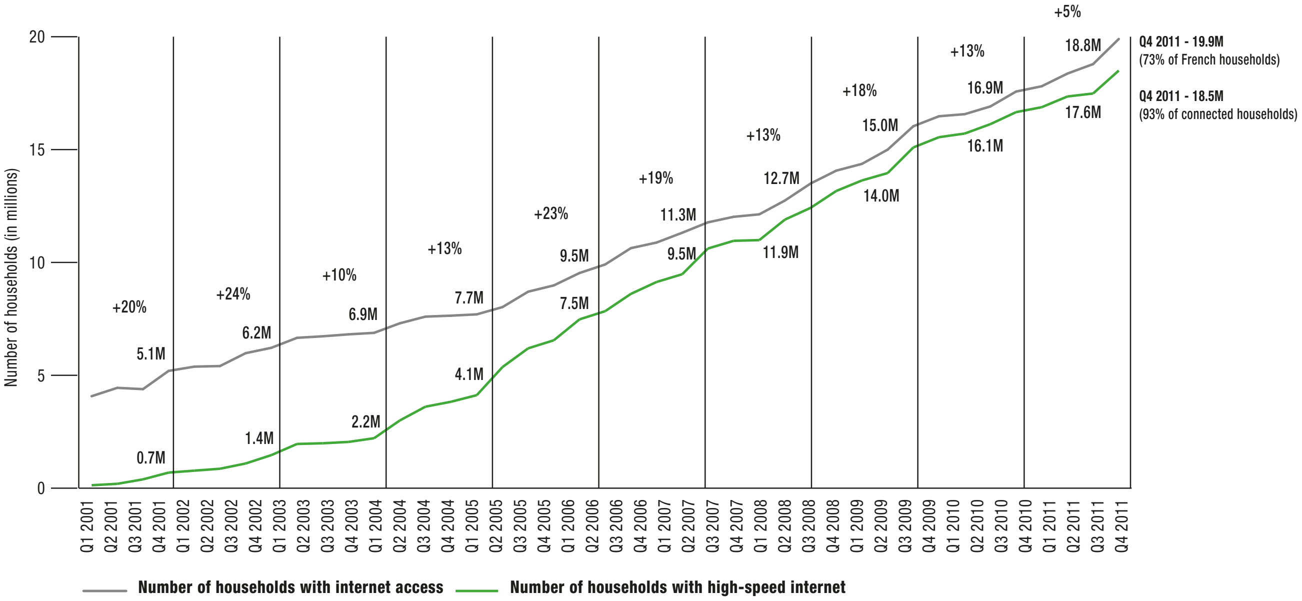
Broadband is by far the most popular means of access, accounting for 93% of households with internet access (18.5 million households).

(1) Source: Médiamétrie/Mediamat

(2) Source: Observatoires Médiamétrie, REM, Q4 2011: French households

BROADBAND INTERNET ACCESS – HISTORICAL DATA 2001-2011

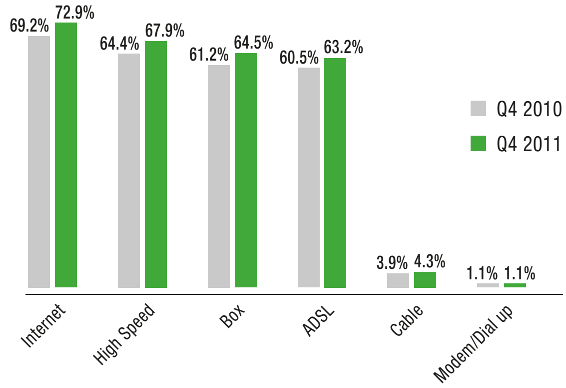
(Basis: 27.3 million French households)



Source: Observatoires Médiamétrie, REM, Q4 2011, basis French households.

TYPE OF INTERNET ACCESS

(Base: 27.3 million households in 2011)

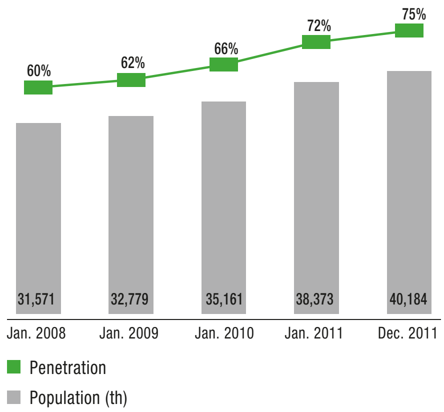


Source: Observatoires Médiamétrie, REM, Q4 2011.

INTERNET USE IN FRANCE(1)

At end 2011, France had 40.2 million internet users (Individuals aged 11 and over), a penetration rate of 75% (up 4 points versus December 2010).

TRENDS IN PROPORTION OF INTERNET USERS AMONG INDIVIDUALS AGED 11 AND OVER



Source: OUI Médiamétrie.

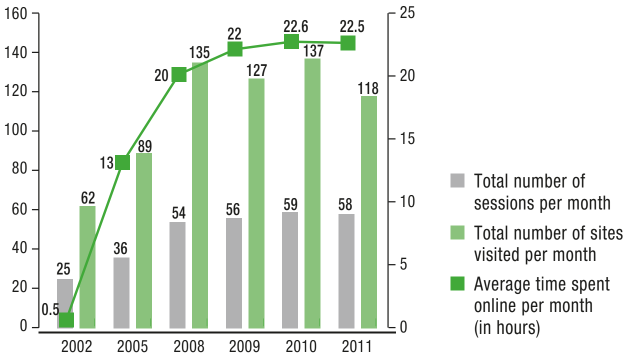
(1) *Sources: NNR Panel, December 2011, all connection sites. Observatoires Médiamétrie OUI, December 2011.*

The number of internet users in France is still rising, but internet usage has slipped back.

In December 2011, French internet users went online an average of 58 times in the month (versus 59 in 2010) and visited an average of 118 different sites (versus 137 in 2010).

There was a similar trend in the average time spent online per month, which fell from 22 hours and 39 minutes in December 2010 to 22 hours and 28 minutes in December 2011.

TRENDS IN MONTHLY USAGE PER UNIQUE VISITOR(1)



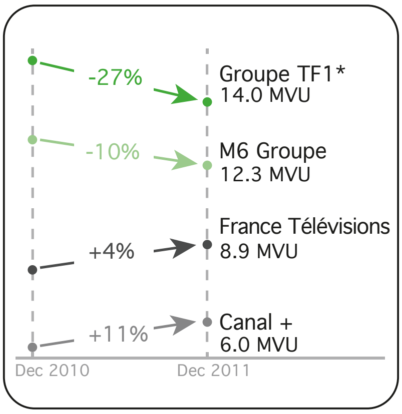
RANKINGS OF WEBSITES IN FRANCE(2)

The TF1 group ranks 15th among all groups on the Internet in France and is the no. 1 media group, thanks to sites associated with the TF1 channel (MYTF1 and TF1News) and pure player sites such as WAT, Plurielles.fr and Eurosport.

TF1 15th - ranked group on the web

1	Google	37.7 M UVs
2	Facebook	29.0 M UVs
3	Microsoft	25.6 M UVs
4	Orange	23.3 M UVs
5	CCM Benchmark	19.5 M UVs
6	Pages Jaunes	19.2 M UVs
7	Vivendi Universal	18.0 M UVs
8	Wikimedia	17.9 M UVs
9	Iliad	17.4 M UVs
10	PPR	17.2 M UVs

Competition in television market



TF1 well placed in all key theme areas

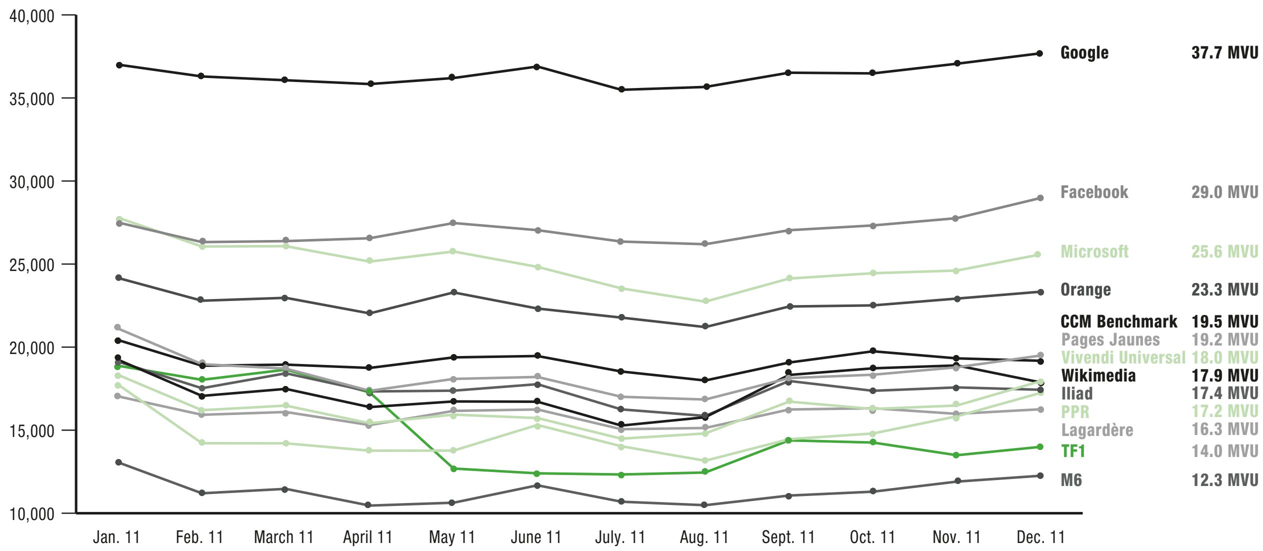
Media	TF1.fr	1st	7.9 MVU
Video	wat	3rd	6.7 MVU
News	TF1 News	11th	3.6 MVU
Sports	Eurosport.fr	2nd	3.2 MVU
Women	Plurielles.fr	3rd	3.1 MVU
Cinema	excessif.com	11th	506 kVU
Youth		7th	389 kVU

* *Change in measurement scope: the TF1 group no longer records unique visitors for the Overblog and Nomao brands.*

(1) Unique Visitors (UVs): - records the total number of individuals visiting a site or using an application at least once in a given month. Individuals visiting the same site or using the same application more than once are only counted once.

(2) Source: NNR Panel, December 2011, all connection sites, excluding internet applications.

TRENDS IN THE TOP 10 PARENTS DURING 2011(1)



Source: Médiamétrie/Panel NNR

NON-LIVE VIDEO CONSUMPTION

REPLAY TV(2)

Replay viewing is growing in popularity: 85.3% of TF1 programming screened in the 6pm to midnight slot (other than films) was available on MYTF1.fr in 2011.

In France, the average time spent per online video viewer in December 2011 was 3 hours and 19 minutes, and the average number of videos watched was 74. France has 30.3 million online video viewers.

In December 2011, Google/YouTube topped the rankings at 26.1 million unique viewers; Dailymotion was second at 12.6 million. The brand player(3) TF1/WAT attracted 7.6 million, putting it in third place, but in second plan regarding total time spent.

VIDEO ON DEMAND – VOD(4)

Video on Demand (VoD) was a very fast-growing market in 2011, generating revenue of €220 million, nearly 50% more than in 2010. In 2009, revenue amounted to €80 million.

Consumer familiarity with VoD is on the increase: 78% of households with broadband connections are aware of its existence. Over 80% of VoD is consumed *via* IPTV.

VoD offers not only great opportunities for TV channels to generate fresh growth, but also a new model for the video market. The growth potential in the coming years is huge: VoD revenue (including subscription offerings: SVoD) is forecast to reach €285 million in 2012, and close to €500 million in 2015.

The emergence of new devices (including smart TV sets, games consoles, tablets, etc.) opens up attractive growth prospects, as does the development of new offerings like SVoD or ESTVoD (Electronic Sell-Through VoD, as opposed to rental VoD).

TF1 is already looking at solutions to tomorrow's demand for VoD. The "Live from the USA" Preview VoD offering allows viewers to watch subtitled English-language versions of episodes of thirteen serials only one day after the first screening in the United States. TVoD enables viewers to watch repeats of the French-language versions of these series after they have been broadcast free-to-air in France.

SOCIAL MEDIA TRENDS(5)

Usage of social networking sites increased by 44% during 2011 in France, Germany, Spain, Italy and the United Kingdom.

In France, Facebook continued to grow, reaching 29 million unique visitors in December 2011, ahead of Microsoft (26 million) but still behind Google (38 million). However, it overtook Google in terms of time spent per unique visitor, with Facebook users spending an average of more than 5 hours and 20 minutes on the site per month.

(1) Parent (owner group): the entity that controls the Web page or URL measured (this usually means financial control). Source: NNR Panel.

(2) Source: Médiamétrie/NetRatings December 2011.

(3) 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).

(4) Source: GFK/NPA Full-year 2011

(5) Sources: Comscore/Mobilens survey, Twitter, Médiamétrie Semiocast survey, Ipsos Profiling survey 2010-2011, NNR Panel.

Facebook now has 870 million users worldwide, including 25 million active users in France.

Twitter, the other social media star, has some 3.3 million users in France out of 263 million registered users worldwide, and attracted 3.5 million unique visitors in December 2011. This ranks France 16th, a long way behind Japan, Brazil, Indonesia and the United Kingdom. Only 36% of French users were truly active on Twitter. The typical Twitter user is male (79.1%) and aged between 15 and 34 (only 20.6% of users are aged over 35).

Google+, the latest social networking site, launched in September 2011 and achieved very rapid growth, reaching 3 million unique visitors in December 2011. Google+ can exploit compatibility with the search engine's other services, especially *via* mobile handsets, to achieve rapid increases in market penetration. Google+ currently claims to have 40 million users worldwide, but remains a long way behind Facebook.

These social networking sites are each used in quite specific ways, and hence require a tailored approach.

TF1 strengthened its alliance with Facebook during 2011, partnering the social media site in all its innovations. In particular, the Group was the first media player to incorporate Web community functions in an iPad/iPhone app.

Through MYTF1VOD, the Group also collaborated with Facebook on the launch of the site's first experiment in social VoD, involving the screening of a show and a film. MYTF1VOD continued the theme with a whole new way of accessing the video offering of American serials with the "Live from the USA" Social Premium VoD Series app on Facebook. Every week, users can rent sub-titled English-language episodes from the new season of their favourite American serials, and watch them on Facebook only a few hours after the first screening in the United States. They can also swap comments and share one or more episodes with their friends, using the full range of social networking options offered by Facebook options.

The TF1 group now has around 7 million fans and around forty fanpages.

The Group has also been an innovator in social TV through its association with Twitter. This began with the integration of content-sharing functions, which encourage online discussion *via* the "Tweet" button, and has continued with a tie-up between the TF1 and Twitter in France to launch the new "Follow" button (which is now incorporated in all content on WAT.tv and MYTF1.fr).

TF1 has also launched Tweet Replay, which enhances the replay offering with comment and reaction posted on Twitter during the screening of a programme. MYTF1.fr provides a simple but innovative response to this demand by synchronising live tweets with replays of a programme on MYTF1.fr.

Traffic sourced from Facebook and Twitter is still growing, and all of the Group's sites have attached a high priority to building and intensifying this traffic.

USAGE AND NEW TECHNOLOGIES

DEVELOPMENTS IN TV SET TECHNOLOGY: MOVING TO EVEN HIGHER-IMPACT TV[1]

Connected TV sets

The television market is undergoing profound upheavals. Connected TV sets (also known as smart TVs) raise a number of issues, such as the actual usage of Web-connected (or at least Web-enabled) sets, the raising of market awareness, and features specific to the French market (such as the high proportion of set-top boxes).

Over 1.5 million smart TVs were sold in France in 2011. Some analysts reckon they could account for more than half of all sets sold in 2014.

The HbbTV concept was trialled on DTT during 2011. Since June, the main DTT channels have launched online portals associated with their live programming, with the approval of the CSA (the French audiovisual industry regulator). HbbTV is a technical standard that signals the compatibility of a smart TV with services controlled by participating channels: in association with its video signal, the channel also broadcasts Web pages accessible online in broadcast or internet mode. TF1 was one of the founders of this imitative alongside France Télévisions, the German public-sector channels, and industrial players such as Samsung and Sony.

During 2011, the main TV set manufacturers opted to incorporate the HbbTV standard into more than 90% of their smart TV ranges. In 2012, DTT content producers are expected to offer most of their services using this standard, packaged under the "DTT 2.0" label.

Achieving smart TV penetration is likely to be harder in France than in the US given the competition from the set-top boxes supplied by telecoms operators, which include triple-play – or in some cases quadruple-play (internet, mobile, landline and TV) – as standard in their subscription packages. Telecoms operators have the capacity to remotely manage their services and installed base from end to end, while also handling the customer relations aspects. Apple is faced with the same problem, and in addition does not offer live access to TV channels.

Legal and regulatory issues are also relevant, in that they tend to favour local storage of content: smart TVs do not have local storage capacity.

However, the development of smart TVs could have a considerable effect in terms of reshaping the value chain. Possible scenarios include set manufacturers adding content distribution and subscriber management to their core business; content publishers and producers bypassing broadcasters to sell their material direct to the end user; and network operators being forced to row back to their role as pure infrastructure suppliers.

(1) Source: GFK.

Finally, it will be interesting to observe the social impact of smart TV. The range of services offered will tend to turn the TV set into more of a personal device, with inevitable effects on usage within each target audience group.

3D TV sets

While the industry generally (from film producers to TV channels and ISPs) has redoubled its efforts in 3D TV, it does not seem to have won over the public as yet.

In 2011, only 710,000 of the 8.7 million TV sets sold in France were 3D compatible. Simavelec (the French trade body for the electronic audiovisual equipment industry) is forecasting that sales of 3D sets will reach 1.5 million in 2012, but many obstacles stand in the way of large-scale expansion: uncertainty about consumers' perception of value added, the lack of compatible video content, high prices, the proliferation of technical standards, and the need to wear 3D glasses.

TV ON THE MOVE: HIGHER CONSUMPTION IN PROSPECT(1)

Smartphones, tablets and app stores

New-generation smartphones (such as iPhone, Android and Bada) are democratising mobile internet services, enabling media and Web content producers to grow audiences and revenues. In particular, online smartphone app stores are proving highly successful, although the proliferation of such stores raises the issue of multi-addressing for producers. At present, iTunes still offers the biggest catalogue of any mobile platform.

In 2011, TF1 released a free iPad/iPhone app featuring two modules: live and catch-up TV.

The tablet and smartphone market is set for further growth in the coming years, with tablet sales forecast to rise from 1.5 million units in 2011 to 3 million in 2012, and smartphone sales expected to increase from 11.4 million to 13.9 million over the same period.

Currently, 40% of all mobile phones owned by French consumers are smartphones.

3.1.3 Advertising

After 2010, which saw an upturn in net advertising spend (up 3.9% on 2009), 2011 was a mixed year.

The first half of 2011 showed 2.1% growth in net revenues, but the second half is likely to have been hit by the deterioration in the economy after the summer and the resulting uncertainty. Annual IREP-France Pub net data will be published on March 15, 2012.

In gross terms, the plurimedia market posted 7.7% growth in the first half of 2011 and 3.6% in the second half.

The following data are gross. They should therefore be treated with caution due to the continuing strong pressure on prices in 2011, and hence the differing scope for price negotiation in the various media.

TRENDS IN PLURIMEDIA ADVERTISING SPEND IN 2011(2)

In 2011, gross plurimedia advertising spend rose by 5.5% compared with 2010.

As in 2010, television (excluding sponsorship) was the main focus of advertising spend, with 31.8% of gross plurimedia revenues (up 0.3 of a point). Gross spend on television increased by 6.6% to €8.6 billion (stronger growth in gross terms).

Incumbent television channels were down slightly (by 1.2%) at €5.4 billion. Free-to-air DTT channels were up 28.4% at €2.4 billion, and the cable/satellite market was up 8.8% at €0.9 billion.

In net terms, TV advertising spend was 3.9% higher in the first half of 2011 than in the first half of 2010.

In gross figures, print media was the second biggest market by advertising spend, with revenues of €7.7 billion, up 4.0%. Its market share was 28.3%, down 0.4 of a point. Three categories were mainly responsible for this growth: freesheets (up 24%), which accounted for 71% of the rise; national dailies (up 3.5%), contributing 16%; and magazines (up 2%), adding 24%.

In net figures, in the first half of 2011, spend was 1.2% lower than in the first half of 2010 (including small ads).

Gross spend on internet (display) advertising was €3.6 billion, 8.9% higher than in 2010. This medium accounted for 13.1% of advertising spend, up 0.4 of a point.

On a net basis, in the first half of 2011, display segment spend was up 15.0% on the first half of 2010.

Radio advanced by 6.2% to €4.1 billion, with market share of 15.3% (up 0.1 of a point).

This growth was due to higher spend on music stations (up 5.5%) and general-interest stations (up 6.1%). In the first half of 2011, net spend on national radio was flat (down 0.5%) year on year.

Outdoor advertising saw gross spend level out in 2011 (down 0.7%) at €2.7 billion, with market share of 10.1% (down 0.7 of a point). On a net basis, spend was flat in the first half of 2011 (up 0.4 of a point on the first half of 2010).

(1) Source: GFK.

(2) Sources: gross data - Kantar Media; net data H1 2011 – IREP (annual net data available March 15, 2012).

Cinema spend rose sharply by 27.1% to €0.4 billion (gross), with market share of 1.4% (up 0.2 of a point). In net terms, spend was 40.5% higher in the first half of 2011.

TRENDS IN GROSS PLURIMEDIA ADVERTISING SPEND

	Gross revenues	Change	Market share
	Jan-Dec 2011	Jan-Dec 2011/ Jan-Dec 2010	Jan-Dec 2011
PRESS	€7,675.9m	+4.0%	28.3%
RADIO	€4,151.9m	+6.2%	15.3%
TELEVISION	**€8,634.2m**	**+6.6%**	**31.8%**
o/w incumbent TV	**€5,353.7m**	**-1.2%**	**19.7%**
o/w Theme channels	**€3,280.5m**	**+22.5%**	**12.1%**
Paying Channels	***€875.6m***	***+8.8%***	***3.2%***
Freeview DTT	***€2,404.9m***	***+28.4%***	***8.9%***
INTERNET	€3,553.7m	+8.9%	13.1%
OUTDOOR	€2,747.5m	-0.7%	10.1%
CINEMA	€379.9m	+27.1%	1.4%
TOTAL	**€27,143.2M**	**+5.5%**	**100.0%**

TELEVISION IN 2011(1)

With 37.2% of TV advertising spend, TF1 is the leading channel, with gross revenues of €3.2 billion.

Advertising spend on the DTT free-to-air channels (BFM TV, Direct 8, France 4, Gulli, i<Télé, NRJ12, NT1, TMC, Direct Star and W9) continued to increase in 2011, though at a slightly slower pace (28.4%), to €2.4 billion; this represents 27.9% of gross TV advertising spend.

Cable and satellite advertising spend was up 8.8% at €876 million (gross). TF1 Publicité is the no. 2 advertising airtime sales agency, with 21% of the cable/satellite market.

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.

MARKET SHARE OF TV CHANNELS

	2011	2010	2009
TOTAL MEDIA TELEVISION	**100.0%**	**100.0%**	**100.0%**
Incumbent TV	62.0%	66.9%	70.5%
TF1	37.2%	40.3%	43.0%
M6	17.1%	18.4%	19.3%
FRANCE 2	3.6%	3.9%	3.5%
CANAL+	2.0%	2.0%	2.2%
FRANCE 3	1.8%	2.0%	2.1%
FRANCE 5	0.4%	0.4%	0.4%
Freeview DTT	27.9%	23.1%	19.0%
Other channels	10.1%	9.9%	10.5%

(1) Source: gross data Kantar Média.

MARKET SHARE OF FREEVIEW DTT CHANNELS

	2011	2010	2009
Freeview DTT	27.9%	23.1%	19.0%
TMC	4.3%	3.9%	3.4%
W9	4.1%	4.1%	3.2%
i<Télé	3.7%	2.7%	1.8%
NRJ12	3.7%	2.6%	2.3%
Direct 8	2.9%	2.3%	1.5%
BFM TV	2.6%	2.0%	1.5%
NT1	2.6%	1.9%	1.8%
Gulli	2.2%	1.9%	1.4%
Direct Star	1.4%	1.4%	1.3%
FRANCE 4	0.3%	0.2%	0.7%

DIGITAL PLATFORMS IN 2011[1]

The Internet display advertising market (excluding search, affiliation, directories, e-mails and comparison sites), saw net spend of €616 million in 2011, a rise of 14%. Meanwhile, growth in mobile internet (websites and apps) accelerated by 37% to €37 million (net).

There were three major trends in 2011:

- Robust growth in **instream** advertising: net advertising in this segment doubled to €60 million in 2011, or nearly 10% of net internet display spend.

  TF1 Publicité is strongly placed in this segment, firstly because of its MYTF1.fr replay offering, which covers virtually all programming between 6pm and midnight (except for films) and its presence in IPTV (MYTF1); and secondly, because of WAT.tv, which offers a bouquet of video channels aimed specifically at the 15-34 age group, who are heavy consumers of video on the Internet.

- Substantial growth in **special operations** across all digital channels: higher advertising budgets for special operations in 2011, with net spend of €55 million, up 22% on 2010.

  These special operations are increasingly multi-screen and multi-site, and have formats that are more engaging and technically more elaborate.

  The food & beverages, telecoms, health & beauty, household cleaning and automotive sectors are wanting more and more special operations around events, media brands and platforms with a high profile for French people.

  With its portfolio of well-known brands (TF1, Eurosport, *MasterChef, Secret Story*, etc.), wide range of digital media (internet, mobile, IPTV and tablets) and creative solutions (website design, video production, etc), TF1 Publicité offers advertisers a wide variety of ways to express and project their brand.

- Growth in advertising on **mobile and tablets**: net spend on the mobile/tablet segment advanced by 37% in 2011.

  Advertisers are increasingly including a mobile/tablet component in their advertising programme to take advantage of the strong growth in smartphone use and apps.

  TF1 Publicité is no. 3 in mobile advertising and has a number of advantages, while occupying a solid position in a fast-growing market.

  In 2012, a large number of developments in digital media are planned: the launch of MYTF1 on Android (mobile and tablet); a MYTF1 mobile site in HTML5; a makeover for MYTF1 on IPTV; development of the "Companion screen" (prolonging the TV advertising contact on a second mobile or tablet screen); and continuing the debate around connected TV and interactivity.

OUTLOOK FOR 2012

The lacklustre economic environment at the start of 2012 makes the plurimedia market an uncertain one.The general wait-and-see atmosphere is being accentuated by the Presidential elections.

Media experts reckon the slowdown in advertising spend is likely to be more or less marked depending on how the second half pans out.

Either way, media preferences are likely to favour television and the Internet (particularly video).

Advertisers are seeking to maximise their spend by focusing on platforms offering the most cost-effective impact on sales.

TF1's mass media strength and rollout of new effectiveness measurement tools are enabling it to retain its leading position in media planning.

(1) Source: Net data – Barometer Capgemini SRI/UDECAM and IREP.

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 necessary measures to put an end to this breach.

Taking account of this opinion, the French government decided to repeal this system and on November 30, 2011 submitted Bill No. 4018 on the abrogation of compensatory DTT channels to the French parliament.

3.2 2011 ACTIVITY AND RESULTS

3.2.1 The Group

CONSOLIDATED INCOME STATEMENT IN MANAGEMENT ACCOUNTING FORMAT

(€m)	2011	2010
TF1 channel		
Advertising revenue	1,504.1	1,549.8
Advertising costs	(75.2)	(75.9)
NET BROADCASTING REVENUE	**1,428.9**	**1,473.9**
Royalties and levies		
Royalties	(60.6)	(58.5)
CNC (National Centre for Cinematography)	(82.0)	(84.2)
Tax on broadcast advertising	(6.4)	(6.1)
Broadcasting costs		
TDF, satellites, transmission costs	(25.7)	(44.9)
Programming costs (excluding exceptional sporting events)	**(881.4)**	**(873.6)**
Exceptional sporting events	**(24.1)**	**(77.6)**
GROSS PROFIT	**348.7**	**329.0**
Diversification revenue and other revenue from operations	1,114.7	1,070.9
Other operating expenses	(1,072.2)	(1,064.5)
Depreciation, amortisation, provisions and impairment, net	(108.3)	(105.0)
CURRENT OPERATING PROFIT	**282.9**	**230.4**
Non-current operating income and expenses	-	82.8
OPERATING PROFIT	**282.9**	**313.2**
Cost of net debt	***0.5***	***(18.2)***
Other financial income and expenses	***5.1***	***(2.5)***
Income tax expense	(88.7)	(68.9)
Share of profits/(losses) of associates	(13.7)	5.7
NET PROFIT	**186.1**	**229.3**
ATTRIBUTABLE TO THE GROUP	**182.7**	**228.3**
Attributable to minority interests	3.4	1.0

CONSOLIDATED DATA

(€m)	2011	2010
REVENUE	**2,619.7**	**2,622.4**
TF1 channel advertising revenue	1,504.1	1,549.8
Other activities	1,115.6	1,072.6
CURRENT OPERATING PROFIT	**282.9**	**230.4**
OPERATING PROFIT	**282.9**	**313.2**
NET RESULT	**182.7**	**228.3**

CONSOLIDATED REVENUE

Since 2007, the TF1 group has been faced with structural changes in its competitive, technological and regulatory environment, coupled with volatile economic conditions. The strategy implemented in recent years has made the Group stronger and better able to adapt to these upheavals. It now has a multi-channel free-to-air offering, backed up by a complementary range of pay-TV channels. The revamped digital and internet offering is the most innovative in the market. Diversifications have been rationalised and demonstrate their capacity to deliver fresh growth, thanks to a strong commercial momentum.

So despite the tough economic conditions, TF1 was able to hold full-year revenue steady in 2011 at €2,619.7 million (down €2.7 million, a fall of just 0.1%).

Consolidated revenue for 2011 comprised:

- €1,504.1 million of advertising revenue from the TF1 channel, down €45.7 million (2.9%). This reflects a lower volume of advertising screened (against a particularly tough comparative in 2010), together with new signs of European economic weakness in the second half of 2011;
- €1,115.6 million of diversification revenues, up €43.0 million (4.0%) on 2010.

Diversification revenue for 2011 includes:

- the €47.9 million impact of a change in the scope of consolidation over the first six months of 2011 relating to the newly-acquired equity interests in TMC and NT1 (fully consolidated since the acquisition of control on July 1, 2010);
- €13.0 million for the resale of rights to the 2011 Rugby World Cup, recognised in the third quarter of 2011;
- 100% of the revenue generated by Metro France since July 28, 2011 (€15.4 million).

Bear in mind that 2010 revenue included €33.0 million from the resale of rights to the FIFA 2010 World Cup, recognised in the second quarter of 2010.

Advertising revenue for the TF1 group as a whole reached €1,821.5 million, up €28.2 million (1.6%), driven by the first-time consolidation of TMC and NT1 channels and growth in internet and radio advertising, plus the first-time consolidation of Metro France.

The geographical split of consolidated revenue is 85.0% from France, 13.1% from the rest of the European Union, and 1.9% from other countries.

PROGRAMMING COSTS AND OTHER OPERATING COSTS

TF1 channel programming costs were €905.5 million in 2011 (versus €951.2 million). This net improvement of €45.7 million (4.8%) was attributable to:

- non-recurrence of the FIFA 2010 World Cup, generating savings of €77.6 million, or €63.3 million net of the €14.3 million cost of replacement programmes;
- the €24.1 million cost of the 2011 Rugby World Cup, screened in September and October 2011, or €22.4 million net of the €1.7 million cost of replaced programmes;
- savings of €4.8 million on other programmes.

After excluding exceptional sporting events, TF1 channel programming costs totalled €881.4 million, an increase of €7.8 million on the 2010 figure (€873.6 million); this includes the cost of programmes to replace the FIFA 2010 World Cup matches screened in 2010. This performance illustrates the Group's ability to optimise programming and costs.

Movies and children's programmes posted savings of 6.3% and 7.3% respectively, due to fewer films being shown (and at a lower average cost) and to better use of the back catalogue.

Other genres saw programming costs rise:

- entertainment, gameshows and magazine programmes (+2.7%), due to a rise in the number of entertainment shows broadcast;
- dramas and serials (+0.7%), due to more first-runs and serials being shown (and despite better use of the back catalogue);
- sports (+1.4%), excluding exceptional sporting events, with two more matches involving the French national soccer team screened than in the previous year;
- news (+6.3%), due to repeats or extended versions of highly successful programmes and to a rise in the number of special editions.

In the fourth quarter of 2011, programming costs were €266.1 million, an increase of €8.0 million. This builds in the €10.8 million cost of Rugby World Cup matches broadcast in October, and savings of €0.8 million on replacement programmes.

Operating costs eased by €12.8 million to €1,323.0 million, despite an additional €34.5 million in costs arising from the newly-acquired equity interests in TMC and NT1 and from the acquisition of Rugby World Cup rights that were subsequently resold.

In 2011, the TF1 group generated €12 million of recurring operating cost savings.

Net depreciation, amortisation, provisions and impairment totalled €108.3 million for the year ended December 31, 2011, compared with €105.0 million for the previous year.

OPERATING PROFIT

Current operating profit was €52.5 million (22.8%) higher year-on-year, including €13.4 million from the first-time consolidation of the newly-acquired equity interests in TMC and NT1.

Current operating margin rose to 10.8%, from the 8.8% achieved over 2010 as a whole. This improved profitability reflects the successful adaptation of the TF1 business model, and the benefits of a radical refocusing of the Group.

Bear in mind that the 2010 operating profit figure includes a €95.9 million gain arising from the remeasurement of the previously-held equity interests in TMC and NT1, recognised in non-current operating income.

In addition, the €6.1 million gain arising from the remeasurement of the previously-held equity interest in SPS, initially recognised in the first quarter of 2010 as a component of current operating profit by Broadcasting International, was reclassified as non-current operating income in the fourth quarter.

Finally, the impairment losses taken against the goodwill on SPS and 1001 Listes generated non-current operating expenses of €12.2 million and €7.0 million respectively in 2010.

These various accounting adjustments had a net positive effect of €82.8 million in 2010.

The Group made an operating profit of €282.9 million for the year ended December 31, 2011, against €313.2 million in the previous year.

Each new quarter offers confirmation of the effectiveness of the measures taken to migrate to a more favourable business model.

NET PROFIT

On average over 2011, the TF1 group was in a positive net cash position. Cost of net debt represented a net gain of €0.5 million for the year, against a net expense of €18.2 million in 2010.

Other financial income and expenses showed a net gain of €5.1 million in 2011, versus a net expense of €2.5 million in 2010; the year-on-year change was due to currency hedge remeasurements.

Income tax expense for the year to December 31, 2011 was €88.7 million, up €19.8 million; this was in line with the rise in current operating profit after allowing for a tax gain arising on the sale of SPS.

Associates contributed a net loss of €13.7 million for the year ended December 31, 2011, versus a profit of €5.7 million in the previous year. The year-on-year change was due to the following factors:

- the AB Group ceased to be accounted for as an associate from July 1, 2010;
- an impairment loss of €7.9 million was taken against the interest in Metro France.

Net profit attributable to the Group was €182.7 million in the year ended December 31, 2011, versus €228.3 million for the previous year, a fall of €45.6 million.

Bear in mind that in 2010, net profit attributable to the Group included the effect of the accounting adjustments described under “Operating profit”.

Minority interests amounted to €3.4 million in the year ended December 31, 2011, compared with €1.0 million in the previous year.

Full-year net profit was therefore €186.1 million, versus €229.3 million in 2010.

FINANCIAL POSITION

As of December 31, 2011, shareholders’ equity attributable to the Group stood at €1,575.1 million, out of a balance sheet total of €3,354.4 million.

The TF1 group had net debt of €40.6 million at end 2011, versus net cash of €16.8 million at end 2010.

On December 21, 2011, TF1 paid €58.5 million to acquire a previously rented building occupied by staff from TF1 SA and LCI.

As of December 31, 2011, the TF1 group had confirmed bilateral credit facilities of €1,015 million with various banks. This portfolio of credit facilities is renewed regularly as and when each facility expires (terms of 1 to 6 years, depending on the facility), so that the Group has sufficient liquidity at all times.

Gearing (the ratio of net debt to shareholders’ equity attributable to the Group) stood at 2.6% as of December 31, 2011, indicating the robust financial health of the TF1 group.

On July 22, 2011, Standard & Poor’s upgraded TF1’s credit rating from BBB/positive outlook to BBB+/stable outlook, reflecting the Group’s healthy financial position.

QUARTERLY REVENUE AND OPERATING PROFIT FIGURES

(€m)	Q1 2011	Q1 2010	Q2 2011	Q2 2010	Q3 2011	Q3 2010	Q4 2011	Q4 2010	2011	2010
Broadcasting France	499.4	479.7	552.8	562.2	442.3	424.0	640.3	643.7	2,134.8	2,109.6
Audiovisual Rights	29.0	32.4	21.1	27.6	23.0	22.3	42.4	60.6	115.5	142.9
Broadcasting International	84.5	84.0	89.3	97.2	95.9	93.0	98.2	90.2	367.9	364.4
Other Activities	1.5	0.8	-	0.7	-	2.1	-	1.9	1.5	5.5
CONSOLIDATED REVENUE	**614.4**	**596.9**	**663.2**	**687.7**	**561.2**	**541.4**	**780.9**	**796.4**	**2,619.7**	**2,622.4**
Broadcasting France	62.4	39.0	118.6	45.6	6.6	12.9	78.9	103.8	266.5	201.3
Audiovisual Rights	0.1	(4.5)	(11.2)	(1.1)	(14.5)	(2.4)	(14.5)	2.8	(40.1)	(5.2)
Broadcasting International	10.0	5.3	17.6	21.4	16.9	16.8	20.7	16.4	65.2	59.9
Other Activities	(11.0)	4.0	-	(5.3)	-	(6.8)	2.3	(17.5)	(8.7)	(25.6)
CURRENT OPERATING PROFIT	**61.5**	**43.8**	**125.0**	**60.6**	**9.0**	**20.5**	**87.4**	**105.5**	**282.9**	**230.4**

INCOME STATEMENT CONTRIBUTIONS BY SEGMENT

	Revenue		Current operating profit	
(€m)	2011	2010	2011	2010
BROADCASTING FRANCE	**2,134.8**	**2,109.6**	**266.5**	**201.3**
TF1 SA(1)	1,511.0	1,561.3	177.8	143.3
Téléshopping (Home Shopping)	100.4	101.9	2.9	3.9
Theme Channels – France(2)	308.8	252.5	38.9	27.5
TF1 Entreprises	49.4	43.8	5.7	2.4
Production(3)	26.4	16.7	4.4	(1.9)
e-TF1	85.0	78.2	9.2	2.5
Other(4)	53.8	55.2	27.6	23.6
AUDIOVISUAL RIGHTS	**115.5**	**142.9**	**(40.1)**	**(5.2)**
Catalogue(5)	37.2	54.1	(28.4)	4.3
TF1 Vidéo	78.3	88.8	(11.7)	(9.5)
BROADCASTING INTERNATIONAL	**367.9**	**364.4**	**65.2**	**59.9**
OTHER ACTIVITIES	**1.5**	**5.5**	**(8.7)**	**(25.6)**
SPS(6)	1.5	1.6	(8.7)	(23.6)
1001 Listes(7)	-	3.9	-	(2.0)
TOTAL CONTINUING OPERATIONS	**2,619.7**	**2,622.4**	**282.9**	**230.4**

(1) Includes SNC Aphélie.
(2) Includes Eurosport France, LCI, TV Breizh, TMC, NT1, TF6, Série Club, Stylía, Histoire, Ushuaïa TV and TF1 Thématiques (formerly TF1 Digital).
(3) TV and movie production entities.
(4) Mainly comprises TF1 Publicité, Metro France Publications, and TF1 DS (which carries the resale of sports broadcasting rights).
(5) Mainly comprises TF1 Droits Audiovisuels, TF1 International, and TCM (sold on April 19, 2011).
(6) SPS was sold on May 2, 2011.
(7) 1001 Listes was sold on February 4, 2011.

BROADCASTING FRANCE

Revenue for the Broadcasting France Division was €2,134.8 million in 2011, up €25.2 million (1.2%) on 2010.

Current operating profit advanced by €65.2 million to €266.5 million.

Current operating margin reached 12.5%, versus 9.5% for the previous year, an improvement of 3.0 points.

TF1 CHANNEL

TF1 channel revenue fell by 3.2% (€50.3 million) in 2011, to €1,511.0 million. Advertising revenue was 2.9% lower at €1,504.1 million.

Current operating profit advanced by €34.5 million to €177.8 million, taking current operating margin to 11.8%, an improvement of 2.6 points relative to the 2010 level (9.2%).

TF1[(1)]

A market full of opportunity

In 2011, 8.7 million TV sets were sold in France, driven by the end of the digital switch-off and the screening of exceptional sporting events.

The average daily viewing time for individuals aged 4 and over reached 3 hours, 47 minutes, 15 minutes more than in 2010. Among "women aged under 50 purchasing decision-makers", average daily viewing time was 3 hours 56 minutes, a year-on-year increase of 14 minutes.

The analogue signal was finally switched off in France on November 30, 2011. At end 2011 99.8% of French people had access to at least 19 channels. Access to a multi-channel offering is now the norm in France.

Against this backdrop, DTT and ADSL are seeing rapid growth at the expense of cable and satellite subscriptions. At end December 2011, coverage of French households was as follows:

- 60.6% (+2.0 points year-on-year) connected to DTT;
- 30.8% (+6.9 points) to ADSL or fibre optic;
- 13.2% (-1.9 points) to satellite pay-TV;
- 9.4% (+1.2 points) to free-to-air satellite;
- 6.5% (-0.9 of a point) to cable pay-TV;
- 3.9% (+0.4 of a point) to free-to-air cable.

Market leadership confirmed

The TF1 channel achieved an audience share of 23.7% among individuals aged 4 and over (versus 24.5% in 2010), rising to 26.7% among "women aged under 50 purchasing decision-makers" (versus 28.1%).

TF1 is market leader across all target audiences, 8.8 points ahead of its nearest rival in individuals aged 4 and over, rising to 9.5 points for "women aged under 50 purchasing decision-makers".

TF1 attracted 99 of the top 100 ratings for 2011 (versus 97 in 2010), the channel's second-best performance since Médiamat began in 1989. The record audience in 2011 was 15.4 million for the Rugby World Cup final between France and New Zealand on October 23, 2011.

This confirms TF1's unique market position and must-see status: it was the only French channel to attract over 9 million prime time viewers during 2011 (on 37 occasions), while 4 programmes attracted more than 10 million.

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 7pm to 1am period. These slots have high audience potential, and hence high monetisation potential. In this time period, TF1 has a higher audience share than for the day as a whole (25.5% of individuals aged 4 and over), and a wider gap over its nearest rival (11.7 points). The effect is similar for the target audience of "women aged under 50 purchasing decision-makers", with 29.4% of the audience and a 9.4-point lead over the closest rival.

TF1 remains the leading channel in France across all audience segments, and a genuine audiovisual brand builder.

It aims to offer viewers attractive and user-friendly programming, with strong brands and regular must-see shows in entertainment, drama, sport, American serials, movies, and news. The channel is also the broadcaster for major sports events such as the Rugby World Cup. The TF1 editorial policy, built on popular, event-driven programming, has made the channel no. 1 across all genres.

Prime time market leader

Over 2011 as a whole, the TF1 channel attracted an average of 6.2 million prime time viewers (versus 6.3 million in the previous year).

Within TF1's prime time slots, the channel was the most watched on 9 evenings out of 10 (in line with 2010).

So despite audience dispersion, TF1 remains the biggest mass media player in France.

(1) Source: Médiamétrie/Médiamat – Market leadership in TF1 prime time slots (8.45 pm – 10.30 pm).
Source: Médiamétrie/GFK – Multimedia coverage survey – October/December 2011.

No. 1 across all genres[1]

Entertainment: in 2011, TF1 once again delivered must-see programming that attracted huge audiences. The *Les Enfoirés* show on March 11 was watched by 12.5 million viewers, its historical record.

The final of season 11 of *Koh Lanta* attracted 7.9 million viewers on December 16, the show's highest audience rating since 2007.

TF1 is also building strong new brands: the second season 2 of *MasterChef* attracted 7.0 million viewers for the final and 5.3 million viewers, up 0.8 million on the previous year, with a market share of 31% in the target audience for advertisers.

Danse avec les Stars, a new prime time show launched in February 2011, has already clocked up two successive series with an average audience of 5.1 million and 30% market share among "women aged under 50 purchasing decision-makers".

Finally, *Après le 20h, c'est Canteloup* – a daily satire show launched in 2011 – attracted 9.4 million viewers on November 30, 2011.

Sport: the Rugby World Cup was the stand-out event. The France/New Zealand final attracted 15.4 million viewers, or 82% of individuals aged 4 and over, 89% of men aged under 50 and 75% of "women aged under 50 purchasing decision-makers". This is the third-highest rating for a rugby match since Médiamétrie was set up, and the highest rating for any programme in the last four years. The France/Wales semi-final was watched by 9.5 million, while 8.2 million tuned in to the Euro 2012 football qualifier between France and Bosnia Herzegovina on October 11, 2011.

American drama serials: TF1 screened the 7 most-watched American imports during 2011. *Mentalist* attracted its best-ever viewing figures during season 3, with 10.4 million viewers tuning in on August 31. *House* (French title: *Dr House*) and *Criminal Minds* (French title: *Esprits Criminels*) also enjoyed record audiences in 2011, of 9.5 million (June 14) and 9.4 million (March 30) respectively. Audiences for *CSI: Crime Scene Investigation* (French title: *Les Experts*) peaked at 9.1 million for the triple crossover on March 13, with audience share for the three episodes reaching 47% among "women aged under 50 purchasing decision-makers".

The first run of series 6 of *Grey's Anatomy* attracted 7.9 million viewers, and achieved an average 50% audience share among the key advertising target audience (a record for this series), rising to 70% for the final episode.

French drama: during 2011, French drama drew large audiences. *Doc Martin* attracted 9.1 million viewers on January 10, *Bienvenue aux Edelweiss* was watched by 8.9 million people, while *Joséphine, Ange Gardien* attracted an audience of 8.5 million on February 21. *Section de Recherches* achieved its best ratings since 2006 (7.7 million on March 24, 2011).

Movies: TF1 achieved excellent ratings for its movies, especially *De l'Autre Côté du Lit* (9.4 million viewers), *Die Hard 4* (9.0 million, best for an American film since November 2008), *LOL* (8.3 million), *Prête-moi ta main* and *Le Code a changé* (8.1 million each), *RTT* (8.0 million), *Les Bronzés 3* (7.9 million) and *I am Legend* (French title: *Je suis une Légende*, 7.6 million).

News: TF1's regular news bulletins are the most widely-watched in Europe. In 2011, audiences peaked at 12.5 million for the 8pm bulletin (September 18) and at 8.5 million for the 1pm bulletin (March 12).

Timeshift audiences: positive initial results

Since January 3, 2011, the Médiamat ratings published by Médiamétrie have included timeshift viewers (people who record programmes and watch them later *via* videotape or DVD recorders, set-top routers and personal video recorders, or other timeshift technology). Catch-up viewing is not yet captured in the figures.

In 2011, 61% of households with TV also had timeshift capability.

Full-year results were encouraging, with timeshift adding an extra 1.7% to TV consumption on average, or an extra 3 minutes and 39 seconds per day of TV viewing. Of this, 42% is consumed on the day the programme is broadcast.

For example, *Dr House* gained more than 720,000 viewers for a single broadcast thanks to the timeshift audience.

For the advertising target audience, timeshift viewers added an extra 4 minutes and 43 seconds (a gain of 2.1%).

Advertising revenue[2]

Gross plurimedia advertising spend (including the Internet) rose by 5.5% (€1.4bn) in 2011, to €27.1bn, with TV advertising making the largest contribution to growth (37.6%).

Television (national and regional channels, DTT, cable and satellite) was the no. 1 medium in terms of advertising spend, with market share of 31.8% (up 0.3 of a point year-on-year) and full-year gross revenue of €8.6bn (up 6.6% year-on-year).

Advertising spend on free-to-air DTT continues to grow rapidly (up 28.4% to €2.4bn).

Print media still ranks second behind TV in France, with gross advertising revenue of €7.7bn (up 4.0%) in 2011.

Gross advertising revenue for the **TF1 channel** fell by 1.5% over 2011 as a whole. Revenue rose by 3.3% in the first quarter and by 1.0% in the second, but fell by 5.6% in the third and by 4.3% in the fourth. The TF1

(1) *Source: Médiamétrie/Médiamat.*

(2) *Source: Kantar Media Intelligence.*

channel's share of gross advertising revenue across the TV market as a whole was 37.2%.

Gross advertising spend by sector shows a mixed picture due to the downturn in economic activity and a fall in household consumption.

Growth sectors relative to 2010 were: Cosmetics & Beauty (+6.0%), Auto/Transport (+4.8%), Financial Services (+6.5%) and Retail (+6.6%).

Over the same period, some sectors declined: Food (-7.4%), Household Cleaning (-9.9%), Telecoms (-9.6%), Publishing (-20.8%), Healthcare (-7.4%) and Culture/Leisure (-15.4%).

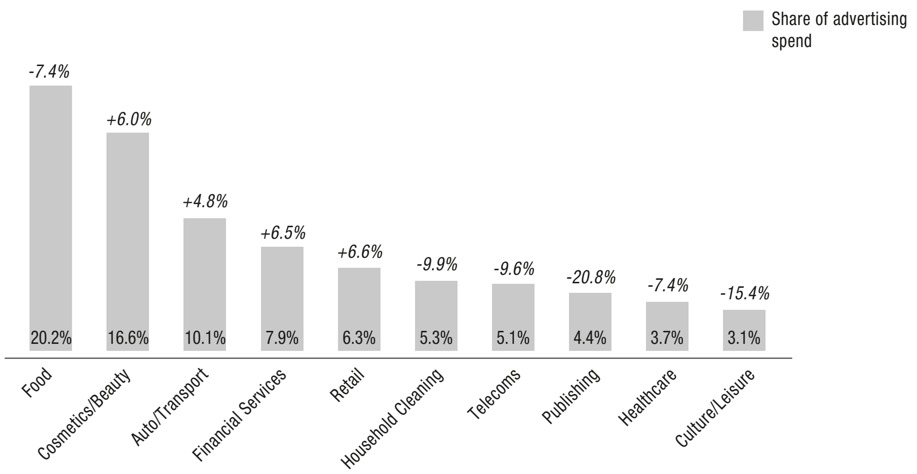
In volume terms, the amount of advertising shown declined in 2011, after strong growth in 2010. Volumes fell sharply in the second half of 2011, after only a slight decline in the first half of the year.

In an uncertain economic climate, advertisers are adopting a wait-and-see attitude, and their spend is more volatile.

The TF1 advertising business is drawing strength from the new distribution methods it has introduced, and is adapting to changes in the market thanks to new negotiating strategies and an improved inventory management.

Full-year net advertising revenue for the TF1 channel was down 2.9% (€45.7 million) at €1,504.1 million. Revenue fell by €9.5 million (2.6%) in the first quarter, then rose by €2.7 million (0.7%) in the second before slipping again by €9.9 million (3.2%) in the third and by €29.0 million (6.1%) in the fourth.

SPLIT OF TF1 GROSS ADVERTISING SPEND BY SECTOR, AND 2011 VS. 2010 GROWTH.



Source: Kantar Média.

2011 Rugby World Cup[1]

During the third and fourth quarters of 2011, TF1 broadcast the Rugby World Cup, a major event for the Group. Throughout the tournament, the Group achieved excellent performances and set new records across its various media.

The **TF1 channel** attracted an average audience of 4.2 million for the 20 matches screened, giving a 51% audience share among individuals aged 4 and over.

On average, the six matches featuring the French team were watched by 8.9 million viewers, or 69% of the audience among individuals aged 4 and over. Audience ratings were high for other target segments, with averages of 59% among “women aged under 50 purchasing decision-makers” and 79% among men aged 15-49.

The France/New Zealand final, broadcast on October 23, drew the biggest audience not just for the tournament but for any programme on any channel in the year to date. A total of 15.4 million viewers watched the match, or an audience share of 82% among individuals aged 4 and over. It also proved appealing across the whole spectrum of viewers, attracting not only 89% of men aged 15-49 but also 75% of “women aged under 50 purchasing decision-makers”. These are the third best ratings ever for a rugby match since Médiamat was set up, and the highest ratings for any channel and any programme since 2007.

The audience for the *Le Mag’ de la Coupe du Monde de Rugby* show peaked on October 15 after the France/Wales match at 6.3 million, or a 51% audience share among individuals aged 4 and over. On average, this magazine pulled in 1.9 million viewers, representing 29% audience share among individuals aged 4 and over, rising to 41% among men aged 15-49.

Programming was rolled out across all the **MYTF1** platform, which offered all the 2011 Rugby matches, catch-up coverage of the 48 matches, exclusive video content, and a wide range of tie-in articles and reports.

The official Rugby World Cup site, deployed jointly by TF1 and Eurosport, attracted 14 million hits and over 40 million page views.

The site also offered the opportunity to view live coverage of the 20 matches carried on TF1 using an innovative player that enabled users to control the live feed, plus a *Cover it live* function offering added editorial content.

More than half of Web users took advantage of these innovative social TV tools. In total, over 2.3 million live sessions were recorded.

Video and highlights packages were also popular with viewers.

The 360 strategy adopted for the tournament proved a resounding success.

In financial terms, the Rugby World Cup will have a full-year impact on TF1 channel programming costs of €24.1 million (including rights and production) for the 20 matches screened, giving an average cost of €1.2 million per match (versus €2.5 million in 2007).

The partial resale of rights to France Télévisions and Canal+ for €13.0 million led to the recognition of a loss on disposal in the third quarter of 2011, though this loss had already been fully provided in the fourth quarter of 2010.

HOME SHOPPING[2]

After growing by 2.2% in 2010, the retail sector as a whole shrank by 0.2% in 2011, while the home shopping market contracted by 0.4% over the same period. The most buoyant sectors were shoes, leather goods and non-textile accessories (+16.0%), sports goods and auto accessories (+12.4%), and household electricals (up 8.3%). By contrast, apparel contracted by 2.2% and textile accessories by 10.5%.

Online sales rose by 22.6% in value terms in 2011 to €38bn (versus €31bn in 2010), confirming the buoyancy of e-commerce in France. Websites recorded over 420 million transactions during the year, 80 million more than in 2010.

There is also rapid growth in m-commerce (sales made *via* smartphones and PDAs); sales of this type represented 2% of the revenue of France’s leading e-commerce sites in 2011.

There are now 30.7 million online shoppers in France, 3 million more than a year ago.

Over the past twelve months, the number of active e-commerce sites reached a new high of 100,400, a year-on-year increase of 18,000 (23%).

Against this backdrop, the Home Shopping business generated revenue of €100.4 million, down 1.5% on the 2010 figure of €101.9 million. This fall was mainly due to a drop in sales for the flagship Téléshopping brand and a lower average order value for Infomercials; the number of orders rose, but not enough to offset this.

The Place des Tendances business continued its success, with 200 active brands, an impressive 91% rise in the number of customers during the year, and rapid growth in the transformation rate.

Home Shopping made a current operating profit of €2.9 million in 2011, down €1.0 million, with lower revenue from Infomercials failing to offset cost savings.

(1) Source: Médiamétrie – Médiamat set up in 1989.
Source: eStat Streaming TV.

(2) Source: Fevad.

THEME CHANNELS[1]

99.8% of French households can now receive at least 19 channels. By contrast, at end 2006 just 39% of French households with a TV set had access to multi-channel offerings.

The audience share of free-to-air digital terrestrial TV (DTT) channels is still rising, reaching 23.1% in 2011 (individuals aged 4 and over), compared with 19.7% at end December 2010.

The audience share for these channels surged by 30% in 2010, but in 2011 growth was a more modest 17%.

Pay-TV channels had an audience share of 11.7% among individuals aged 4 and over in 2011, down 0.5 of a point year-on-year.

Against this backdrop, the TF1 group's theme channels posted revenue of €308.8 million in 2011, a year-on-year rise of €56.3 million (22.3%). This was largely driven by the effect of consolidating 100% of TMC and NT1 from July 1, 2010, which added €47.9 million of revenue in 2011. On a comparable structure basis, theme channel revenue rose by 3.3% in 2011, driven not only by TMC and NT1 but also by TV Breizh and LCI.

Other revenue – mainly from subscriptions – saw a slight 1.1% rise year-on-year. Theme channel advertising revenue advanced by €54.9 million (42.3%) in 2011, to €184.8 million. Growth on a comparable structure basis was 5.4%. Dynamic performances at TMC, NT1 and LCI more than offset a decline in advertising revenue for the other theme channels as they faced head-on competition from free-to-air DTT channels.

Current operating profit reached €38.9 million in 2011, up €11.4 million. Group operating profit included €13.4 million attributable to the first-time consolidation of the newly-acquired equity interests in TMC and NT1.

Current operating margin came to 12.6%, versus 10.9% in the previous year, boosted by revenue growth, excellent results at TMC and NT1, and careful cost management.

The TF1 group has also secured the distribution of its pay-TV offering by entering into non-exclusive distribution agreements with France's main cable, satellite and ADSL operators. These deals bear witness to the appeal of the Group's pay-TV offering, but also bolster its business model by securing distribution revenue while broadening audience reach.

TMC

In 2011, TMC was once again France's no. 1 DTT channel, and also cemented its status as the no. 5 national TV channel (individuals aged 4 and over) for the second consecutive year.

The channel had an audience share of 3.5% in 2011 among individuals aged 4 and over (versus 3.3% in 2010, up 6%), rising to 3.9% among "women aged under 50 purchasing decision-makers" (versus 3.6% in 2010, up 8%).

TMC attracted an average prime time audience of 900,000 in 2011 (100,000 more than in 2010), and broadcast more than double the number of shows with more than a million viewers (151, versus 65 in 2010).

Three movies drew more than 2 million viewers in 2011: *Lethal Weapon 4* (French title: *L'Arme Fatale 4*), *Dirty Dancing* and *Transformers*.

The channel recorded 31 of the top 100 audience ratings for DTT, thanks to strong programming in movies, magazine shows, entertainment, French drama and American serials.

NT1

NT1 is the fastest-growing of all TV channels among the target audience of "women aged under 50 purchasing decision-makers", with an audience share of 2.4% (50% more than in 2010).

Overall, NT1 has a 1.9% audience share among individuals aged 4 and over (versus 1.6% for the previous year, an increase of 19%).

These impressive growth figures reflect stronger schedules, and joint work with the TF1 group's programming teams.

Since September 2011, NT1 has been the third most popular DTT channel among "women aged under 50 purchasing decision-makers".

NT1 attracted an average prime time audience of 600,000 (an increase of 100,000 year-on-year), with 12 programmes drawing audiences of more than a million. These included the movie *Shooter* (French title: *Shooter, Tireur d'Élite*), which set a new record for the channel with over 1.5 million viewers. And for the first time in its history, NT1 programmes filled two slots in the top 100 DTT ratings.

Eurosport France

The Eurosport France channel had 7.7 million paying subscribers in 2011, up 0.7%.

The channel's audience was 6.4% higher than in 2010, with 30,000 viewers per average quarter-hour. This is an impressive performance, given the tough competition in sports broadcasting, and reflects the drive to strengthen content.

After 2010, which featured a number of sporting events highly attractive to advertisers, there was a sharp fall in advertising revenue; subscription revenue, by contrast, rose slightly year-on-year.

Programming costs rose in 2011, reflecting the decision made at the start of the year to strengthen the channel's content and more intensive use of the rights catalogue. The effect was to some extent mitigated by the non-recurrence in 2011 of rights costs relating to some specific major events screened in 2010.

The drop in advertising revenue underlies the fall in current operating profit in 2011. Eurosport France has acquired the broadcasting rights to "ProD2", the second tier of professional rugby in France, from 2011 to 2015.

TV Breizh

In the first half of 2011, TV Breizh became the no. 1 cable and satellite pay-TV channel among individuals aged 4 and over (pay-TV subscribers) and cemented its market leadership among "women aged under 50 purchasing decision-makers" (pay-TV subscribers), achieving initialised

(1) Sources: Médiamat/Médiaplanning - Médiamat'Thématik - wave 21 versus wave 20/GFK/Multimedia coverage survey.

audience shares of 1.4% (up 0.2 of a point year-on-year) and 1.7% (down 0.1 of a point year-on-year) respectively.

These audience figures have been achieved by attractive family programming, with American films (such as the uncut version of *Lethal Weapon* (French title: *L'Arme Fatale*) and *Jurassic Park*) and American and French drama serials pulling in over 200,000 viewers.

Viewing figures per average quarter-hour were up 26% year-on-year at 39,420.

TV Breizh is accessible to 14.3 million people, and to 24% of households with TV sets.

Despite challenging economic and competitive conditions, TV Breizh maintained excellent margins.

LCI

LCI's editorial repositioning, launched in 2010, has helped the channel achieve significant growth in audiences among individual pay-TV subscribers in higher socio-professional categories, with a 1.0% audience share. The channel gained 0.2 of a point (36% growth for individuals in higher socio-professional categories) versus the previous year, and now ranks fourth among French pay-TV channels.

Audiences per average quarter-hour rose sharply to 23,000 (up 35% year-on-year).

The channel can be received by 15.1 million people and by 26% of households with a TV set.

Recognised by advertisers as a benchmark news channel, LCI saw a rise in advertising revenue in 2011 – a remarkable achievement, given the mounting competition from free-to-air news channels. Ongoing cost optimisation led to further improvements at current operating level.

Découverte Division

In 2011, the Découverte Division affinity channels all continued to enhance their content, and performed well in terms of both revenue and profit.

Histoire is pursuing its editorial policy while it builds brand penetration, and Ushuaïa TV is expanding its must-see HD programming. Stylía, launched in October 2010, is continuing with its upscale editorial policy as it develops its brand.

TF6 and Série Club

In 2011, TF6 – owned 50/50 by M6 and TF1 – had 0.6% audience share among initialised individuals aged 4 and over (unchanged year-on-year).

During 2011, the channel continued to refocus on its advertising target audience in the 15-34 age bracket by screening must-see entertainment shows like *Cauet fait le tour* and age-group favourite serials like *Numb3rs* or *Smallville*. TF6 also shows the best action movies and TV movies, such as *Batman Forever* and *Point Break*.

In a tough competitive environment, advertising revenue contracted, and the effect was only partly offset by higher subscription revenue, leading to lower revenue for the channel overall.

The Série Club channel – also owned 50/50 by M6 and TF1 – increased its audience figures by 22% year-on-year to 16,000 viewers per average quarter-hour. The channel had 0.3% audience share among initialised individuals aged 4 and over in 2011.

The rise of DTT has intensified competition for cable and satellite channels, but Série Club is proving resilient in terms of both audiences and advertising revenue.

Série Club – a specialist serials channel – sought to maintain its appeal in 2011 by bolstering its schedules with US imports like *Mad Men* and *Stargate Atlantis* and popular French dramas like *Louis la Brocante*.

Série Club reported growth in both revenues and margins in 2011.

TF6 and Série Club renegotiated their distribution contracts in 2011, in particular the contract with CanalSat.

TF1 ENTREPRISES

TF1 Entreprises posted revenue of €49.4 million in 2011, 12.8% higher than in the previous year.

This growth, combined with lower operating costs, led to a sharp €3.3 million rise in current operating profit for TF1 Entreprises, from €2.4 million to €5.7 million. Current operating margin was 6.0 points higher at 11.5%.

Games(1)

In 2011, the French games market contracted by 2.8% by value (excluding jigsaw puzzles and trading card games) and by 1.5% by volume.

TF1 Games saw its market share slip from 8.0% in 2010 to 7.7% in 2011, but nonetheless turned in a strong performance as volumes sold rose by 88,000 units year-on-year to 1,860,000, including:

- 465,000 boxed sets from the *Mille Bornes* range;
- 272,000 *Barbapapa* and Gogo's bracelets;
- 128,000 boxed sets of the *Le Cochon qui rit* game.

TF1 Entreprises/Dujardin also launched, in partnership with Française des Jeux, an FDJ-*Mille Bornes* scratchcard, of which 26 million have been sold.

Licences

The Licences business continued to expand in 2011; among the licences developed during the year were *Ushuaïa, Barbapapa, MasterChef* and *Mille Bornes*.

Music(2)

The music and disc market contracted by 3.9% in 2011 compared to the previous year. Physical sales fell by 11.5%, but digital sales rose by 25.7% and now represent 21% of total sales.

After a year of successful musical partnerships in 2010, the trend continued through 2011 with fine performances from Les Prêtres (*Gloria*, 489,000 albums sold in the year), Zaz (455,000), Nolwenn Leroy (800,000) and Johnny Hallyday (300,000).

The tour of *Mozart, the Rock Opera* ended on a high note, with over 1.3 million tickets sold since the show first opened.

(1) Source: NPD data.

(2) Source: SNEP data.

Other

In October 2011, TF1 Entreprises launched a highly popular collection of Tintin figurines, while the Automotocompare.fr website – launched in the third quarter of 2010 – has demonstrated how effectively TF1 is able to exploit its brands.

These two businesses contributed to the division's overall revenue growth.

PRODUCTION

Revenue for the Production business surged by €26.4 million (up 58.1%) in 2011, driven by both TF1 Films Production and TF1 Production. Current operating profit was €4.4 million, an improvement of €6.3 million on the previous year's loss. Current operating margin was 16.7%.

TF1 Films Production(1)

Box office entries at French cinemas in 2011 totalled 215.6 million, 4.2% higher than in 2010. This figure is well above the 191.0 million average recorded over the past ten years, and the highest for 45 years (234.2 million in 1966). Cinema attendances were particularly buoyant in the second half (up 14.8% year-on-year), after a 6.2% contraction in the first half.

A significant factor was the growth in box office entries for French films, which rose by 21.4% to 89.6 million. French films also increased their market share to 41.6%, versus 35.7% in 2010.

TF1 Films Production co-produced 21 films in 2011 (versus 13 releases in 2010), 13 of which had topped one million box office entries by the end of the year.

A major success was *Intouchables*, which headed the box office listings with 16.7 million to end 2011. This makes it only the second French film to have topped the box office listings in any year.

Thanks to these successes, revenue and current operating profit at TF1 Films Production both rose year-on-year in 2011.

At end December 2011, the subsidiary had committed a total of €44.7 million to feature films, thereby fulfilling its commitments.

Film	Release date (2011)	Box office entries
INTOUCHABLES*	November 11	16,668,475
RIEN À DÉCLARER	February 2	8,150,825
HOLLYWOO*	December 7	1,906,703
CASE DÉPART	July 6	1,799,734
LA NOUVELLE GUERRE DES BOUTONS	September 21	1,542,331
LES TUCHE	July 1	1,534,020
L'ÉLÈVE DUCOBU	June 22	1,484,628
LA GUERRE DES BOUTONS	September 14	1,454,876
LA FILLE DU PUISATIER	April 20	1,401,319
LARGO WINCH 2	February 16	1,350,999
LE FILS À JO	January 12	1,238,549
LA CHANCE DE MA VIE	January 5	1,047,705
SANS IDENTITÉ	March 2	1,003,307
LA CROISIÈRE	April 20	673,307
COLOMBIANA	July 27	607,574
LE MARQUIS	March 9	515,194
LA PROIE	April 13	354,068
ON NE CHOISIT PAS SA FAMILLE	November 9	345,639
MON PÈRE EST FEMME DE MÉNAGE	April 13	297,713
ET SOUDAIN TOUT LE MONDE ME MANQUE	April 20	240,905
LES ADOPTÉS*	November 23	171,324

** Films still on release as of December 31, 2011.*

(1) Sources: Écran Total – as of January 4, 2012 and CNC.

TF1 Production

In the year to December 31, 2011, TF1 Production delivered around 445 hours of programming to the TF1 group (52 hours or 13% more than in 2010), including 153 hours to TMC and NT1 (57 hours or 41% more than in 2010).

TF1 Production recorded higher revenue year-on-year, and a sharp improvement in current operating profit thanks to tight cost control. TF1 is committed to producing quality programmes, for the Group or third parties, while at the same time optimising production costs.

Highlights for TF1 Production during the year included producing the smash hit *Danse avec les Stars*, Rugby World Cup tie-in shows, and magazine programmes for TMC (especially *90' enquêtes*) and for NT1. TF1 Production also managed the tour by the Les Prêtres singers.

e-TF1[(1)]

The e-TF1 business posted full-year revenue of €85.0 million (up 8.7%) in 2011.

Advertising revenue at e-TF1 advanced by €5.3 million (24.3%) year-on-year to €27.1 million.

A fall in interactivity due to programming effects was more than offset by the rollout of the MYTF1 platform on the four leading ISPs and by the success of advertising around online video. Over 2011 as a whole, 1.2 billion free videos were viewed on the Group's websites, and 547 million were watched in catch-up mode (95 million more than in the comparable period of 2010). In terms of time spent watching on-line video, the TF1 group is the leading player among French media groups, and is in the top 3 in France alongside the major international players[(2)].

TF1 has consolidated its digital offering around a global brand, MYTF1, available across all media. At end December 2011, the MYTF1.fr site was attracting 7.9 million unique visitors[(3)] per month, and is the leading media site in terms of unique visitors.

Revenue growth and cost control, plus better margins at WAT and new contracts with operators for MYTF1, underpinned a €6.7 million rise in current operating profit to €9.2 million. The Group's digital activities are highly profitable: current operating margin was 10.8% over the year as a whole (versus 3.2% in 2010).

OTHER

Revenue recorded on the "Other" line in 2011 totalled €53.8 million, versus €55.2 million in 2010.

The 2011 figure includes revenue of €13.0 million from the resale of 2011 Rugby World Cup rights, booked in the third quarter. This compares with the €33.0 million booked in the second quarter of 2010 for the resale of FIFA 2010 World Cup rights.

It also includes revenue generated by Metro France, 100% of which has been recognised since the acquisition of control on July 28, 2011 (impact: €15.4 million).

Advertising revenue booked on this line totalled €30.6 million, versus €13.7 million in 2010, the increase being mainly due to the consolidation of 100% of the revenue from Metro.

Current operating profit was €27.6 million, up €4.0 million year-on-year.

Third-party advertising airtime sales[(4)]

In 2011, TF1 Publicité sold advertising airtime for the 123 local, regional and themed radio stations in the **Indés Radios** grouping.

This grouping is a strong player in the French radio market, and remains market leader in the target 25-49 age bracket with an offering that reaches 8.3 million listeners a day. The combination of locally-based media and broad audience reach is highly effective for advertisers.

Gross advertising spend on the radio networks on which TF1 Publicité sells airtime rose by 16.6% in 2011, compared with growth of just 6.5% for the national radio market. With market share of 11.7% (1 point higher than in 2010), TF1 Publicité is a major player in the radio advertising market.

TF1 Publicité also sells advertising airtime for a dozen themed, add-on and branded channels, including the Disney and Cartoon channels.

Metro France[(5)]

On July 28, 2011, the TF1 group – which had held a 34.3% interest in Metro France Publications since 2003 – completed the acquisition of the remaining 65.7%. With effect from that date, Metro France has been fully consolidated in the TF1 group consolidated financial statements.

Metro – which produces daily freesheets and internet news content – increased its print runs during 2011. The paper edition is now available in 15 French cities, with 770,000 copies distributed a day. In a market where competition is particularly intense, with two major rivals, Metro ranks no. 2 with two million daily readers.

With the backing of the TF1 group – one of whose missions is to inform across all media – Metro France rolled out an aggressive strategy at end 2011, with a specific focus on digital.

Metro France contributed €15.4 million to TF1 group revenue in 2011; its contribution to operating profit was immaterial.

(1) Source: eStat Streaming TV.

(2) Source: Médiamétrie/NetRatings – December 2011.

(3) Source: NNR Panel, all sites, December 2011.

(4) Sources: Médiamétrie 126 000 Radio – Nov-Dec 2011 – Monday - Friday – 5am – midnight – Target 13 +
Kantar Média – Gross advertising spend – National Radio – All sectors – FY 2011 (versus FY 2010).

(5) Source: OJD.

AUDIOVISUAL RIGHTS

The Audiovisual Rights Division posted revenue of €115.5 million in 2011, €27.4 million less than in 2010.

At operating level, the division's performance deteriorated sharply, as the current operating loss increased from €5.2 million to €40.1 million.

CATALOGUE(1)

For an overview of the French cinema market in 2011, see the comments on TF1 Films Production.

The Catalogue business generated revenue of €37.2 million in 2011, against €54.1 million in the previous year. This decline was due to the sharing of revenues under an agreement signed with UGC, the elimination of intercompany sales to TMC and NT1 (previously recorded as third-party sales), and the sale of the TCM DA catalogue on April 19, 2011.

During 2011, revenue from catalogue sales was not enough to offset the decrease in revenue from new films, with box office entries lower than in 2010 even though three more films were released.

The business made a current operating loss of €28.4 million, including the entire cost relating to the *Miracle at St Anna* dispute (which was reclassified to this division when a mediated settlement was reached on July 25, 2011).

TF1 VIDÉO(2)

Revenue from the Video business was down 11.8% at €78.3 million.

The French video market (DVD, Blu-ray and VoD) shrank by 2.7% in 2011, with French consumers spending a total of €1.5bn. Household spending on physical video fell by some 9%; this was partly due to a smaller offering than in 2010, especially in genres usually popular on video such as action and comedy. Overall, the new DVD release market shrank by 13% in 2011. At the same time, the continuing high levels of video piracy – despite the best efforts of Hadopi (the French copyright enforcement agency) – had a very adverse impact on the video sector, putting a brake on growth in Blu-ray and VoD.

High Definition media are continuing to expand. Blu-ray sales rose by 20% in 2011 to €210 million, equivalent to 10 million units. Blu-ray represented 16% of video sales in 2011 (vs. 12% in 2010).

VoD confirmed its growth potential: the market is worth an estimated €230 million, 50% higher than in 2010.

During 2011, against a backdrop of severe price erosion, TF1 saw a decline in DVD and Blu-ray sales. TF1 Vidéo scored notable hits with *Elle s'appelait Sarah, Nicolas Canteloup* and *L'élève Ducobu,* but sales were lower than in 2010.

Video on demand (MYTF1VOD) saw impressive revenue growth of 38%. The site and brand have received a makeover, with TF1 consolidating its digital offering around a global brand (MYTF1) accessible through all media.

Kiosk sales were higher year-on-year thanks to *Barbie* and *Rien à Déclarer*.

The decline in revenue was partly cushioned by lower overheads, giving a current operating loss of €11.7 million, €2.2 million worse than in the previous year.

BROADCASTING INTERNATIONAL(3)

EUROSPORT INTERNATIONAL

The Eurosport channel can be received by 128.8 million households in Europe (up 5.8 million year-on-year), in 59 countries and 20 languages. The Asia-Pacific rollout of the channel is ongoing, with the subscriber base reaching 4.9 million at end 2011 (10.0% year-on-year growth).

Revenue for the Eurosport International group rose by €3.5 million (1.0%) to €367.9 million in the year ended December 31, 2011. Subscription revenue advanced by 4.0%, while advertising revenue fell by 4.1% to €74.9 million. This was largely due to the non-recurrence of the major sporting events screened in 2010 (such as the 2010 FIFA World Cup, the Olympic Games and the Africa Cup of Nations), and to the gloomy state of the global economy. Current operating profit was up €5.3 million at €65.2 million.

Eurosport International achieved current operating margin of 17.7% in 2011, an improvement of 1.3 points on the previous year. The key factors were tight cost control, and a reduced number of major sporting events.

The Eurosport International paying subscriber base grew by 7.6%, driven by the expansion of the channel in Russia, Poland and the United Kingdom, along with the HD offering and the development of Eurosport 2.

The success of the Eurosport HD channel (5.0 million new subscribers) confirms the commercial appeal of HD.

Growth in the subscriber base for Eurosport 2 (57.1 million subscribers, up 9.2 million year-on-year) and Eurosport 2 HD (1.8 million subscribers) is being largely driven by Mediterranean countries and Scandinavia. Eurosport 2, which offers joint broadcasting of major events including team sports and new-generation sports, has now passed the 55-million subscriber mark.

Audience figures for the Eurosport International channel fell sharply in the first quarter of 2011, due to the non-recurrence of the major sporting

(1) *Source: CNC.*

(2) *Source: SEVN-GFK.*

(3) *Source: cumulative audiences for Eurosport channels in European countries.*

events screened in 2010. However, audiences recovered in the next three quarters thanks largely to cycling, tennis and snooker, and to expansion of the live offering.

Average audiences rose by 3.0% over 2011 as a whole, despite more intense competition from other sports channels and from some national general-interest channels.

Eurosport 2 audiences surged by 48.3%, helping to maintain the Eurosport channels' overall audience ratings.

Internet viewing figures remained buoyant (15.0% higher than in 2010), putting Eurosport in the top rank of European sports network websites. Available in 14 local versions worldwide, the Eurosport website attracted a daily average of 2.7 million(1) unique visitors to end December 2011.

Eurosport's websites can also be accessed *via* smartphones and tablets in 10 languages. The iPhone app was downloaded by 5.4 million users (74.2% more than in 2010) and consulted by 520,000 users.

In addition, the channel was distributed over the Internet to a monthly average of 71,000 customers (up 86.6%).

OTHER ACTIVITIES

The TF1 group continued with the rationalisation of its diversification activities during 2011, starting with the sale of its entire interest in 1001 Listes to Galeries Lafayette on February 4, 2011.

On May 2, 2011, TF1 sold 100% of its shares in its online gaming and sports betting subsidiary SPS to Solfive, a company whose shareholders include the Chief Executive Officer of SPS.

In the fourth quarter of 2011, Solfive sold the SPS group on to the Unibet group. In accordance with the terms of the sale agreement between the TF1 group and Solfive, a gain of €2.4 million was paid over to the TF1 group.

Revenue recognised for SPS in 2011 amounted to €1.5 million, compared with €1.6 million in the previous year. 1001 Listes generated revenue of €3.9 million in 2010.

Overall, Other Activities reported an operating loss of €8.7 million for 2011, compared with €25.6 million for the previous year.

3.2.2 Outlook

The economy remains unstable in 2012, and the resulting uncertainty is generating significant volatility in decision-making by advertisers.

In the circumstances, we are working on the assumption that consolidated revenue will remain flat in 2012. We are also maintaining our objective for control over TF1 channel programming costs, which we expect to average €930 million in 2012 and 2013.

Nevertheless, we have solid fundamentals. Aware the environment is unstable, we have radically transformed our organisation, leaving us ready to face new challenges.

We will continue to develop our multi-channel offerings to the benefit of viewers and advertisers alike, drawing on our pro-active and innovative advertising sales teams.

We have high ambitions for new media in 2012, built notably on a solid and proven growth model for our digital activities.

Our pay-TV business model has been secured for the next three years, and rationalisation of our diversification activities is now largely complete.

Cost control remains a priority, and our robust financial position is a major asset amid the current uncertainty.

We will also pursue our corporate citizenship and corporate responsibility initiatives, playing our part in promoting social cohesion and diversity.

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

(1) *Source: ComScore Networks/unique visitor cookies/November 2011.*

details, refer to the disclosures about related-party agreements on page 267 of the registration document and Annual Financial Report and to the Statutory Auditors' report on such agreements (page 186 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 267 of the registration document and Annual Financial Report and to the Statutory Auditors' report on such agreements (page 186 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 2011, TF1 SA (the parent company) generated revenue of €1,447.2 million (down 2.5%), comprising €1,435.2 million of advertising revenue (down 2.6%) and €12.0 million of other revenue (up 12.1%). Operating profit for the year rose by €43.4 million to €197.5 million.

The parent company reported net financial expense of €12.7 million in 2011, compared with net financial income of €50.8 million in the previous year.

Net profit for the year was 27.2% lower at €114.5 million.

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 €249,880 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, 2011, and, having noted the existence of distributable profits of €405,144,172.01, comprising net profit for the period of €114,484,653.43 and retained earnings of €290,659,518.58, to appropriate this sum as follows, as proposed by the Board of Directors:

- distribution of a cash dividend of €116,013,151.65 (*i.e.* a dividend of €0.55 per €0.20 par value share);
- the balance of €289,131,020.36 to be carried forward as retained earnings.

The ex-date of the dividend on the Euronext Paris market will be April 26, 2012. 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 30, 2012. The payment date of the dividend will be May 2, 2012.

In accordance with paragraph 2, section 3 of Article 158.3.2 of the French General Tax Code, this dividend is fully eligible for the 40% relief available to individuals tax-resident in France.

The General Meeting recognises that it has been informed that individuals tax-resident in France whose dividend income is eligible for this relief may elect to have these revenues taxed at the flat rate of 21% specified in Article 117 *quater* of the French General Tax Code. This election must be made each time a dividend is received, is irrevocable, and cannot be made retrospectively.

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	Allowance(1)
December 31, 2008	€0.47	yes
December 31, 2009	€0.43	yes
December 31, 2010	€0.55	yes

(1) *Eligible for the 40% tax relief available to individuals tax-resident in France under Article 158.3.2 of the French General Tax Code.*

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, 2011	Dec. 31, 2010
Total trade creditors	**327.9**	**318.0**
Total trade creditors used in the analysis(1)	**289.7**	**266.6**
Of which non past due	269.5	257.1
Of which past due	20.2	9.5
Of which past due by less than 30 days	*6.2*	*4.9*
Of which past due by between 30 and 90 days	*7.0*	*2.3*
Of which past due by more than 90 days	*7.0*	*2.3*

(1) The trade creditors total included in the analysis as of December 31, 2011 comprises all trade creditors except for trade bills payable, which amounted to €38.2 million (compared with €51.4 million as of December 31, 2010).

3.2.6 Principal acquisitions and divestments

NEWLY CONSOLIDATED ENTITIES, CHANGES IN SCOPE OF CONSOLIDATION AND ACQUISITIONS OF EQUITY INTERESTS

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 – has been fully consolidated with effect from July 28, 2011.

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.

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.

DIVESTMENT OF THE 1001 LISTES COMPANIES

Following completion of the sale of 1001 Listes and 1001 Listes Belgium on February 4, 2011, these two entities were deconsolidated with effect from January 1, 2011.

INTERNAL REORGANISATIONS WITH NO IMPACT ON CONSOLIDATION

As part of the ongoing rationalisation of the legal structure of the TF1 group, the following transactions were carried out in 2011: merger of Infoshopping into EZ Trading, followed by the merger of EZ Trading into Téléshopping; merger of Eurosport Events into Eurosport SA; and merger of Baxter into Une Musique.

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 51-64 of the registration document.

3.3.2 Human resources and environment update

With regard to human resources and environment update, see chapter 1, pages 215-261 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 191-213 of the registration document.

3.4 STATEMENT OF COMPANY OPERATIONS OVER THE LAST FIVE BUSINESS YEARS

Nature of indicators *(in €)*	2007	2008	2009	2010	2011
I - End of year financial position					
a) Company capital	42,682,098	42,682,098	42,682,098	42,682,098	42,206,601
b) Number of shares issued	213,410,492	213,410,492	213,410,492	213,410,492	211,033,003
c) Number of convertible bonds					
II - Overall operational results					
a) Turnover excluding taxes	1,651,380,074	1,578,094,919	1,376,578,316	1,484,569,148	1,447,246,247
b) Profits before tax, employee participation, liquidations and provisions	331,000,742	231,461,449	201,671,020	225,847,859	210,521,154
c) Tax on profits	71,971,099	23,176,898	(17,671,273)	33,468,225	45,163,305
d) Employee participation	7,978,095	3,605,647	256,981	4,645,162	4,620,881
e) Profits after tax, employee participation, liquidations and provisions	203,747,738	138,921,498	198,396,034	157,208,740	114,484,653
f) Amount of profits distributed	181,386,487	100,302,931	91,766,512	117,375,771 (1)	116,013,152 (1)
III - Operational results per share					
a) Profits after tax and employee participation but before liquidations and provisions	1.18	0.96	1.03	0,88	0.76
b) Aggregate employment earnings	0.95	0.65	0.93	0,74	0.54
c) Expenditure on benefits	0.85	0.47	0.43	0,55 (1)	0.55 (1)
IV - Employees					
a) Number of employees	1,573	1,536	1,597	1,604	1,633
b) Total payroll costs	116,739,407	121,186,526	118,312,622	120,882,687	124,695,330
c) Total of employee benefit costs	57,127,130	54,153,178	69,307,854	64,780,999	61,269,845

(1) Dividend submitted for approval to the General Meeting of April 19, 2012.

FINANCIAL STATEMENTS 2011

4

The consolidated financial statements of the TF1 group for the year ended December 31, 2011 should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2010 and the year ended December 31, 2009, prepared in accordance with international financial reporting standards, as presented in the 2010 French-language *Document de référence* filed with the *Autorité des marchés financiers* (AMF) on March 17, 2011 as number D.11-0145, an English-language version of which (the 2010 registration document) is available on the TF1 corporate website *via* the link http://docs.groupe-tf1.fr/eng/finance/registration-document/2010/index.htm.

The financial statements have been audited, and an unqualified opinion has been issued by the auditors.

Post balance sheet events are disclosed in chapter 3, page 92.

4.1 CONSOLIDATED FINANCIAL STATEMENTS

4.1.1 Consolidated balance sheet

ASSETS *(€m)*	Note	31/12/2011	31/12/2010
Goodwill	7	874.3	883.5
Intangible assets		142.0	147.4
Audiovisual rights	8.1	70.8	77.5
Other intangible assets	8.2	71.2	69.9
Property, plant and equipment	9	230.8	186.1
Investments in associates	10	1.3	13.9
Non-current financial assets	12.1	167.6	181.2
Non-current tax assets	28.2.2	5.8	2.6
Total non-current assets		**1,421.8**	**1,414.7**
Inventories		648.5	631.4
Programmes and broadcasting rights	11	635.6	617.7
Other inventories		12.9	13.7
Trade and other debtors	12.4	1,241.8	1,227.3
Current tax assets		0.5	7.6
Other current financial assets	12	5.9	4.4
Cash and cash equivalents	12.5	35.9	39.3
Total current assets		**1,932.6**	**1,910.0**
Held-for-sale assets		-	-
TOTAL ASSETS		**3,354.4**	**3,324.7**

SHAREHOLDERS' EQUITY AND LIABILITIES *(€m)*	Note	31/12/2011	31/12/2010
Share capital	13.1	42.2	42.7
Share premium and reserves		1,350.2	1,267.9
Net profit for the period attributable to the Group		182.7	228.3
Shareholders' equity attributable to the Group		**1,575.1**	**1,538.9**
Minority interests		12.1	8.7
Total shareholders' equity		**1,587.2**	**1,547.6**
Non-current debt	14 & 15	18.0	16.1
Non-current provisions	16.1	40.0	44.4
Non-current tax liabilities	28.2.2	9.9	11.0
Total non-current liabilities		**67.9**	**71.5**
Current debt	15	58.5	6.1
Trade and other creditors	14	1,563.7	1,638.5
Current provisions	16.2	56.6	51.7
Current tax liabilities		20.2	5.7
Other current financial liabilities	14	0.3	3.6
Total current liabilities		**1,699.3**	**1,705.6**
Liabilities relating to held-for-sale assets		**-**	**-**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3,354.4**	**3,324.7**
Net cash (+)/Net debt (-)	15	(40.6)	16.8

4.1.2 Consolidated income statement

(€m)	Note	2011	2010
Net advertising revenue		1,821.5	1,793.3
- TF1 channel		*1,504.1*	*1,549.8*
- Other media		*317.4*	*243.5*
Diversification revenue excluding advertising		798.2	829.1
Revenue	17	**2,619.7**	**2,622.4**
Other operating revenue		0.8	-
External production costs	18	(702.9)	(664.5)
Other purchases and changes in inventory	19	(432.3)	(517.7)
Staff costs	20	(432.8)	(434.9)
External expenses	21	(469.7)	(502.2)
Taxes other than income taxes	22	(145.2)	(145.6)
Depreciation and amortisation, net		(78.4)	(90.5)
Provisions and impairment, net		(29.9)	(14.5)
Other operating income	23	87.5	78.3
Other operating expenses	23	(133.9)	(100.4)
Current operating profit		**282.9**	**230.4**
Non-current operating income	24	-	102.0
Non-current operating expenses	24	-	(19.2)
Operating profit		**282.9**	**313.2**
Income associated with net debt	25	1.4	3.1
Expenses associated with net debt	25	(0.9)	(21.3)
Cost of net debt		**0.5**	**(18.2)**
Other financial income	26	5.9	2.4
Other financial expenses	26	(0.8)	(4.9)
Income tax expense	28	(88.7)	(68.9)
Share of profits/(losses) of associates	10	(13.7)	5.7
Net profit from continuing operations		**186.1**	**229.3**
Net profit from discontinued or held-for-sale operations		**-**	**-**
NET PROFIT		**186.1**	**229.3**
attributable to the Group		**182.7**	**228.3**
attributable to minority interests		*3.4*	*1.0*
Weighted average number of shares outstanding ***('000)***	29	212,436	213,396
Basic earnings per share from continuing operations ***(€)***	29	0.86	1.07
Diluted earnings per share from continuing operations ***(€)***	29	0.86	1.06

STATEMENT OF RECOGNISED INCOME AND EXPENSE

(€m)	2011	2010
Consolidated net profit for the period	**186.1**	**229.3**
Items not reclassifiable to profit or loss		
Actuarial gains/losses on employee benefits	2.4	2.4
Net tax effect of equity items not reclassifiable to profit or loss	(0.8)	(0.8)
Share of non-reclassifiable income and expense of associates recognised in equity	-	-
Items reclassifiable to profit or loss		
Remeasurement of hedging instruments	2.3	3.7
Remeasurement of available-for-sale financial assets	-	-
Change in cumulative translation adjustment of controlled entities	0.2	0.4
Net tax effect of equity items reclassifiable to profit or loss	(0.8)	(1.2)
Share of reclassifiable income and expense of associates recognised in equity	-	-
Income and expense recognised directly in equity	**3.3**	**4.5**
TOTAL RECOGNISED INCOME AND EXPENSE	**189.4**	**233.8**
attributable to the Group	**186.0**	**232.8**
attributable to minority interests	*3.4*	*1.0*

4.1.3 Consolidated statement of changes in equity

(€m)	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, 2009	**42.7**	**3.7**	**(0.4)**	**1,351.4**	**(1.0)**	**1,396.4**	**0.2**	**1,396.6**
Capital increase (share options exercised)	-	-	-	-	-	-	-	-
Share-based payment	-	-	-	1.5	-	1.5	-	1.5
Purchase of treasury shares	-	-	-	-	-	-	-	-
Cancellation of treasury shares	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	(91.8)	-	(91.8)	-	(91.8)
Other transactions with shareholders	-	-	-	-	-	-	7.5	7.5
Consolidated net profit for the period	**-**	**-**	**-**	**228.3**	**-**	**228.3**	**1.0**	**229.3**
Income & expense recognised directly in equity	**-**	**-**	**-**	**-**	**4.5**	**4.5**	**-**	**4.5**
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)	-	(0.0)	-	(0.0)
Dividends paid	-	-	-	(117.2)	-	(117.2)	-	(117.2)
Other transactions with shareholders	-	-	-	(7.2)	-	(7.2)	-	(7.2)
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**
BALANCE AT DECEMBER 31, 2011	**42.2**	**-**	**(0.7)**	**1,526.8**	**6.8**	**1,575.1**	**12.1**	**1,587.2**

4.1.4 Consolidated cash flow statement

(€m)	Note	2011	2010
Consolidated net profit (including minority interests)		186.1	229.3
Depreciation, amortisation, provisions and impairment (excluding current assets)		79.7	107.7
Intangible assets and goodwill		*48.2*	*74.9*
Property, plant and equipment		*29.7*	*29.4*
Financial assets		*0.2*	*1.8*
Non-current provisions		*1.6*	*1.6*
Other non-cash income and expenses		(14.6)	(15.8)
Effect of fair value remeasurement		(2.5)	(106.0)
Share-based payment		1.0	1.5
Net (gain)/loss on asset disposals		(3.5)	0.6
Share of (profits)/losses and dividends of associates		13.7	(5.7)
Dividend income from non-consolidated companies		(1.7)	(1.5)
Sub-total		**258.2**	**210.1**
Cost of net debt		(0.5)	18.2
Income tax expense (including deferred taxes)		88.7	68.9
Operating cash flow		**346.4**	**297.2**
Income taxes (paid)/reimbursed		(73.2)	(52.7)
Change in operating working capital needs		(82.1)	56.9
Net cash generated by/(used in) operating activities		**191.1**	**301.4**
Cash outflows on acquisitions of property, plant and equipment and intangible assets		(100.9)	(51.0)
Cash inflows from disposals of property, plant and equipment and intangible assets		1.9	2.6
Cash outflows on acquisitions of financial assets		(5.4)	(6.6)
Cash inflows from disposals of financial assets		-	-
Effect of changes in scope of consolidation	30.2	8.8	(192.9)
Purchase price of investments in consolidated activities		*(4.8)*	*(201.7)*
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)*	*8.8*
Dividends received		1.7	1.5
Change in loans and advances receivable		(0.8)	0.5
Net cash generated by/(used in) investing activities		**(94.7)**	**(245.9)**
Cash received on exercise of share options		0.1	-
Purchases and sales of treasury shares		(26.5)	-
Dividends paid during the year		(117.2)	(91.8)
Cash inflows from new debt contracted	30.3	0.2	18.7
Repayment of debt (including finance leases)	30.3	(8.7)	(500.6)
Net interest paid (including finance leases)		0.5	(11.6)
Net cash generated by/(used in) financing activities		**(151.6)**	**(585.3)**
CHANGE IN CASH POSITION OF CONTINUING OPERATIONS		**(55.2)**	**(529.8)**
Cash position at start of period		**37.0**	**566.8**
Change in cash position during the period		(55.2)	(529.8)
Cash position at end of period	30.1	**(18.2)**	**37.0**

4.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Significant events of 2011

1.1 DIVESTMENT OF SPS

On April 8, 2011, the TF1 group signed an agreement to sell its entire interest in the online gaming and sports betting group SPS to Solfive. The sale was completed on May 2, 2011, once ARJEL (the French online gaming regulator) had agreed that SPS could retain the operating licence it had been granted on June 7, 2010.

With effect from March 31, 2011, the TF1 consolidated financial statements included the following items related to the SPS divestment:

- an operating loss of €11.0 million generated by SPS to the date of the divestment (including costs associated with the sale), compared with the current operating loss of €23.6 million recognised in the year ended December 31, 2010. Bear in mind also that in the year ended December 31, 2010, a gain of €6.1 million on the remeasurement of the previously-held equity interest in SPS was recognised in "Non-current operating income", and a goodwill impairment loss of €12.2 million on SPS was recognised on "Non-current operating expenses";
- a tax credit of €13.8 million was recognised in connection with the divestment, on the "Income tax expense" line.

In the fourth quarter of 2011, Solfive sold SPS to the Unibet group. In accordance with the terms of the sale agreement between the TF1 group and Solfive, a gain of €2.4 million was passed on to the TF1 group.

1.2 TF1 AUDIOVISUAL RIGHTS – DISTRIBUTION OF THE FILM *MIRACLE AT ST ANNA*

Following a ruling issued by the court of first instance on June 21, 2011 ordering TF1 Droits Audiovisuels to pay €32 million as compensation, the parties went to mediation, as a result of which it was agreed on July 25 that all further claims against TF1 would be waived in return for compensation.

The history of this dispute dates back to October 2007, when TF1 Droits Audiovisuels signed an agreement to distribute the film *Miracle at St Anna* in the four principal European territories (excluding Italy). At the end of 2008, TF1 Droits Audiovisuels refused to distribute the film on the grounds of non-compliance with the contractual specifications, and demanded that the contract be terminated. The dispute was brought before the Paris court of first instance.

The financial consequences of this agreement were reflected in the consolidated financial statements of the TF1 group for the six months ended June 30, 2011.

1.3 METRO FRANCE ACQUISITION

On July 28, 2011, the TF1 group – which had held a 34.3% equity interest in Metro France since 2003 – finalised the acquisition of an additional 65.7% interest at an agreed price of €3.2 million. The operations of Metro France have been fully consolidated by the TF1 group since that date.

In the consolidated financial statements for the six months ended June 30, 2011, the impact of this transaction (which had not yet been finalised) was recognised *via* the recognition of an impairment loss of €7.9 million (see note 10, "Investments in Associates").

The consolidated financial statements for the year ended December 31, 2011 include provisional goodwill of €9.1 million on the 100% interest in Metro France, pending completion of the purchase price allocation. Revenue from Metro France recognised in the consolidated financial statements for the period from July 28, 2011 amounts to €15.4 million; the impact on operating profit is not material.

1.4 DIVESTMENT OF TCM DA AND TCM GESTION

On April 19, 2011, the TF1 group sold to the M6 group its entire 50% interest in TCM DA, a rights catalogue subsidiary jointly held by the two companies. The share of TCM DA's operating losses recognised by the TF1 group for the four-month period was €2.5 million, mainly comprising a loss arising on the remeasurement of the audiovisual rights owned by TCM DA.

1.5 COMPLETION OF THE DIVESTMENT OF 1001 LISTES

The sale of 1001 Listes was completed on February 4, 2011, with no material impact on the consolidated financial statements for the period (see note 3, "Significant changes in scope of consolidation").

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, 2011 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 15, 2012, and will be submitted for approval by the shareholders at the forthcoming Ordinary General Meeting to be held on April 19, 2012.

2.2 NEW AND AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS

2.2.1 New standards, amendments and interpretations effective within the European Union and mandatorily applicable or eligible for early adoption in periods beginning on or after January 1, 2011

TF1 has adopted all the new and amended standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) and endorsed by the European Union that are mandatorily applicable to the Group's operations with effect from January 1, 2011.

Standard/Interpretation		Effective date EU(1)	Effective date EU(1)	Impact
Revised IAS 24	Related Party Disclosures	July 19, 2010	January 1, 2011	Impact on the financial statements described in note 34
Amendment to IFRIC 14	Prepayments of a Minimum Funding Requirement	July 19, 2010	January 1, 2011	No impact on the financial statements
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	July 23, 2010	January 1, 2011	No impact on the financial statements
Amendment to IFRS 7	Disclosures – Transfers of Financial Assets	November 22, 2011	January 1, 2012	No impact on the financial statements
Annual Improvements to IFRSs		February 19, 2011	January 1, 2011	No impact on the financial statements

(1) Unless otherwise indicated, applicable to accounting periods beginning on or after the date shown in this column

As of December 31, 2011 the TF1 group decided not to early adopt any of the pronouncements issued by the IASB and endorsed by the European Union that are mandatorily applicable in periods beginning after the reporting date.

2.2.2 Standards, amendments and interpretations issued by the IASB but not yet endorsed by the European Union

Standard/Interpretation		IASB effective date(1)	Expected impact on TF1
Revised IAS 27	Separate Financial Statements	January 1, 2013	No impact on the financial statements
Revised IAS 28	Investments in Associates and Joint Ventures	January 1, 2013	Under review
IFRS 9	Financial Instruments	January 1, 2013	Under review
IFRS 10	Consolidated Financial Statements	January 1, 2013	Under review
IFRS 11	Joint Arrangements	January 1, 2013	Under review
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2013	Under review
IFRS 13	Fair Value Measurement	January 1, 2013	Under review
Amendment to IAS 12	Deferred Tax – Recovery of Underlying Assets	January 1, 2012	No impact on the financial statements
Amendment to IFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters	July 1, 2011	No impact on the financial statements
Amendment to IAS 1	Presentation of items of Other Comprehensive Income (OCI)(2)	July 1, 2012	No impact on the financial statements
Amendment to IAS 19	Employee Benefits	January 1, 2013	Under review

(1) Unless otherwise indicated, applicable to accounting periods beginning on or after the date shown in this column.
(2) Although this amendment has not yet been endorsed by the European Union, the TF1 group has decided to early adopt it, as recommended by the Autorité des marchés financiers (AMF).

2.3 CHANGES IN ACCOUNTING POLICY

TF1 did not make any changes in accounting policy during 2011 other than those required to comply with new or amended IFRS requirements applicable on or after January 1, 2011, as shown in note 2.2.1.

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 2.10);
- 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. 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

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.

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.

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 Droits Audiovisuels 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 or 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 TF1 group subsidiaries in France 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 loss 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 long-service leave

These provisions cover entitlement to additional compensated absence awarded by some TF1 group companies to employees based on length of service. The calculation of the cost of vested compensated absence rights takes into account length of service, salary at the time the rights will be taken up, and staff turnover. The provision is discounted at the same rate as the provision for retirement benefit obligations.

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.
  - 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.

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.

In accordance with IFRS 1 and IFRS 2, only plans granted after November 7, 2002 and not vested as of January 1, 2004 are measured and recognised as an expense (in "Staff costs").

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.

Other activities

This segment comprises all activities not included in any of the segments described above and (as of December 31, 2010) the subsidiaries 1001 Listes and SPS.

Note 3 Significant changes in scope of consolidation

The consolidated financial statements of the TF1 group for the year ended December 31, 2011 include the financial statements of the companies listed in note 38.

3.1 SIGNIFICANT CHANGES IN SCOPE OF CONSOLIDATION IN 2011

3.1.1 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 – has been fully consolidated with effect from July 28, 2011 (see note 1, "Significant Events").

3.1.2 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.

3.1.3 Divestment of TCM 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 (see note 1, "Significant events").

3.1.4 Divestment of the 1001 Listes companies

Following completion of the sale of 1001 Listes and 1001 Listes Belgium on February 4, 2011, these two entities were deconsolidated with effect from January 1, 2011.

3.2 SIGNIFICANT CHANGES IN SCOPE OF CONSOLIDATION IN 2010

3.2.1 First-time consolidation of TMC and NT1

On June 11, 2010, the TF1 group acquired control over TMC, TMC Régie and NT1.

TMC and TMC Régie, which prior to the acquisition were accounted for by the proportionate consolidation method at 40%, have been fully consolidated with effect from July 1, 2010. As from that date, 100% of all the assets, liabilities, income and expenses of these two companies have been included in the TF1 group consolidated financial statements. Net profit and shareholders' equity are split between the TF1 group and minority interests on the basis of their respective interests in the companies (80% TF1, 20% minority interests).

NT1 was included in the scope of consolidation for the first time effective July 1, 2010, and is fully consolidated based on a percentage interest of 100%.

The first-time consolidation of these entities resulted in the recognition of a gain of €102.4 million on the remeasurement of the previously-held equity interests, and the recognition of goodwill amounting to €399 million.

3.2.2 Treatment of the equity interest in the AB Group

The TF1 group has retained a 33.5% equity interest, valued at €155 million, in the other activities of the AB Group. TF1 has also granted the AB Group management team a call option over this interest, exercisable at any time up to and including June 12, 2012 at a price of €155 million.

In accordance with IAS 27 (Consolidated and Separate Financial Statements), because the TF1 group has granted a call option that is exercisable at any time this interest is no longer accounted for as an associate by the equity method, but instead is recognised as a non-current financial asset in the balance sheet at its fair value of €155 million.

3.2.3 Change in consolidation method – SPS

In the first quarter of 2010, the 50% equity interest held in SPS was accounted for by the proportionate consolidation method. Following the buyout on March 8, 2010 of the remaining 50% interest in SPS held by the Serendipity investment fund, the TF1 group acquired control over SPS. In the consolidated financial statements for the year ended December 31, 2010, the change in consolidation method from proportionate to full consolidation was applied effective March 31, 2010.

3.3 INTERNAL REORGANISATIONS WITH NO IMPACT ON CONSOLIDATION

As part of the ongoing rationalisation of the legal structure of the TF1 group, the following transactions were carried out:

- 2011: merger of Infoshopping into EZ Trading, followed by the merger of EZ Trading into Téléshopping; merger of Eurosport Events into Eurosport SA; and merger of Baxter into Une Musique;
- 2010: mergers of Dualnet into e-TF1, TF Image 2 into Ciby 2000, and Établissements Michel into Dujardin.

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, 2011 or at December 31, 2010.

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**		**TMC(1)**		**TCM(2)**		**SPS(3)**	
(€m)	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Non-current assets	22.6	22.5	-	-	-	6.0	-	-
Current assets	7.0	8.9	-	-	-	0.3	-	-
TOTAL ASSETS	**29.6**	**31.4**	**-**	**-**	**-**	**6.3**	**-**	**-**
Shareholders' equity	21.4	21.9	-	-	-	4.3	-	-
Non-current liabilities	1.4	0.7	-	-	-	6.0	-	-
Current liabilities	6.8	8.8	-	-	-	(4.0)	-	-
TOTAL LIABILITIES & EQUITY	**29.6**	**31.4**	**-**	**-**	**-**	**6.3**	**-**	**-**
Revenue	**12.8**	**13.4**	**-**	**25.7**	**-**	**3.6**	**-**	**-**
Current operating profit/(loss)	**(1.0)**	**(0.6)**	**-**	**6.4**	**(2.5)**	**2.3**	**-**	**(1.1)**

(1) Fully consolidated from June 2010.
(2) TCM DA was divested on April 19, 2011.
(3) Fully consolidated from March 2010; divested in April 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		Other Activities		Total TF1	
(€m)	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
INCOME STATEMENT (extract)										
Revenue	**2,134.8**	**2,109.6**	**115.5**	**142.9**	**367.9**	**364.4**	**1.5**	**5.5**	**2,619.7**	**2,622.4**
Current operating profit/(loss)	**266.5**	**297.2**	**(40.1)**	**(5.2)**	**65.2**	**59.9**	**(8.7)**	**(38.7)**	**282.9**	**313.2**
Depreciation and amortisation, net	*(35.2)*	*(34.1)*	*(35.2)*	*(46.0)*	*(7.5)*	*(9.0)*	*(0.5)*	*(1.4)*	*(78.4)*	*(90.5)*
Provisions and impairment, net	*(15.6)*	*(6.0)*	*(13.1)*	*3.2*	*(1.2)*	*(7.4)*	-	*(4.3)*	*(29.9)*	*(14.5)*
Non-current operating income and expenses(1)	-	95.9	-	-	-	-	-	(13.1)	-	82.8
Share of profits/(losses) of associates(2)	(4.1)	6.1	(0.2)	-	-	-	(9.4)	(0.4)	(13.7)	5.7
Net profit from discontinued/held-for-sale operations	-	-	-	-	-	-	-	-	-	-
BALANCE SHEET										
Segmental assets(3)	835.5	771.3	44.2	55.9	367.4	370.5	-	19.3	1,247.1	1,217.0
Segmental liabilities(4)	72.5	73.9	17.1	16.4	7.0	5.6	-	0.2	96.6	96.1
Investments in associates	1.3	2.8	-	-	-	-	-	11.1	1.3	13.9
Capital expenditure(5)	90.9	37.1	27.1	13.7	4.2	5.6	0.2	2.5	122.4	58.9

(1) In 2010, non-current operating income and expenses consisted of the following items: for Broadcasting France, the fair value remeasurement of the previously-held equity interests in TMC and NT1 (see note 1, "Significant Events"); for Other Activities, the fair value remeasurement of the previously-held equity interest in SPS, and the impairment losses taken against goodwill on SPS and 1001 Listes (see note 24, "Non-current operating income and expenses").
(2) The share of profits/losses from associates reported by each segment is as follows:
• Broadcasting France: the €4.1 million share of losses for 2011 (versus a €6.1 million share of profits for 2010) relates primarily to the interest in WBTV, and (for the first six months of 2010) the AB Group;
• Other Activities: the share of losses relates to Metro France Publications.
(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.

Capital expenditure

Reconciliation with the consolidated cash flow statement:

(€m)	2011	2010
Capital expenditure	122.4	58.9
Investment grants received	(12.7)	(13.0)
Change in creditors related to acquisitions of intangible assets	(9.2)	4.3
Change in creditors related to acquisitions of property, plant & equipment	0.4	0.8
Cash outflows on acquisitions of property, plant & equipment and intangible assets	**100.9**	**51.0**

Income statement by function

(€m)	Broadcasting France 2011	Broadcasting France 2010	Audiovisual Rights 2011	Audiovisual Rights 2010	Broadcasting International 2011	Broadcasting International 2010	Other Activities 2011	Other Activities 2010	Total TF1 2011	Total TF1 2010
Revenue	2,134.8	2,109.6	115.5	142.9	367.9	364.4	1.5	5.5	2,619.7	2,622.4
Cost of sales	(1,530.2)	(1,593.3)	(121.9)	(114.1)	(265.2)	(267.7)	(10.2)	(24.1)	(1,927.6)	(1,999.2)
Research and Development expenses	(7.4)	(6.0)	-	-	-	-	-	-	(7.4)	(6.0)
Selling expenses	(109.1)	(91.5)	(15.9)	(18.5)	(19.1)	(13.2)	-	(1.6)	(144.1)	(124.7)
Administrative expenses	(221.6)	(217.4)	(17.8)	(15.5)	(18.4)	(23.6)	-	(5.4)	(257.7)	(262.0)
CURRENT OPERATING PROFIT/(LOSS)	**266.5**	**201.3**	**(40.1)**	**(5.2)**	**65.2**	**59.9**	**(8.7)**	**(25.6)**	**282.9**	**230.4**

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.

(€m)	France 2011	France 2010	Continental Europe 2011	Continental Europe 2010	Other Countries 2011	Other Countries 2010	Total TF1 2011	Total TF1 2010
Revenue	2,226.7	2,231.4	344.4	337.2	48.6	53.8	2,619.7	2,622.4
Segmental assets	1,243.5	1,214.0	3.5	2.9	0.1	0.1	1,247.1	1,217.0
Capital expenditure	120.4	57.3	2.0	1.5	-	0.1	122.4	58.9

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, 2011 or the year ended December 31, 2010.

Note 7 Goodwill

Goodwill is allocated to cash generating units (CGUs) as follows:

(€m)	Broadcasting France	Audiovisual Rights	Broadcasting International	Other Activities 1001 Listes	Total
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)*

As at December 31, 2011, the "Acquisitions" line includes goodwill arising from the acquisition of control over Metro France on July 28, 2011 (see Significant Events, note 1.3, "Metro France acquisition"), provisionally measured at €9.1 million (based on a 100% interest, including goodwill on the previously-held equity interest) pending completion of the purchase price allocation.

Based on impairment tests conducted using the method described in note 2.10, no material impairment of goodwill was identified as of December 31, 2011.

				Other Activities		
(€m)	**Broadcasting France**	**Audiovisual Rights**	**Broadcasting International**	SPS	1001 Listes	**Total**
Goodwill at January 1, 2010	**170.6**	**-**	**336.3**	**-**	**-**	**506.9**
Acquisitions	278.1	-	12.2			290.3
Disposals	-	-	-	-		-
Reclassifications	(25.3)		(12.2)	12.2	25.3	-
Impairment	-	-	-	(12.2)	(7.0)	(19.2)
Other	105.5	-	-	-		105.5
Goodwill at December 31, 2010	**528.9**	**-**	**336.3**	**-**	**18.3**	**883.5**
Gross value	*539.2*	-	*336.3*	*12.2*	*25.3*	*913.0*
Accumulated impairment	*(10.3)*	-	-	*(12.2)*	*(7.0)*	*(29.5)*

In 2010, the "Acquisitions" line comprised goodwill on equity interests acquired in the period, including remeasurements of previously-held equity interests in TMC and NT1 (Broadcasting France) and SPS (Broadcasting International).

The "Other" line comprised goodwill on previously-held equity interests, which had been reported in "Investments in associates" prior to the acquisition of control.

During 2010, TF1 finalised the purchase price allocation on the acquisition of Établissements Michel, consolidated with effect from January 1, 2010. The remeasurement of Établissements Michel's assets and liabilities led to the recognition of the *Le cochon qui rit* trademark at a value of €0.6 million (net of taxes), and to the recognition of goodwill of €0.6 million.

Also in 2010, following the reclassification of SPS and 1001 Listes to the Other Activities segment (see note 2.27), impairment losses of €12.2 million and €7.0 million respectively were booked against the goodwill on these two entities and recognised in "Non-current operating expenses".

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 time-frame 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 perpetual growth rates used for impairment testing at end 2011 were 2% for the Broadcasting France CGU and 3% for the Broadcasting International CGU.

The after-tax discount rate applied at end 2011 was 8.16%, and was determined by reference to external data sources using the method described in note 2-10-1.

An analysis of the sensitivity of these calculations to changes in key parameters (discount rate, growth rate, normative cash flows), taken individually or in scenarios involving various combinations of discount rates and cash flows (including reasonably possible changes in cash flows) identified no probable scenario in which the recoverable amount of the CGU would fall below its carrying amount, and hence would require an impairment loss to be recognised against the CGU.

Note 8 Intangible assets

8.1 AUDIOVISUAL RIGHTS

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 divestments of this business on April 19, 2011 (see “Significant Events”, note 1.4) and the first-time consolidation of Sofica Valor 6 with effect from December 31, 2011.

Movements during the year ended December 31, 2010 were as follows:

2010 *(€m)*	January 1	Increases	Decreases	Changes in scope of consolidation, reclassifications	December 31
Gross value	1,121.0	38.8	(69.2)	-	1,090.6
Amortisation	(970.1)	(63.5)	59.3	-	(974.3)
Impairment	(52.3)	(8.2)	21.7	-	(38.8)
Audiovisual rights	**98.6**	**(32.9)**	**11.8**	**-**	**77.5**

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
2011	**13.7**	**0.3**	**-**	**14.0**
2010	19.5	-	-	19.5

8.2 OTHER INTANGIBLE ASSETS

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.

2010 *(€m)*	January 1	Increases	Decreases	Changes in scope of consolidation, reclassifications	December 31
Indefinite-lived trademarks	21.1	-	-	30.9[1]	52.0
Astra satellite user rights	18.9	-	-	-	18.9
Concessions, patents & similar rights	32.7	0.9	(1.9)	8.6	40.3
Other	12.3	7.5[2]	-	(5.5)	14.3
Gross value	**85.0**	**8.4**	**(1.9)**	**34.0**	**125.5**
Impairment of indefinite-lived trademarks	-	-	-	-	-
Astra satellite user rights	(15.1)	(2.7)	-	-	(17.8)
Amortisation	(29.1)	(4.1)	1.9	(1.7)	(33.0)
Impairment	(1.7)	(3.6)	-	0.5	(4.8)
Amortisation and impairment	**(45.9)**	**(10.4)**	**1.9**	**(1.2)**	**(55.6)**
Other intangible assets	**39.1**	**(2.0)**	**-**	**32.8**	**69.9**

(1) The increase in indefinite-lived trademarks relates mainly to the recognition of the TMC trademark (€30 million) and the "Le cochon qui rit" trademark (€0.9 million).
(2) The increase in the gross value of other intangible assets was mainly due to expenditure on IT projects (SAP).

There was no evidence of impairment of indefinite-lived trademarks as at December 31, 2011 or December 31, 2010.

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, 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 impairment	**(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 previously rented property occupied by staff from TF1 SA and LCI.

The table below shows movements in property, plant and equipment, and in depreciation and impairment, during the year ended December 31, 2010:

2010 *(€m)*	January 1	Increases	Decreases	Changes in scope of consolidation, reclassifications	December 31
Land	45.7	-	-	-	45.7
Buildings	58.3	-	-	(0.3)	58.0
Technical facilities	193.0	14.6	(9.7)	3.7	201.6
Technical facilities held under finance leases	5.3	-	-	10.1	15.4
Other property, plant and equipment	128.3	7.0	(17.3)	1.5	119.5
Property, plant & equipment under construction	12.8	2.1	-	(13.0)	1.9
Gross value	**443.4**	**23.7**	**(27.0)**	**2.0**	**442.1**
Buildings	(13.4)	(0.9)	1.3	-	(13.0)
Technical facilities	(150.5)	(14.9)	9.2	(0.4)	(156.6)
Technical facilities held under finance leases	(5.2)	(1.3)	-	-	(6.5)
Other property, plant and equipment	(82.9)	(13.5)	17.0	(0.5)	(79.9)
Depreciation and impairment	**(252.0)**	**(30.6)**	**27.5**	**(0.9)**	**(256.0)**
Property, plant and equipment	**191.4**	**(6.9)**	**0.5**	**1.1**	**186.1**

Note 10 Investments in associates

The table below gives a breakdown of investments in associates:

(€m)	AB Group	WBTV	Metro France Publications(1)	Other(2)	Total
Country	**France**	**Belgium**	**France**	**France**	
January 1, 2010	**256.3**	**4.5**	**11.2**	**3.4**	**275.4**
Share of profit/(loss), net of dividends received	7.8	(1.7)	(0.4)	-	5.7
Changes in scope of consolidation	(264.1)	-	0.3	(3.4)	(267.2)
December 31, 2010	**-**	**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	-	-	(1.7)	1.5	(0.2)
Provision for risks	-	1.0	-	0.3	1.3
December 31, 2011	**-**	**-**	**-**	**1.3**	**1.3**

(1) Metro France is fully consolidated with effect from July 28, 2011 (see note 1.3, "Metro France acquisition"). The impact of the fair value remeasurement of Metro France on acquisition of control was recognised via an impairment loss.
(2) Primarily Direct Optic Participations (25.4% equity interest acquired in 2011 for €1.5 million), and in 2010 the exchange of the equity interest in JFG Networks for an interest in Wikio.

The table below gives summary information about material investments in associates.

TF1 group share	WBTV(1)		Metro France Publications	
(€m)	**2011**	**2010**	**2011(2)**	**2010**
Non-current assets	6.1	5.5	-	0.1
Current assets	1.4	1.9	-	5.4
TOTAL ASSETS	**7.5**	**7.4**	**-**	**5.5**
Shareholders' equity	(6.7)	(3.9)	-	0.1
Non-current liabilities	6.2	6.2	-	1.3
Current liabilities	8.0	5.1	-	4.1
TOTAL LIABILITIES AND EQUITY	**7.5**	**7.4**	**-**	**5.5**
Revenue	**2.8**	**2.6**	**-**	**10.9**
Operating profit/(loss)	**(1.9)**	**(2.0)**	**-**	**(0.3)**

(1) 2010 and 2011 figures are based on accounts to end September (the most recent accounts available) and a 49% interest.
(2) Metro France has been fully consolidated since July 28, 2011 (see note 3.1.1, "Changes in scope of consolidation").

Figures relating to other associates are not material for the years ended December 31, 2011 and 2010.

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, 2010	Net movements	Change in scope of consolidation, reclassifications	Dec. 31, 2010	Net movements	Change in scope of consolidation, reclassifications	Dec. 31, 2011
Gross value	**746.3**	**(7.6)**	**31.8**	**770.5**	**8.4**	**(1.4)**	**777.5**
Impairment	(157.0)	14.3(2)	(10.1)	(152.8)	8.1(1)	2.8	(141.9)
Inventories	**589.3**	**6.7**	**21.7**	**617.7**	**16.5**	**1.4**	**635.6**

(1) €49.4 million of impairment losses charged, €57.5 million of impairment losses reversed.
(2) €37.2 million of impairment losses charged, €51.5 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 items included in "Change in scope of consolidation, reclassifications" for 2010 relate mainly to the TMC/NT1 acquisition.

The table below shows the maturity of broadcasting and sports transmission rights acquisition contracts entered into by TF1 to secure future programming schedules.

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 €285.7 million in U.S. dollars.

2010 *(€m)*	Less than 1 year	1 to 5 years	More than 5 years	Total
Programmes and broadcasting rights(1)	531.2	925.2	149.0	1,605.4
Sports transmission rights	220.1	406.3	9.6	636.0
TOTAL	**751.3**	**1,331.5**	**158.6**	**2,241.4**

(1) Some of these contracts were expressed in foreign currencies: €16.8 million in Swiss francs, €9.6 million in pounds sterling, and €465.7 million in U.S. dollars.

Programmes and broadcasting rights relate mainly to TF1 SA (€623.6 million in 2011, vs. €827.8 million in 2010), and to the "Acquisition de Droits" economic interest grouping (€809.3 million in 2011, vs. €699.3 million in 2010).

Sports transmission rights commitments relate mainly to TF1 SA and TF1 DS (€260.3 million in 2011, vs. €391.1 million in 2010) and to Eurosport (€330.6 million in 2011, vs. €244.9 million in 2010).

Note 12 Financial assets

12.1 CATEGORIES OF FINANCIAL ASSETS

The table below shows financial assets by category.

2011 *(€m)*	Financial assets at fair value through profit or loss: Designated at fair value on initial recognition	Financial assets at fair value through profit or loss: Held for trading	Level(1)	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments	Total
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	-	-	I	-	35.9	-	35.9

(1) See the section on "Fair value measurement methods for financial assets" below.

2010 *(€m)*	Financial assets at fair value through profit or loss: Designated at fair value on initial recognition	Financial assets at fair value through profit or loss: Held for trading	Level(1)	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments	Total
Other non-current financial assets	155.0	-	III	22.9	3.3	-	181.2
Trade and other debtors	-	-		-	1,227.3	-	1,227.3
Other current financial assets	-	4.4		-	-	-	4.4
Currency derivatives	-	*4.4*	II	-	-	-	*4.4*
Interest rate derivatives	-	-		-	-	-	-
Financial assets used for treasury management purposes	-	-		-	-	-	-
Cash and cash equivalents	-	0.2		-	39.1	-	39.3

(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 2011 or 2010.

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:
  - AB Group: since July 1, 2010 (see "Changes in scope of consolidation in 2010, note 3.2.2), the equity interest held by the TF1 group has been measured at fair value through profit or loss.

    The fair value of this equity interest is measured on the basis of recent quarterly results and of valuation multiples applicable to the AB Group's activities (level III method). The change in fair value during 2011 was not material.

    A call option over this equity interest has been granted to the AB Group management team (see note 14, "Financial Liabilities"),
  - 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)	2011	2010
Equity investments in non-consolidated companies	164.8	177.9
Loans and advances to non-consolidated companies	0.7	0.4
Loans	-	0.2
Deposits and caution money	2.1	2.7
Other non-current financial assets	**167.6**	**181.2**

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 2011	Gross value 2010	Impairment 2011	Impairment 2010	Carrying amount 2011	Carrying amount 2010
AB Group	33.5%	155.0	155.0	-	-	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(1)	10.0%	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 6(2)	99.9%	-	13.2	-	-	-	13.2
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	3.2	(2.1)	(2.1)	1.2	1.1
Equity investments in non-consolidated companies		**186.6**	**199.7**	**(21.8)**	**(21.8)**	**164.8**	**177.9**

(1) The interest in this company was acquired in exchange for TF1's interest in JFG Networks.
(2) This entity will be fully consolidated with effect from December 31, 2011.

Impairment tests were performed on all these investments, and indicated no evidence of impairment in 2011 or 2010.

12.4 TRADE AND OTHER DEBTORS

(€m)	Gross value 2011	Impairment 2011	Carrying amount 2011	Carrying amount 2010
Trade debtors	768.2	(17.7)	750.5	719.8
Supplier prepayments(1)	203.8	(14.4)	189.4	181.1
Other operating debtors(2)	232.1	-	232.1	250.4
Other debtors	137.4	(94.6)	42.8	49.5
Prepayments	27.0	-	27.0	26.5
Trade and other debtors	**1,368.5**	**(126.7)**	**1,241.8**	**1,227.3**

(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)	2011	2010
Impairment as of January 1	**(117.5)**	**(116.1)**
Additional provisions booked during the year	(34.2)	(32.7)
Reversals for debtors written off during the year	21.4	25.9
Recovered during the year	4.8	5.0
Changes in scope of consolidation and reclassifications	(1.2)	0.4
Impairment as of December 31	**(126.7)**	**(117.5)**

12.5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following items:

(€m)	2011	2010
Cash	21.3	37.5
Money-market mutual funds(1)	12.2	0.2
Treasury current accounts(2)	2.4	1.6
Cash and cash equivalents	**35.9**	**39.3**

(1) Investments held by Sofica Valor 6.
(2) These accounts are with associates, jointly controlled entities, non-consolidated companies, and Bouygues group companies.

Note 13 Consolidated shareholders' equity

13.1 TF1 SHARE CAPITAL

As of December 31, 2011, the share capital of TF1 SA consisted of 211,033,003 ordinary shares. Movements in share capital during 2011 were as follows:

Number of shares	Number of shares outstanding	Number of treasury shares (1)	Total number of shares
January 1, 2010	**213,395,867**	**14,625**	**213,410,492**
Capital increases	-	-	-
Purchases of treasury shares	-	-	-
Cancellation of treasury shares	-	-	-
January 1, 2011	**213,395,867**	**14,625**	**213,410,492**
Capital increases	11,111	-	11,111
Purchases of treasury shares(1)	(2,473,975)	2,473,975	-
Cancellation of treasury shares		(2,388,600)	(2,388,600)
December 31, 2011	**210,933,003**	**100,000**	**211,033,003**
Per 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 the years ended December 31, 2011 and 2010, and the amount of dividend for 2011 submitted by the Board of Directors for approval by the Ordinary General Meeting of shareholders to be held on April 19, 2012.

	To be paid in 2012*	Paid in 2011	Paid in 2010
Total dividend (€m)	116.1	117.4	91.8
Dividend per ordinary share (€)	0.55	0.55	0.43

* *Proposed dividend.*

Because the 2011 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, 2011.

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, the TF1 group repurchased 2,473,975 of its own shares for €26.5 million in 2011. As at December 31, 2011, following the cancellation of 2,388,600 shares by TF1 SA, a total of 100,000 treasury shares were held, with a carrying amount of €0.7 million; these shares are also intended to be cancelled.

13.2.4 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.

Based on the terms of the agreement and on the business plan, this option was valued at €7.2 million and recognised in the TF1 consolidated balance sheet as at December 31, 2011 (see note 14.2, "Fair value of financial liabilities").

13.3 CASH FLOW HEDGE RESERVE

(€m)	2011	2010
Reserve at January 1	**3.6**	**(0.1)**
Cash flow hedges reclassified to profit or loss during the period[(1)]	(3.0)	1.2
Change in fair value of new cash flow hedges contracted during the period	3.1	1.9
Change in fair value of existing portfolio of cash flow hedges during the period	2.2	1.1
Pre-hedging balancing payment reclassified to profit or loss for the period	-	(0.5)
Reserve at December 31	**5.9**	**3.6**

(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				
2011 *(€m)*	**Designated at fair value on initial recognition**	**Held for trading**	**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	-	-	II	-	-

(1) See note 12.2, section on “Fair value measurement methods for financial assets”.

	Financial liabilities at fair value through profit or loss				
2010 *(€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	-	-		(16.1)	(16.1)
Current debt	-	-		(6.1)	(6.1)
Trade and other creditors	-	-		1,638.5	1,638.5
Other current financial liabilities	-	3.6		-	3.6
Currency derivatives	-	*3.3*	II	-	*3.3*
Interest rate derivatives	-	*0.3*	II	-	*0.3*

(1) See note 12.2, section on “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 call option over the equity interest in the AB Group (see below).

Call option over the equity interest in the AB Group

As indicated in note 3.2.2, "Treatment of the equity interest in the AB Group", a call option over the equity interest in the AB Group has been granted to the AB Group management; this option may be exercised by the AB Group management team at any time during a two-year period at a price of €155 million.

This option represents a financial liability, changes in the fair value of which are recognised in profit or loss. The fair value of the option is measured using a level III method, as described in note 12.2, "Financial Assets", in the section on "Fair value measurement methods for financial assets".

In the absence of any material change in fair value during 2011, this item has been maintained at its original amount of zero.

Liabilities relating to commitments to buy out minority interests

As indicated in note 13.2.4, the TF1 group recognised, in the financial statements as at December 31, 2011, 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 is measured at €7.2 million; the option is due to expire in 2016 at the latest, and has been recognised as a non-current financial liability (with the matching debit entry recognised as a deduction in consolidated equity).

14.3 BREAKDOWN OF TRADE AND OTHER CREDITORS

(€m)	2011	2010
Trade creditors	780.9	767.0
Advance payments received	7.9	5.8
Tax and employee-related liabilities(1)	369.4	391.1
Creditors related to acquisitions of non-current assets	43.4	34.6
Other creditors	303.8	410.1
Audiovisual industry support fund grants(2)	7.1	9.0
Current accounts with credit balances	-	0.6
Deferred and prepaid income and similar items(3)	51.2	20.3
Trade and other creditors	**1,563.7**	**1,638.5**

(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 to TF1 Films Production, TF1 Production, Ciby 2000 and TF1 DA.

(3) Mainly comprises prepaid income. As at December 31, 2011, this line item includes a €30 million cash payment received in connection with a claim for reimbursement of CNC (French National Centre for Cinematography) taxes; this claim was accepted by the court of first instance, but has been appealed by the tax authorities.

Note 15 Net debt

Net debt as reported by the TF1 group comprises the following items:

(€m)	2011	2010
Cash and cash equivalents	35.9	39.3
Financial assets used for treasury management purposes	-	-
Total cash and cash equivalents	**35.9**	**39.3**
Fair value of interest rate derivatives	**-**	**(0.3)**
Non-current debt[1]	(18.0)	(16.1)
Current debt[2]	(58.5)	(6.1)
Total debt	(76.5)	(22.2)
NET CASH (+)/NET DEBT (-)	**(40.6)**	**16.8**

(1) Includes €7.2 million arising from the recognition of the commitment to buy out the minority interests in Place des Tendances (see notes 14.2 and 13.2.4).
(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 2011 and 2010:

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**

2010 *(€m)*	January 1	Charges	Reversals: used	Reversals: unused	Changes in scope of consolidation, reclassifications	December 31
Provisions for:						
Retirement benefit obligations	22.5	5.2	(1.9)	(1.2)	(1.9)	22.7
Long service leave	6.5	2.7	(0.6)	(0.6)	-	8.0
Commitments	14.9	1.3	(2.5)	-	(0.1)	13.6
Other	0.1	-	-	-	-	0.1
TOTAL NON-CURRENT PROVISIONS	**44.0**	**9.2**	**(5.0)**	**(1.8)**	**(2.0)**	**44.4**

Provisions for commitments relate to the risk of loss on audiovisual assets that the Group has committed to acquire.

From January 1, 2007 onwards, other movements in provisions for retirement benefit obligations include actuarial gains and losses on these obligations, which are recognised directly in equity. The amount recognised directly in equity for the year ended December 31, 2011 was a net gain of €2.4 million, the same amount as in 2010.

16.1.2 Provisions for retirement benefit obligations

Main actuarial assumptions

	2011	2010	2009	2008	2007
Discount rate	5.5%	4.6%	4.9%	3.7%	4.2%
Expected rate of return on plan assets	3.4%	3.7%	4.0%	4.0%	3.8%
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, 2011 was 6.6%, unchanged from 2010.

A reduction of 50 basis points in the discount rate applied would increase the obligation by €1.5 million. In accordance with Group accounting policies, any such actuarial losses would be recognised directly in equity.

Expense recognised in the income statement for retirement benefit obligations

(€m)	2011	2010
Current service cost	(1.4)	(1.6)
Interest expense on the obligation	(1.3)	(1.2)
Expected return on plan assets	0.3	0.2
Past service cost	-	-
Expense recognised	**(2.4)**	**(2.6)**
comprising: net change in provisions	*(1.2)*	*(2.1)*
comprising: amount recognised in "Staff costs"	*(1.2)*	*(0.5)*
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)	2011	2010	2009	2008	2007
Present value of obligation	26.4	27.9	27.5	30.4	32.2
Fair value of plan assets	(5.5)	(5.2)	(5.0)	(4.9)	(4.7)
Unfunded obligation (provision)	**20.9**	**22.7**	**22.5**	**25.5**	**27.5**

Changes in the present value of the retirement benefit obligation

(€m)	2011	2010
Defined-benefit plan obligation at start of period	**27.9**	**27.5**
Current service cost for the period	1.4	1.6
Interest cost (unwinding of discount)	1.3	1.2
Benefits paid	(1.2)	(0.7)
Actuarial (gains)/losses	(2.4)	(2.4)
Changes in scope of consolidation	(0.6)	0.7
Defined-benefit plan obligation at end of period	**26.4**	**27.9**

Changes in the present value of plan assets

(€m)	2011	2010
Fair value of insurance policy assets at start of period	**5.2**	**5.0**
Employer's contributions	-	-
Benefits paid	-	-
Expected return on plan assets	0.3	0.2
Actuarial gains/(losses)	-	-
Fair value of insurance policy assets at end of period	**5.5**	**5.2**

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 3.4% in 2011. At December 31, 2011, the fund had an estimated fair value of €5.5 million.

16.2 CURRENT PROVISIONS

Movements in current provisions during 2011 were as follows:

2011 *(€m)*	January 1	Charges	Reversals: used	Reversals: unused	Changes in scope of consolidation, reclassifications	December 31
Provisions for:						
Litigation and claims: governmental & public bodies	0.3	10.0	-	(0.2)	-	10.1
Litigation and claims: employees	5.8	7.1	(2.7)	(0.9)	-	9.3
Litigation and claims: commercial	19.8	5.9	(9.4)	(1.3)	0.2	15.2
Contractual litigation, claims, and risks	11.5	0.3	(0.1)	-	-	11.7
Restructuring	-	-	-	-	-	-
Other	14.3	0.9	(7.4)	(1.8)	4.3	10.3
TOTAL CURRENT PROVISIONS	**51.7**	**24.2**	**(19.6)**	**(4.2)**	**4.5**	**56.6**

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 reassessment notice from the French tax authorities in November 2011. The company does not accept the main points raised in the notice and has exercised its right of appeal. The effects of this reassessment have been recognised in the financial statements for the year ended December 31, 2011.

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.

Note 17 Operating revenues

Operating revenues comprise:

(€m)	2011	2010
Advertising revenue	1,821.5	1,793.3
Distribution of consumer products	228.1	238.5
Cable and satellite revenue	381.2	361.2
Production/distribution of audiovisual rights	63.4	73.3
Revenue from other activities	125.5	156.1
Revenue	**2,619.7**	**2,622.4**
Royalty income	0.8	-
Operating revenues	**2,620.5**	**2,622.4**

Note 18 External production costs

External production costs, which amounted to €702.9 million in 2011 and €664.5 million in 2010, comprise costs incurred on programmes acquired from third parties and broadcast by TF1 and by the theme channels TV Breizh, TMC, NT1, TF6, Série Club, Stylía, Histoire and Ushuaïa TV.

Note 19 Other purchases and changes in inventory

This line consists of the following items:

(€m)	2011	2010
Purchases of services	(261.8)	(340.2)
Purchases of broadcasting rights	(104.4)	(106.2)
Purchases of goods	(41.4)	(43.0)
Other items	(24.7)	(28.3)
Other purchases and changes in inventory	**(432.3)**	**(517.7)**

Note 20 Staff costs

Staff costs break down as follows:

(€m)	2011	2010
Staff remuneration	(296.6)	(289.1)
Social security charges	(119.6)	(116.5)
Other staff costs	(3.7)	(19.6)
Statutory employee profit-sharing	(11.9)	(8.2)
Share-based payment expense	(1.0)	(1.5)
Staff costs	**(432.8)**	**(434.9)**

Defined-contribution plan expenses are included in "Social security charges", and amounted to €33.2 million in 2011 (vs €32.1 million in 2010).

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".

A breakdown of TF1 group employees is provided in this Annual Financial Report.

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

The cost of share option plans recognised in "Staff costs" breaks down as follows:

				Staff costs	
(€m)	Date of grant	Lock-up period	Total fair value	2011	2010
Plan no. 10	March 20, 2008	3 years	2.8	0.3	0.9
Plan no. 11	March 20, 2009	3 years	1.6	0.5	0.6
Plan no. 12	June 10, 2011	4 years	1.8	0.2	-
TOTAL				**1.0**	**1.5**

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

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 2011.

Note 21 External expenses

External expenses break down as follows:

(€m)	2011	2010
Subcontracting	(163.1)	(176.2)
Rent and associated charges	(42.0)	(46.8)
Agents' fees and professional fees	(110.6)	(113.6)
Advertising, promotion and public relations	(75.9)	(97.1)
Other external expenses	(78.1)	(68.5)
External expenses	**(469.7)**	**(502.2)**

Note 22 Taxes other than income taxes

This line comprises the following items:

(rounded to the nearest €m)	2011	2010
Audiovisual taxes	(92.4)	(92.8)
- CNC (French National Centre for Cinematography) taxes	*(84.1)*	*(85.2)*
- Other	*(8.3)*	*(7.6)*
Other taxes	(52.8)	(52.8)
- Local business taxes	*(15.0)*	*(14.7)*
- Payroll-based taxes	*(14.8)*	*(14.8)*
- Other taxes	*(23.0)*	*(23.3)*
Taxes other than income taxes	**(145.2)**	**(145.6)**

Note 23 Other operating income and expenses

Other operating income and expenses consist of the following items:

(€m)	2011	2010
Reversals of unused provisions	19.6	16.0
In-house production capitalised, and cost transfers	22.0	23.3
Operating grants	0.9	-
Investment grants	14.6	14.2
Foreign exchange gains	21.8	13.3
Other income	8.6	11.5
Other operating income	**87.5**	**78.3**
Royalties and paybacks to rights-holders	(81.4)	(77.1)
Bad debts written off	(8.6)	(5.9)
Foreign exchange losses	(26.0)	(9.9)
Other expenses	(17.9)	(7.5)
Other operating expenses	**(133.9)**	**(100.4)**

Note 24 Non-current operating income and expenses

In 2010, non-current operating income totalled €102.0 million, comprising €95.5 million for the net gain from the fair value remeasurement of the previously-held equity interests in TMC and NT1 (see note 3.2.1, "First-time consolidation of TMC and NT1"), plus €6.1 million arising on the fair value remeasurement of the previously-held equity interest in SPS (see note 1.1, "Divestment of SPS").

Non-current operating expenses amounted to €19.2 million, comprising impairment losses taken against goodwill relating to SPS (€12.2 million) and 1001 Listes (€7.0 million); see note 7, "Goodwill".

Note 25 Cost of net debt

Cost of net debt breaks down as follows:

(€m)	2011	2010
Interest income	1.4	2.6
Change in fair value of the hedged portion of the bond issue	-	-
Change in fair value of interest rate derivatives	-	0.5
Income and revenues from financial assets	-	-
Income associated with net debt	**1.4**	**3.1**
Interest expense on debt	(0.8)	(21.2)
Change in fair value of interest rate derivatives	(0.1)	(0.1)
Expenses associated with net debt	**(0.9)**	**(21.3)**
Cost of net debt	**0.5**	**(18.2)**

In 2010, interest expense on debt related mainly to the €500 million bond issue redeemed in November 2010.

Note 26 Other financial income and expenses

Other financial income and expenses break down as follows:

(€m)	2011	2010
Dividend income	1.7	1.5
Gains on financial assets	0.4	0.7
Gains arising from changes in value of forward currency purchase contracts	3.8	-
Other income	-	0.2
Other financial income	**5.9**	**2.4**
Losses on financial assets	(0.4)	(2.5)
Losses arising from changes in value of forward currency purchase contracts	-	(2.2)
Other expenses	(0.4)	(0.2)
Other financial expenses	**(0.8)**	**(4.9)**

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 2011	Financial 2010	Operating 2011	Operating 2010
Net income/(expense) on loans and receivables at amortised cost	1.5	3.1	(25.9)	(9.4)
Net income/(expense) on financial assets at fair value	0.1	0.2	-	-
financial assets designated at fair value through profit or loss	-	-	-	-
financial assets held for trading	*0.1*	*0.2*	-	-
Net income/(expense) on available-for-sale financial assets	*1.6*	*(0.7)*	*0.1*	*0.2*
Net income/(expense) on financial liabilities at amortised cost	(1.2)	(21.4)	-	-
Net income/(expense) on derivatives	3.6	(1.9)	(1.2)	(0.3)
Net income/(expense) on financial assets and financial liabilities	**5.6**	**(20.7)**	**(27.0)**	**(9.5)**

Note 28 Income taxes

28.1 CURRENT AND DEFERRED TAXES

28.1.1 Income statement

(€m)	2011	2010
Current taxes	(94.8)	(59.5)
Deferred taxes	6.1	(9.4)
Income tax expense	**(88.7)**	**(68.9)**

The tax rates used in the deferred tax calculation were 36.10% for the year ended December 31, 2011, and 34.43% for the year ended December 31, 2010 (standard rate).

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 in 2012 or 2013, and 34.43% for temporary differences expected to reverse after 2013.

28.1.2 Tax proof

(€m)	2011	2010
Net profit attributable to the Group	**182.7**	**228.3**
Income tax expense	88.7	68.9
Net profit from discontinued operations	-	-
Minority interests	3.4	1.0
Net profit from continuing operations before tax and minority interests	**274.8**	**298.2**
Standard tax rate in France	**36.1%**	**34.4%**
Impact of fair value adjustments not recognised for tax purposes(1)	0.0%	(12.5%)
Impairment of goodwill	0.0%	2.2%
Impact of tax losses	(0.4%)	0.6%
Offset of tax credits	(0.3%)	(0.5%)
Share of profits and losses of associates	1.8%	(0.7%)
Reduced-rate taxes on securities transactions	(3.9%)	(0.2%)
Tax rate differential (change in tax rate, and rates applicable to foreign subsidiaries)	(1.0%)	0.0%
Other differences, net	(0.1%)	(0.2%)
Effective tax rate	**32.2%**	**23.1%**

(1) Mainly the effect of fair value remeasurements of the previously-held equity interests in SPS and TMC/NT1 in 2010.

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)	2011	2010
Net deferred tax asset/(liability) at January 1	**(8.4)**	**10.2**
Recognised in equity	(1.6)	(2.0)
Recognised in profit or loss	6.1	(9.4)
Changes in scope of consolidation and other items(1)	(0.2)	(7.2)
Net deferred tax asset/(liability) at December 31	**(4.1)**	**(8.4)**

(1) Includes €6.9 million of deferred tax liabilities recognised in 2010 in connection with the TMC purchase price allocation, mainly on the TMC trademark and the remeasurement of TMC and NT1 programme inventories.

Applying the balance sheet liability method to temporary differences between carrying amounts and tax bases, the impact on deferred taxes of using the current tax rate of 36.10% for 2012 and 2013 is a gain of approximately €1.4 million.

28.2.2 Main sources of deferred taxation

The main sources of deferred taxation are as follows:

(€m)	2011	2010
Provisions:		
Provisions for programmes	4.0	4.0
Provisions for retirement benefit obligations	6.6	6.9
Provisions for impairment of audiovisual rights	0.3	0.6
Provisions for trade debtors	3.0	3.1
Other provisions	18.0	17.7
Statutory employee profit-sharing scheme	4.2	2.6
Tax losses available for carry-forward	6.4	8.0
Other deferred tax assets	8.6	9.3
Offset of deferred tax assets and liabilities	(45.3)	(49.6)
Deferred tax assets	**5.8**	**2.6**
Accelerated tax depreciation	(19.2)	(17.1)
Depreciation of head office building	(8.5)	(8.9)
Remeasurement of assets	(13.6)	(13.7)
Other deferred tax liabilities	(13.9)	(20.9)
Offset of deferred tax assets and liabilities	45.3	49.6
Deferred tax liabilities	**(9.9)**	**(11.0)**
Net deferred tax asset/(liability) at December 31	**(4.1)**	**(8.4)**

Unrecognised deferred tax assets totalled €24.0 million (€28.1 million at December 31, 2010), 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	**38.9**	**4.0**	**8.2**	**(45.3)**	**5.8**

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).

(€m)	2011	2010
Net profit for the year *(€m)*		
Net profit from continuing operations (attributable to the Group)	182.7	228.3
Net profit from discontinued/held-for-sale operations	-	-
Net profit attributable to the Group	182.7	228.3
Weighted average number of ordinary shares	**212,435,958**	**213,395,867**
Earnings per share *(in euros)*		
Basic earnings per share from continuing operations	0.86	1.07
Basic earnings per share from discontinued/held-for-sale operations	-	-
Basic earnings per share	0.86	1.07
Average number of ordinary shares after dilution	**213,274,329**	**215,215,764**
Diluted earnings per share *(in euros)*		
Diluted earnings per share from continuing operations	0.86	1.06
Diluted earnings per share	0.86	1.06

The average number of ordinary shares after dilution is obtained by taking account of the following dilutive effects:

(number of shares)	2011	2010
Weighted average number of ordinary shares for the period	212,435,958	213,395,867
Dilutive effect of share subscription option plans	838,371	1,819,897
Dilutive effect of consideration-free share allotment plan	-	-
Average number of ordinary shares after dilution	213,274,329	215,215,764

In 2011 and 2010, only share subscription option plan no. 11 (awarded February 18, 2009) had an adjusted exercise price lower than the average TF1 share price during the period.

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)	2011	2010
Cash and cash equivalents in the balance sheet	35.9	39.3
Cash relating to held-for-sale assets	-	-
Treasury current account credit balances	(2.9)	(2.1)
Bank overdrafts	(51.2)	(0.2)
Closing cash position per the cash flow statement	**(18.2)**	**37.0**

30.2 EFFECT OF CHANGES IN SCOPE OF CONSOLIDATION

The effect of acquisitions of subsidiaries on the cash flow statement is shown below:

(€m)	2011	2010
Cash and cash equivalents acquired	1.2	9.8
Financial assets acquired	-	-
Other assets acquired	11.7	68.5
Minority interests acquired	-	-
Other liabilities acquired	(15.1)	(71.5)
Net assets acquired (A)	(2.3)	6.8
Goodwill (B)	7.1	189.9
Cash outflow (A) + (B)	**4.8**	**196.7**
Cash acquired	(1.2)	(3.8)
Cash of companies joining the scope of consolidation during the period but not acquired	(12.3)	-
Net cash outflow	**(8.7)**	**192.9**

Movements during 2011 relate mainly 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)	2011	2010
Cash received	16.8	-
Cash divested	(16.7)	-
Subscriptions to capital increases carried out by subsidiaries	-	-
Net cash inflow/(outflow)	**0.1**	**-**

Impact of the divestment of 1001 Listes (see “Significant events”, note 1.5)

The cash flow statement line “Effect of changes in scope of consolidation” for 2011 and 2010 breaks down as follows:

(€m)	2011	2010
Net cash inflow/(outflow) on acquisitions of subsidiaries	8.7	(192.9)
Net cash inflow/(outflow) on divestments of subsidiaries	0.1	-
Effect of changes in scope of consolidation	**8.8**	**(192.9)**

30.3 CHANGE IN DEBT

The impact of changes in debt on the TF1 group’s cash position is shown below:

(€m)	2011	2010
Finance leases contracted and finance lease payments made during the period	(4.7)	18.1
Net change in borrowings	(4.0)	(500.0)
Loans received from associates	-	-
Other movements	0.2	-
Net change in the period	**(8.5)**	**(481.9)**

The net cash outflow of €500 million in 2010 was due to the redemption of the bond issue.

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 (see the Management Review).

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 2011, gearing was 2.5%; at end 2010, given that the Group had net cash of €16.8 million, gearing was zero.

31.2 FINANCIAL RISK MANAGEMENT STRATEGY

Liquidity risk and market risk (interest rate risk, foreign exchange risk and equity risk) are managed centrally by the TF1 group's Financing and Treasury Department.

31.2.1 Liquidity risk

The Financing and Treasury Department is responsible for ensuring that the TF1 group has access to adequate and sustainable sources of financing. 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 maintaining an adequate cushion of credit facilities, with phased maturities.

The Group assesses liquidity risk by reference to the global drawdown rate on its borrowing capacity (financing raised on the markets + confirmed bank facilities), net of available cash.

The net cash/debt position in the balance sheet at year-end is shown below:

(€m)	2011	2010
Cash and cash equivalents	35.9	39.3
Financial liabilities	(76.5)	(22.5)
Net cash/(net debt)	**(40.6)**	**16.8**
Borrowing capacity	1,030.2	1,125.5

The drawdown rate on the Group's borrowing capacity was 3.9% in 2011, and zero at December 31, 2010.

Credit rating

The TF1 group has a credit rating from Standard & Poor's, which currently stands at BBB/stable outlook/A-2, versus BBB/positive outlook/A-2 at end 2010.

Confirmed credit facilities

As of December 31, 2011, TF1 had the following facilities available:

- bilateral bank facilities of €1,015.0 million with maturities of between one and six years. These confirmed bank facilities are supplemented by a cash pooling agreement with the Bouygues group. As of December 31, 2011, drawdowns under this cash pooling agreement amounted to €47.1 million;
- a finance lease obligation of €15.2 million relating to technical installations.

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)
Sub-total	**154.4**	**875.8**	**1,030.2**	**51.5**	**10.8**	**62.3**	**967.9**
Bond issue	-	-	-	-	-	-	-
TOTAL	**154.4**	**875.8**	**1,030.2**	**51.5**	**10.8**	**62.3**	**967.9**

2010 (€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	300.5	805.0	1,105.5	-	-	-	1,105.5
Finance leases	3.8	16.2	20.0	3.8	16.2	20.0	-
Bouygues cash pooling agreement	-	-	-	-	-	-	-
Sub-total	**304.3**	**821.2**	**1,125.5**	**3.8**	**16.2**	**20.0**	**1,105.5**
Bond issue	-	-	-	-	-	-	-
TOTAL	**304.3**	**821.2**	**1,125.5**	**3.8**	**16.2**	**20.0**	**1,105.5**

The bank facilities contracted by the TF1 group are bilateral facilities that are not subject to financial ratios or trigger event clauses. These facilities are spread among a significant number of banks, ensuring significant diversification of the Group's sources of financing. The drawdown rate for these facilities was zero at end 2011 and end 2010.

Maturity of financial liabilities (excluding derivatives)

The table below provides a schedule of undiscounted future repayments (principal and interest) of financial liabilities, based on residual contractual maturities:

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**

2010 (€m)	Carrying amount	Residual contractual amount < 1 year	Residual contractual amount 1-5 years	Residual contractual amount Total
Finance leases	20.0	4.0	16.3	20.3
Trade and other creditors	1,638.5	1,638.5	-	1,638.5
Other financial liabilities	2.3	2.3	-	2.3
TOTAL	**1,660.8**	**1,644.8**	**16.3**	**1,661.1**

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;
- contracted with high-grade counterparties.

The table below shows how surplus cash was invested at December 31, 2011:

(€m)	2011	2010
Interest-bearing bank account	0.2	20.0
Bouygues Relais cash pooling agreement	-	-
Money-market mutual funds	12.2	0.2
Negotiable certificates of deposit	-	-
Other treasury current accounts	23.5	19.1
TOTAL	**35.9**	**39.3**

31.2.2 Market risk

The TF1 group manages its exposure to exchange rate and interest rate risk by using hedging instruments such as swap contracts, forward purchases and sales, and currency and interest rate options. Derivatives are used solely for hedging purposes and are never used for speculative purposes.

The Financing and Treasury Department manages currency and interest rate 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 and Finance Department 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:

The tables below show the fixed/floating split of financial assets and liabilities, and associated hedges, by maturity:

2011	Financial assets		Financial liabilities		Net pre-hedging exposure		Hedging instruments		Net post-hedging exposure	
(€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)**

At December 31, 2011 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.

2010	Financial assets		Financial liabilities		Net pre-hedging exposure		Hedging instruments		Net post-hedging exposure	
(€m)	Fixed	Floating	Fixed	Floating	Fixed	Fixed	Floating	Fixed	Floating	Fixed
Less than 1 year	20.0	19.3	(3.8)	(2.5)	16.2	16.8	(100.0)	100.0	(83.8)	116.8
1 to 5 years	-	-	(16.2)	-	(16.2)	-	-	-	(16.2)	-
TOTAL	**20.0**	**19.3**	**(20.0)**	**(2.5)**	**(0.0)**	**16.8**	**(100.0)**	**100.0**	**(100.0)**	**116.8**

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, and represents the sum total of:

- the impact of applying this 1% movement to the net pre-hedging floating-rate position, assumed to be constant over 1 year;
- the change in the fair value of the portfolio of interest rate derivatives in place at the balance sheet date, applying the accounting treatments specified in IAS 39.

	2011		2010	
(€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	(0.2)	-	1.7	0.9
Impact of a movement of -1% in interest rates	0.2	-	(1.7)	(0.7)

An immediate fall of 1% (100 basis points) in short-term interest rates would reduce expenses associated with net debt by €0.2 million over a full year. Conversely, an immediate rise of 1% (100 basis points) in short-term interest rates would increase expenses associated with net debt by €0.2 million over a full year.

Interest rate derivatives

The TF1 group did not hold any interest rate derivatives as of December 31, 2011.

The portfolio of interest rate derivatives held as of December 31, 2010 was as follows:

2010 *(€m)*	Less than 1 year	1 to 5 years	Total	Fair value
Swaps: pay floating rate	-	-	-	-
Swaps: pay fixed rate	100.0	-	100.0	(0.3)
TOTAL	**100.0**	**-**	**100.0**	**(0.3)**

Accounting classification and treatment

All derivatives 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 derivatives 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.

The fair value of the portfolio as of December 31, 2010 was as follows:

Fair value of the portfolio 2010 *(€m)*	Derivatives designated as fair value hedges	Derivatives designated as cash flow hedges	Derivatives ineligible for hedge accounting	Total
Interest rate derivatives – assets	-	-	-	-
Interest rate derivatives – liabilities	-	(0.3)	-	(0.3)
TOTAL	**-**	**(0.3)**	**-**	**(0.3)**

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 long-term 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. In 2011, over 95% of revenues were made in euros, 2% of revenues were made in dollars.

Furthermore, note that 90% of purchases (including acquisitions of audiovisual rights) were paid in euros, 6% in dollars and 2% in sterling pounds. The objective of the Group's foreign exchange risk management strategy is to lock in or guarantee a minimum exchange rate on its net long position and a maximum 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, 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	-	17.3	116.5
Currency swaps	(17.9)	(0.5)	(2.0)	(20.4)
Net post-hedging position	**(303.8)**	**11.5**	**4.3**	**(288.4)**

(1) Net exposure in USD: Some Group entities (TF1, Eurosport) enter into long-term rights acquisition contracts in the course of their ordinary activities that give rise to off balance sheet commitments, for which the future cash flows 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 currency exposure (translated into euros at the closing exchange rate) as of December 31, 2011 was €288 million, compared with €442 million as of December 31, 2010.

The table below shows the Group's exposure to foreign exchange risk at December 31, 2010.

At 2010 closing exchange rates *(€m)*	USD	GBP	Other currencies	Total
Assets	23.5	8.2	20.0	51.7
Liabilities	(39.4)	(15.6)	(17.6)	(72.6)
Off balance sheet commitments	(472.0)	(9.7)	(17.1)	(498.8)
Pre-hedging position	**(487.9)**	**(17.1)**	**(14.7)**	**(519.7)**
Forwards and futures	128.2	3.5	(29.3)	102.4
Currency swaps	(16.3)	(1.8)	(6.6)	(24.7)
Net post-hedging position	**(376.0)**	**(15.4)**	**(50.6)**	**(442.0)**

The sensitivity analysis shown below measures the impact on profit or loss and equity of an immediate unfavourable uniform movement of 1% in the rate of 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 currency derivatives in place at the balance sheet date, applying the accounting treatments specified in IAS 39.

	2011				2010			
	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	3.9	(3.9)	(0.8)	0.9	1.0	(1.0)	2.7	(2.9)
GBP	(0.1)	0.1	-	-	-	-	0.2	(0.2)
Other currencies	0.5	(0.6)	(0.1)	0.2	-	-	0.2	(0.6)
TOTAL	**4.3**	**(4.4)**	**(0.9)**	**1.1**	**1.0**	**(1.0)**	**3.1**	**(3.7)**

At end 2011, 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 rate of the euro against all the currencies would be -€3.3 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 2010 was -€4.7 million.

Change in the value of currency derivatives

The change in the value of currency derivatives not eligible for hedge accounting was +€3.7 million.

The change in the value of instruments eligible for hedge accounting was +€0.9 million in 2011. This comprises a change of +€2.1 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 -€1.2 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				
31/12/2011 *(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 (NOK, SEK, DKK, CHF, AUD)		2.0	2.0	-	(0.0)	-
Forward purchases	USD	128.9	99.6	68.0	31.6	5.8	4.7
	GBP		-	-	-	-	-
Forward sales	Other currencies (NOK, SEK, DKK, AUD)	-	16.9	16.9	-	(0.3)	(0.1)
TOTAL HEDGES			**136.9**	**105.3**	**31.6**	**5.6**	**4.6**

		National amount of hedge				Fair value (in euros)	
			In euros				
31/12/2010 *(in millions)*	**Currency**	**In forein currency**	**Total**	**< 1 year**	**1-5 years**	**Total**	**Of which designated as cash flow hedges**
Currency swaps	USD	21.8	16.3	16.3	-	(0.3)	-
	GBP	1.6	1.8	1.8	-	-	-
	Other currencies (NOK, SEK, DKK, CHF, AUD)		6.6	6.6	-	-	-
Forward purchases	USD	171.3	128.2	77.3	50.9	1.8	4.0
	GBP	3.0	3.5	3.5	-	0.1	0.1
Forward sales	Other currencies (NOK, SEK, DKK, AUD)		29.4	26.7	2.7	(0.6)	(0.6)
TOTAL HEDGES			**185.8**	**132.2**	**53.6**	**1.0**	**3.5**

Accounting classification and treatment

All derivatives 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 derivatives 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)	Derivatives ineligible for hedge accounting	Derivatives designated as fair value hedges	Derivatives designated as cash flow hedges	Fair value
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**
2010	**-**	**-**	**-**	**-**
Currency derivatives – assets	-	-	4.3	4.3
Currency derivatives – liabilities	(2.5)	-	(0.8)	(3.3)
TOTAL	**(2.5)**	**-**	**3.5**	**1.0**

Derivatives 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. The other derivatives transactions are allocated to other broadcasting 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.

Risk of non-recovery of debtors

			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**

			Past due			
2010 *(€m)*	Carrying amount	Not past due	Total	< 6 months	6-12 months	> 12 months
Trade debtors	738.1	555.5	182.6	144.2	15.0	23.4
Provision for impairment of trade debtors	(18.3)	(1.3)	(17.0)	(4.3)	(1.1)	(11.6)
TRADE DEBTORS, NET	**719.8**	**554.2**	**165.6**	**139.9**	**13.9**	**11.8**

Advertising airtime

TF1 Publicité sells advertising airtime on media for which it acts as agent (TV channels, radio stations, proprietary and third-party websites) to advertisers who over the years have become regular airtime buyers, developing well-established partnerships. The policy used to manage the underlying counterparty risk relies 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 any airtime order placed by a new advertiser;
- for any advertiser with a track record of payment incidents, upfront payment for all future orders plus settlement of all outstanding invoices, failing which the advertiser may be barred from buying airtime;
- payment of annual rebates in the form of “end-of-order” credit notes issued at the start of the following year, to which the advertiser is not entitled unless all the prior-year invoices used as the basis for the rebate have been paid on time.

On top of these procedures, the Credit Management Department performs regular financial health checks on advertisers, and in the event of late payment systematically issues graded reminders. Any legal recovery proceedings are prepared in conjunction with Coface.

Other measures taken include the issuance of preventive reminders to the principal advertising agencies in advance of each due date for payment, the strict application of penalties to rebates in the event of late payment of invoices, and the systematic application of late payment interest. Overall, these procedures have enabled TF1 Publicité to 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
Date of Shareholders' Meeting	April 17, 2007	April 17, 2008	April 14, 2011
Date of Board Meeting	February 20, 2008	February 18, 2009	May 12, 2011 and July 25, 2011
Date of grant	March 20, 2008	March 20, 2009	June 10, 2011
Type of plan	subscription	subscription	subscription
Total number of share options awarded	2,000,000	2,000,000	1,500,000
to corporate officers	*56,000*	*56,000*	*7,200*
to the 10 employees granted the highest awards	*340,000*	*340,000*	*144,000*
Total number of share options awarded subject to performance criteria	0	50,000	1,500,000
Start date of exercise period	March 20, 2011	March 20, 2012	June 10, 2015
Expiration date	March 20, 2015	March 20, 2016	June 10, 2018
Subscription/purchase price	€15.35	€5.98	€12.47
Terms of exercise	May be exercised from 3rd anniversary of date of grant Sold from 4th anniversary of date of grant		May be exercised and sold from 4th anniversary of date of grant
Number of shares subscribed: 31/12/2011	-	11,111	-
Cumulative number of share options cancelled, unattributed or forfeited	198,000	219,103	28,800
Options outstanding at end of period	1,802,000	1,769,786	1,471,200

32.2 MOVEMENT IN NUMBER OF OPTIONS OUTSTANDING

	2011		2010	
	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	**4,558,897**	**13.18**	**6,339,497**	**14.97**
Options granted	1,500,000	12.47	-	-
Options cancelled, unattributed or forfeited	(124,300)	11.74	(123,000)	11.03
Options exercised	(11,111)	5.98	-	-
Options expired	(880,500)	23.46	(1,657,600)	20.20
Options outstanding at December 31	**5,042,986**	**11.22**	**4,558,897**	**13.18**
Options exercisable at December 31	*1,802,000*	*15.35*	*880,500*	*23.46*

During the year ended December 31, 2011, 11,111 options were exercised. The weighted average quoted market price of TF1 shares on the exercise date was €10.26. The average residual life of options outstanding at December 31, 2011 was 66 months, compared with 48 months at December 31, 2010.

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, and includes in particular the effect of the agreement with the AB Group, amounting to €155 million at December 31, 2011 and 2010.

Other reciprocal contractual commitments

This comprises commitments given or received under contracts not associated with the 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 subsidiaries of the TF1 group 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 2011	Total 2010
Guarantee commitments					
Pledges, mortgages and collateral	-	-	-	-	-
Guarantees and endorsements given	2.4	1.5	-	3.9	4.1
Guarantee commitments given	**2.4**	**1.5**	**-**	**3.9**	**4.1**
Pledges, mortgages and collateral	-	-	-	-	-
Guarantees and endorsements received	-	1.9	-	1.9	2.6
Guarantee commitments received	**-**	**1.9**	**-**	**1.9**	**2.6**
GUARANTEE COMMITMENTS, NET	**2.4**	**(0.4)**	**-**	**2.0**	**1.5**

33.2 RECIPROCAL CONTRACTUAL COMMITMENTS

(€m)	< 1 year	1-5 years	> 5 years	Total 2011	Total 2010
Miscellaneous contractual commitments					
Image transmission	40.1	102.8	10.8	153.7	118.7
Commitments relating to equity interests	158.4	13.5	1.8	173.7	178.9
Other commitments	13.0	9.8	-	22.8	22.3
Miscellaneous contractual commitments given	**211.5**	**126.1**	**12.6**	**350.2**	**319.9**
Image transmission	40.1	102.8	10.8	153.7	118.7
Commitments relating to equity interests	158.4	13.5	1.8	173.7	178.9
Other commitments	13.0	9.8	-	22.8	22.3
Miscellaneous contractual commitments received	**211.5**	**126.1**	**12.6**	**350.2**	**319.9**
MISCELLANEOUS CONTRACTUAL COMMITMENTS, NET	**-**	**-**	**-**	**-**	**-**

33.3 OPERATING LEASES

(€m)	< 1 year	1-5 years	> 5 years	Total 2011	Total 2010
Operating leases					
Operating lease commitments given	21.9	71.3	21.7	114.9	145.5
Operating lease commitments received	21.9	71.3	21.7	114.9	145.5
OPERATING LEASE COMMITMENTS, NET	**-**	**-**	**-**	**-**	**-**

33.4 FINANCE LEASES

(€m)	< 1 year	1-5 years	> 5 years	Total 2011	Total 2010
Finance leases (already recognised in the balance sheet)	4.4	10.8	-	15.2	20.0

Note 34 Related-party information

34.1 EXECUTIVE COMPENSATION

Total compensation paid during 2011 to key executives of the Group (*i.e.* the 15 members of the TF1 Management Committee mentioned in the Annual Report) was €9.2 million, comprising:

(€m)	2011	2010
Fixed compensation	6.6	6.0
Variable compensation	2.6	1.7
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 €0.5 million;
- the portion of the total obligation in respect of retirement and other post-employment benefits relating to these key executives was €3.1 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 2011 to the investment fund of the insurance company which manages the scheme was €0.1 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)	2011	2010	2011	2010	2011	2010	2011	2010
Parties with an ownership interest	26.0	35.4	(15.4)	(13.7)	12.4	9.7	56.8*	6.3
Jointly controlled entities	0.7	3.6	(2.2)	(4.9)	1.8	2.4	1.6	1.9
Associates	0.5	6.9	(8.8)	(5.9)	3.7	1.6	9.5	3.1
Other related parties	1.7	1.5	-	-	-	-	-	-
TOTAL	**28.9**	**47.4**	**(26.4)**	**(24.5)**	**17.9**	**13.7**	**67.9**	**11.3**

* *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 audit firms			
	Amount		%		Amount		%		Amount		%	
(€ thousand)	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Audit of consolidated and individual company financial statements	**(800)**	**(812)**	**97%**	**97%**	**(875)**	**(795)**	**96%**	**89%**	**(90)**	**(76)**	**88%**	**100%**
- TF1 SA	*(216)*	*(230)*	-	-	*(216)*	*(230)*	-	-	-	-	-	-
- Subsidiaries	*(584)*	*(582)*	-	-	*(659)*	*(565)*	-	-	*(90)*	*(76)*	-	-
Other procedures and services directly related to the audit engagement	**(27)**	**(25)**	**3%**	**3%**	**(25)**	**(102)**	**3%**	**11%**	**-**	**-**	**-**	**-**
- TF1 SA	*(27)*	*(25)*	-	-	*(25)*	*(100)*	-	-	-	-	-	-
- Subsidiaries	-	-	-	-	-	*(2)*	-	-	-	-	-	-
Audit-related fees	**(827)**	**(837)**	**100%**	**100%**	**(900)**	**(897)**	**98%**	**100%**	**(90)**	**(76)**	**88%**	**100%**
Other services provided by audit firms to fully-consolidated subsidiaries												
Company law, tax and employment law	-	-	-	-	(16)	-	2%	0%	(12)	-	12%	-
Other (if > 10% audit-related fees)	-	-	-	-	-	-	-	-	-	-	-	-
Other fees	**-**	**-**	**-**	**-**	**(16)**	**-**	**2%**	**0%**	**(12)**	**-**	**12%**	**0%**
TOTAL AUDITORS' FEES	**(827)**	**(837)**	**100%**	**100%**	**(916)**	**(897)**	**100%**	**100%**	**(102)**	**(76)**	**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

Company	Country	Activity	% control[(1)]	Consolidation method	% control	Consolidation method
TF1 SA	**France**	**Broadcasting**		**Parent company**		**Parent company**
BROADCASTING FRANCE						
TF1 PUBLICITÉ	France	TF1 advertising airtime sales house	100.00%	Full	100.00%	Full
TF1 FILMS PRODUCTION	France	Co-production of films	100.00%	Full	100.00%	Full
TÉLÉSHOPPING	France	Home shopping	100.00%	Full	100.00%	Full
TV BREIZH	France	Theme channel	100.00%	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	100.00%	Full	100.00%	Full
EZ TRADING	France	Import-Export	-	-	100.00%	Full
TF1 THÉMATIQUES	France	Holding company – Theme Channel Division	100.00%	Full	100.00%	Full
e-TF1	France	Internet/TV content and 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
BAXTER	France	Music publishing	-	-	100.00%	Full
TF6 GESTION	France	TF6 management company	50.00%	Proportionate	50.00%	Proportionate
SÉRIE 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
LES NOUVELLES ÉDITIONS TF1	France	Book publishing	-	-	51.00%	Full
STYLIA	France	Theme channel	100.00%	Full	100.00%	Full
APHÉLIE	France	Property company	100.00%	Full	100.00%	Full
HISTOIRE	France	Theme channel	100.00%	Full	100.00%	Full
USHUAÏA TV	France	Theme channel	100.00%	Full	100.00%	Full
TÉLÉ MONTE CARLO	Monaco	Theme channel	80.00%	Full	80.00%	Full
INFOSHOPPING	France	Infomercials	-	-	100.00%	Full
WAT	France	Internet content and services	100.00%	Full	100.00%	Full
TMC RÉGIE	France	TMC advertising airtime sales house	100.00%	Full	100.00%	Full
SKY ART MEDIA	United States	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
FIRÉLIE	France	Property company	100.00%	Full	-	-

Company	Country	Activity	% control[1]	Consolidation method	% control	Consolidation method
TF1 DISTRIBUTION	France	Distribution of TV channels	100.00%	Full	-	-
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 TÉLÉVISION	Belgium	Broadcasting	49.00%	Equity	49.00%	Equity
HOLDING OMEGA PARTICIPATIONS	France	Holding company	100.00%	Full	100.00%	Full
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
PERELIE	France	Property company	100.00%	Full	-	-
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[2]	France	Print media publishing	100.00%	Full	34.30%	Equity
AUDIOVISUAL RIGHTS						
CIBY 2000	France	Exploitation of audiovisual rights	100.00%	Full	100.00%	Full
TF1 VIDÉO	France	Exploitation of video rights	100.00%	Full	100.00%	Full
GIE SONY TF1 VIDÉO	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
TCM DA	France	Exploitation of audiovisual rights	-	-	50.00%	Proportionate
TCM GESTION	France	TCM DA management company	-	-	49.96%	Proportionate
SOFICA VALOR 6	France	Exploitation of audiovisual rights	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 SA	France	Marketing of Eurosportchannel outside France	100.00%	Full	100.00%	Full
EUROSPORT BV	Netherlands	Marketing of Eurosport channel in the Netherlands	100.00%	Full	100.00%	Full
EUROSPORT TELEVISION LTD	UK	Marketing of Eurosport channel in the United Kingdom	100.00%	Full	100.00%	Full
EUROSPORT TV AB	Sweden	Marketing of Eurosport channel in Sweden	100.00%	Full	100.00%	Full
EUROSPORT MEDIA GMBH	Germany	Marketing of Eurosport channel in Germany	100.00%	Full	100.00%	Full
EUROSPORT EVENT LTD	UK	Motor race organiser	100.00%	Full	100.00%	Full
SRW EVENTS LTD	UK	Motor race organiser	-	-	100.00%	Full

Company	Country	Activity	% control(1)	Consolidation method	% control	Consolidation method
EUROSPORT ITALIA	Italy	Marketing of Eurosport channel in Italy	100.00%	Full	100.00%	Full
EUROSPORT ASIA-PACIFIC	Hong Kong	Marketing of Eurosport channel in Asia	100.00%	Full	100.00%	Full
EUROSPORT MEDIA SA	Switzerland	Marketing of Eurosport channel in Switzerland	100.00%	Full	100.00%	Full
EUROSPORT SA SPAIN	Spain	Marketing of Eurosport channel in Spain	100.00%	Full	100.00%	Full
EUROSPORT FINLAND	Finland	Marketing of Eurosport channel in Finland	100.00%	Full	100.00%	Full
EUROSPORTNEWS DISTRIBUTION LTD	Hong Kong	Marketing of Eurosport channel in Asia	98.00%	Full	98.00%	Full
EUROSPORT NORVEGE AS	Norway	Marketing of Eurosport channel in Norway	100.00%	Full	100.00%	Full
EUROSPORT POLSKA	Poland	Marketing of Eurosport channel in Poland	100.00%	Full	100.00%	Full
EUROSPORT DANMARK APS	Denmark	Marketing of Eurosport channel in Denmark	100.00%	Full	100.00%	Full
EUROSPORT EVENTS	France	Sports event organiser	-	-	100.00%	Full
EUROSPORT ARABIA FZ LLC	UAE	Marketing of Eurosport channel in the Middle East	100.00%	Full	100.00%	Full
EUROSPORT MEDIA DISTRIBUTION Portugal	Portugal	Marketing of Eurosport channel in Portugal	100.00%	Full	100.00%	Full
OTHER ACTIVITIES						
SPS	France	Online gaming operator	-	-	100.00%	Full
1001 LISTES	France	Internet content and services	-	-	100.00%	Full
DIRECT OPTIC PARTICIPATIONS	France	e-commerce	25.40%	Equity	-	-

(1) Except for TMC (in which TF1 has a percentage interest of 80%), there are no material differences between percentage control and percentage interest.
(2) Metro France Publications: until July 28, 2011, when TF1 acquired control, the terms of the shareholders' agreement of November 14, 2003 between TF1 and Metro International SA meant that Metro International exercised exclusive control over Publications Metro France; TF1 only exercised significant influence over this subsidiary, in which it then had a 34.3% interest.

4.3 PARENT COMPANY FINANCIAL STATEMENTS

4.3.1 Parent company income statement (French GAAP)

ASSETS *(€m)*	Note	31/12/2011 Net	31/12/2010 Net
Intangible assets	2.2 & 3.1	***45.8***	***42.0***
Concessions and similar rights		9.2	8.6
Trademarks		0.0	0.0
Purchased goodwill		0.0	0.0
Other intangible assets		0.0	0.0
Intangible assets in progress		3.1	2.2
Co-productions available for initial transmission		12.7	8.8
Co-productions available for retransmission		15.0	15.0
Co-productions in progress		5.8	7.4
Property, plant and equipment	2.3 & 3.2	***44.1***	***50.7***
Land		0.0	0.0
Buildings		0.0	0.0
Technical facilities		17.1	21.7
Other property, plant and equipment		26.7	29.0
Property, plant and equipment under construction		0.3	0.0
Non-current financial assets	2.4 & 3.3	***1,386.4***	***1,474.1***
Investments in subsidiaries and affiliates		1,285.3	1,313.5
Loans and advances to subsidiaries and affiliates		0.0	0.0
Other long-term investment securities		0.8	0.1
Loans receivable		100.0	160.2
Other non-current financial assets		0.3	0.3
NON-CURRENT ASSETS		**1,476.3**	**1,566.8**
Inventories and work in progress	2.5 & 3.4	***400.2***	***421.8***
Raw materials and other supplies		0.0	0.0
Goods bought for resale		0.0	0.0
Broadcasting rights available for initial transmission		198.2	202.8
Broadcasting rights available for retransmission		200.6	217.1
Broadcasting rights in progress		1.4	1.9
Advance payments	2.6 & 3.5.1	116.6	154.7
Trade debtors	2.7 & 3.5.2	349.7	334.3
Other debtors	3.5.3	107.2	131.4
Short-term investments and cash	2.8 & 3.6	134.0	70.9
Prepaid expenses	3.7	5.3	5.6
CURRENT ASSETS		**1,113.0**	**1,118.7**
Deferred charges		0.0	0.0
Bond redemption premium		0.0	0.0
Unrealised foreign exchange losses		0.3	0.0
TOTAL ASSETS		**2,589.6**	**2,685.5**

LIABILITIES AND SHAREHOLDERS' EQUITY *(€m)*	Note	31/12/2011	31/12/2010
Share capital		42.2	42.7
Share premium		0.0	3.8
Revaluation reserve		0.0	0.0
Legal reserve		4.3	4.3
Long-term capital gains reserve		0.0	0.0
Other reserves		813.4	835.0
Retained earnings		290.7	250.7
Net profit for the year		114.5	157.2
Restricted provisions	2.10	38.7	34.1
SHAREHOLDERS' EQUITY	3.8	**1,303.8**	**1,327.8**
PROVISIONS FOR LIABILITIES AND CHARGES	2.11 & 3.9	**80.0**	**67.5**
Bond issues		0.0	0.0
Bank borrowings(1)		1.3	0.1
Other borrowings(2)		470.1	497.2
Trade creditors		327.9	318.0
Tax and employee-related liabilities		155.4	159.9
Amounts payable in respect of non-current assets		2.5	1.4
Other liabilities		242.4	313.6
Deferred income		6.2	0.0
LIABILITIES	3.10	**1,205.8**	**1,290.2**
Unrealised foreign exchange gains		0.0	0.0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2,589.6**	**2,685.5**
(1) of which bank overdrafts		*1.2*	*0.0*
(2) of which intra-group current accounts (including Bouygues group)		*470.1*	*497.2*

4.3.2 Parent company balance sheet (French GAAP)

(€m)	Note	2011	2010
Operating income		**1,626.9**	**1,660.5**
Advertising revenue	2.12 & 4.1	1,435.2	1,473.9
Revenue from other services		4.7	2.3
Income from ancillary activities		7.3	8.4
Revenue		**1,447.2**	**1,484.6**
Stored production		(0.5)	0.7
Capitalised production		0.7	5.2
Operating grants		0.2	0.0
Reversals of depreciation, amortisation, provisions and impairment		81.2	68.9
Cost transfers	4.6	95.5	98.6
Other income		2.6	2.5
Operating expenses		**(1,429.4)**	**(1,506.4)**
Purchases of raw materials and other supplies	4.2	(610.0)	(594.5)
Change in inventory		(36.2)	(38.9)
External expenses		(348.1)	(421.2)
Taxes other than income taxes	4.3	(106.6)	(109.5)
Wages and salaries	4.4	(133.0)	(127.9)
Social security charges	4.4	(61.3)	(64.8)
Depreciation, amortisation, provisions and impairment			
- amortisation of co-productions already transmitted		(5.6)	(13.7)
- amortisation and depreciation of other non-current assets		(15.4)	(15.6)
- amortisation of deferred charges		(0.0)	(0.2)
- impairment of intangible assets and current assets		(43.4)	(41.1)
- provisions for liabilities and charges		(8.7)	(18.3)
Other expenses	4.5	(61.1)	(60.7)
OPERATING PROFIT		**197.5**	**154.1**
Share of profits/losses of joint operations		**0.0**	**0.0**
Financial income		131.5	139.7
Financial expenses		(144.2)	(88.9)
NET FINANCIAL INCOME	4.7	**(12.7)**	**50.8**
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS		**184.8**	**204.9**
Exceptional income		**37.4**	**22.5**
Exceptional income from operating transactions		31.4	0.5
Exceptional income from capital transactions		3.0	13.3
Reversals of provisions and impairment		3.0	8.7
Exceptional expenses		**(57.9)**	**(32.1)**
Exceptional expenses on operating transactions		(4.6)	(1.2)
Exceptional expenses on capital transactions		(10.6)	(22.2)
Depreciation, amortisation, provisions and impairment		(42.7)	(8.7)
EXCEPTIONAL ITEMS	4.8	**(20.5)**	**(9.6)**
Employee profit-sharing		(4.6)	(4.6)
Income taxes	4.9 & 4.10	(45.2)	(33.5)
NET PROFIT		**114.5**	**157.2**

4.3.3 Parent company cash flow statement (French GAAP)

CASH FLOW STATEMENT *(€m)*	2011	2010
1 – Operating activities		
■ Net profit for the year	114.5	157.2
■ Depreciation, amortisation, provisions and impairment(1) (2)	61.1	51.2
■ Investment grants released to the income statement	0.0	0.0
■ Net (gain)/loss on disposals of non-current assets	0.2	0.6
Operating cash flow before changes in working capital	**175.8**	**209.0**
■ Acquisitions of co-productions(2)	(11.3)	(3.6)
■ Amortisation and impairment of co-productions(2)	11.3	6.3
■ Inventories	21.5	23.4
■ Trade and other debtors	8.9	121.1
■ Trade and other creditors	(59.5)	(132.3)
■ Deferred charges	0.0	0.0
■ Advance payments received from third parties, net	38.1	71.6
Change in operating working capital needs	***9.0***	***86.5***
NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES	**184.8**	**295.5**
2 – Investing activities		
■ Acquisitions of property, plant & equipment and intangible assets(1) (2)	(9.9)	(15.8)
■ Disposals of property, plant & equipment and intangible assets(1) (2)	0.0	10.2
■ Acquisitions of investments in subsidiaries and affiliates	(3.4)	(263.1)
■ Disposals of investments in subsidiaries and affiliates	0.1	0.0
■ Net change in amounts payable in respect of non-current assets	1.1	(2.4)
■ Net change in other non-current financial assets	59.4	0.0
NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES	**47.3**	**(271.1)**
3 – Financing activities		
■ Change in shareholders' equity	(25.8)	0.0
■ Net change in debt	(27.2)	(568.2)
■ Dividends paid	(117.2)	(91.8)
NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES	**(170.2)**	**(660.0)**
TOTAL CHANGE IN CASH POSITION	**61.9**	**(635.6)**
Cash position at beginning of period	70.9	706.5
Change in cash position	61.9	(635.6)
Cash position at end of period	132.8	70.9

(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, 2011 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 15, 2012 and will be submitted for shareholders' approval during the Ordinary General Meeting on April 19, 2012.

Note 1 Significant events

1.1 ACQUISITION OF PUBLICATIONS METRO FRANCE

On July 28, 2011, TF1 SA – which had held a 34.3% equity interest in Metro France since 2003 – finalised the acquisition of an additional 65.7% interest at an agreed price of €3.2 million.

1.2 DIVESTMENT OF TCM DA AND TCM GESTION

On April 19, 2011, TF1 SA sold to the M6 group its entire 34% interest in TCM DA, a rights catalogue subsidiary jointly held by the two companies.

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, 2011.

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
- 1st transmission	80%	50%	100%
- 2nd transmission	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.

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.

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.

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
- 1st transmission	80%	50%	100%
- 2nd transmission	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 provided for in full (excluding VAT).

Provisions for risks of non-recovery of trade debts more than 2 years past due are also recorded, on the following basis:

- 100% of all trade debts (excluding VAT) arising before January 1, 2009 and still unpaid;
- 50% of all trade debts (excluding VAT) arising during 2009 and still unpaid.

Risks on trade debts arising since December 31, 2009 and still unpaid at December 31, 2011 are immaterial.

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 Long-service leave

Additional compensated absence is awarded by TF1 SA to employees based on length of service. The calculation of the cost of vested compensated absence rights takes into account length of service, salary at the time the rights will be taken up, and staff turnover. The resulting liability is discounted, and is recognised in "Provisions for liabilities and charges".

2.11.3 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

Intangible assets mainly comprise programme co-production shares, movements in which are shown below:

(€m)	2011	2010
Co-productions in progress	8.9	8.3
Co-productions available for initial transmission	8.8	13.4
Co-productions available for retransmission	15.0	21.0
CO-PRODUCTIONS AT JANUARY 1	**32.7**	**42.7**
Acquisitions	21.5	15.0
Consumption on 1st transmission	(4.1)	(9.6)
Consumption on 2nd transmission	(1.5)	(4.1)
Total consumption on transmission	**(5.6)**	**(13.7)**
Expired	(0.4)	(1.8)
Retired or abandoned	(7.0)	(6.5)
Resold (net book value)	(2.8)	(3.0)
Decreases	**(15.8)**	**(25.0)**
CO-PRODUCTIONS AT DECEMBER 31	**38.4**	**32.7**
Breakdown of co-production shares:		
Co-productions in progress	10.7	8.9
Co-productions available for initial transmission	12.7	8.8
Co-productions available for retransmission	15.0	15.0
Total	**38.4**	**32.7**
PROVISIONS FOR IMPAIRMENT		
At January 1	**1.5**	**1.5**
Charges during the period	3.4	
Reversals during the period	0.0	0.0
At December 31	**4.9**	**1.5**

As of December 31, 2011, the risk of non-transmission for co-produced programmes was €15.9 million, of which:

- €4.9 million was covered by provisions for impairment;
- €11.0 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 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 2011	Total 2010
Co-production shares	6.9	1.7	5.2	13.8	14.6

3.2 PROPERTY, PLANT AND EQUIPMENT

The table below shows movements in property, plant and equipment during the year:

Gross value *(€m)*	01/01/2011	Increases	Decreases	Transfers	31/12/2011
Technical facilities	89.0	3	(12.0)	(0.2)	79.8
Other property, plant and equipment	81.5	3.9	(6.7)	0.2	78.9
Property, plant and equipment under construction	-	0.3	-	-	0.3
TOTAL	**170.5**	**7.2**	**(18.7)**	**-**	**159.0**
Depreciation	**01/01/2011**	**Increases**	**Decreases**	**-**	**31/12/2011**
Technical facilities	67.3	7.3	(11.9)	-	62.7
Other property, plant and equipment	52.5	6.4	(6.7)	-	52.2
TOTAL	**119.8**	**13.7**	**(18.6)**	**-**	**114.9**

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, 2011	**1,530.1**	**0.1**	**160.2**	**0.3**	**1,690.7**
Increases					
Publications Metro France shares	3.2	-	-	-	3.2
Prefas 18-19-20-21 shares	0.2		-	-	0.2
Treasury shares[(1)]	-	0.7	-	-	0.7
Decreases					
TCM DA & TCM Gestion shares	(0.1)	-	-	-	(0.1)
LCI Radio & Firélie shares	(0.1)	-	-	-	(0.1)
Eurosport loan	-	-	(60.0)	-	(60.0)
GROSS VALUE AT DECEMBER 31, 2011	**1,533.3**	**0.8**	**100.2**	**0.3**	**1,634.6**
Provisions for impairment					
January 1, 2011	**216.6**	**-**	**-**	**-**	**216.6**
Charges during the period	69.9	-	0.2	-	70.1
Reversals during the period	(38.5)	-		-	(38.5)
December 31, 2011	**248.0**	**-**	**0.2**	**-**	**248.2**
NET VALUE AT DECEMBER 31, 2011	**1,285.3**	**0.8**	**100.0**	**0.3**	**1,386.4**

(1) The company held 100,000 treasury shares as of December 31, 2011.

"Loans receivable" comprises a loan to Eurosport (balance outstanding at December 31, 2011: €100.0 million).

Impairment losses charged in the period, amounting to €69.9 million in total, related to Eurosport France (€9.0 million), TF1 Droits Audiovisuels

(€34.7 million), TF1 Production (€5.0 million), Publications Metro France (€9.6 million), WAT (€7.1 million) and WB Télévision (€4.5 million).

Reversals during the period related to TF1 Thématiques (€25.1 million) and One Cast (€13.4 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 2011	Total 2010
Broadcasting rights available for initial transmission	226.4	0.2	226.6	234.0
Broadcasting rights available for retransmission	317.2	-	317.2	349.4
Broadcasting rights in progress	-	1.9	1.9	0.4
INVENTORY AT JANUARY 1	**543.6**	**2.1**	**545.7**	**583.8**
Purchases during the year	610.0	265.8	875.8	903.5
Consumption on 1st transmission	(516.5)	(266.5)	(783.0)	(811.8)
Consumption on 2nd transmission	(70.7)		(70.7)	(83.4)
Total consumption on transmission	**(587.2)**	**(266.5)**	**(853.7)**	**(895.2)**
Expired	(21.1)	-	(21.1)	(21.2)
Retired or abandoned	(17.8)	-	(17.8)	(12.7)
Resold	(20.0)	-	(20.0)	(12.5)
Total consumption	**(646.1)**	**(266.5)**	**(912.6)**	**(941.6)**
INVENTORY AT DECEMBER 31	**507.5**	**1.4**	**508.9**	**545.7**
CHANGE IN INVENTORY	**(36.1)**	**(0.7)**	**(36.8)**	**(38.1)**
Closing inventory breaks down as follows:				
Broadcasting rights available for initial transmission	228.0	-	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
TOTAL	**507.5**	**1.4**	**508.9**	**545.7**
PROVISIONS FOR IMPAIRMENT				
Balance at January 1	**123.9**	**0.0**	**123.9**	**138.7**
Transfers	0.7	-	0.7	0.5
Charges during the period	31.6	-	31.6	31.1
Reversals during the period	(47.5)	-	(47.5)	(46.4)
Balance at December 31	**108.7**	**0.0**	**108.7**	**123.9**

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 2011 (1)	Total 2010 (1)
Programmes and broadcasting rights	521.4	763.5	86.1	1,371.0	1,436.80
Sports transmission rights	84.8	65,0	-	149.8	261.1
TOTAL	**606.2**	**828.5**	**86.1**	**1,520.8**	**1,697.90**

(1) Programmes and broadcasting rights also include third-party commitments entered into by GIE TF1 Acquisitions de Droits on behalf of TF1 SA.

Some of these contracts are expressed in foreign currencies (2011: €90.9 million expressed in US 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 (€122.1 million, against which impairment losses of €9.3 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 €327.7 million as of December 31, 2011 compared with €309.2 million as of December 31, 2010.

3.5.3 Other debtors

This item mainly comprises VAT recoverable of €60.4 million, and current accounts with subsidiaries of €46.2 million (against which impairment losses of €1.4 million have been charged).

3.5.4 Provisions for impairment of advance payments and other debtors

(€m)	01/01/2011	Transfers	Charges	Reversals	31/122011
Advance payments	11.7	(0.7)	8.3	(10.0)	9.3
Other debtors	8.2	-	0.0	(6.8)	1.4
TOTAL	**19.9**	**(0.7)**	**8.3**	**(16.8)**	**10.7**

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	15.0	85.3	-	100.3
Current assets	706.6	0.9	-	707.5
TOTAL	**721.6**	**86.2**	**-**	**807.8**

3.6 SHORT-TERM INVESTMENTS AND CASH

These items break down as follows:

Gross value *(€m)*	2011	2010
Short-term investments	**-**	**0.4**
Bank deposits	5.8	22.5
Treasury current accounts with debit balances	127.5	47.3
Cash in hand	0.7	0.9
Accrued interest receivable	-	-
Cash	**134.0**	**70.7**
TOTAL	**134.0**	**71.1**
Provisions for impairment of current accounts and short-term investments		
Balance at January 1	**0.2**	**4.7**
Charges during the period	-	-
Reversals during the period	-	(4.5)
Transfers during the period	(0.2)	-
Balance at December 31	**-**	**0.2**
NET VALUE	**134.0**	**70.9**

3.7 PREPAID EXPENSES

Prepaid expenses amounted to €5.3 million at December 31, 2011 (versus €5.6 million at December 31, 2010).

3.8 SHAREHOLDERS' EQUITY

The share capital is divided into 211,033,003 ordinary shares with a par value of €0.2, all fully paid.

Movements in shareholders' equity during the year are shown in the table below:

(€m)	01/01/2011	Appropriation of profit (2011 AGM)(1)	Increases	Decreases (2)	31/12/2011
Share capital	42.7	-	-	(0.5)	42.2
Share premium	3.8	-	-	(3.8)	-
Legal reserve	4.3	-	-	-	4.3
Retained earnings	250.7	40.0	-	-	290.7
Other reserves	835.0	-	-	(21.6)	813.4
Net profit for the year	157.2	(157.2)	114.5	-	114.5
Sub-total	**1,293.7**	**(117.2)**	**114.5**	**(25.9)**	**1,265.1**
Restricted provisions	34.1	-	7.6	(3.0)	38.7
TOTAL	**1,327.8**	**(117.2)**	**122.1**	**(28.9)**	**1,303.8**
Number of shares	**213,410,492**	**-**	**11,111**	**(2,388,600)**	**211,033,003**

(1) Dividends paid from April 26, 2011.
(2) Reduction in share capital by cancellation of 2,388,600 repurchased shares (Board Meeting of November 10, 2011).

Restricted provisions comprise the following items:

(€m)	01/01/2011	Charges	Reversals	31/12/ 2011
Co-production shares	23.6	4.4	2.1	25.9
Transaction costs on acquisitions of equity interests	2.7	1.9	-	4.6
Software and licences	7.8	1.3	0.9	8.2
TOTAL	**34.1**	**7.6**	**3.0**	**38.7**

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)	01/01/2011	Charges	Reversals (used)	Reversals (unused)	31/12/2011
Provisions for litigation and claims	12.7	10.4	(10.2)	(1.1)	11.8
Provisions for equity investments	33.4	12.9	(30.4)	(1.5)	14.4
Provisions for retirement benefit obligations	13.2	2.4	(0.7)	(1.8)	13.1
Provisions for long-service leave	5.9	0.7	(0.5)	(0.2)	5.9
Provisions for miscellaneous risks	2.3	32.5	-	-	34.8
TOTAL	**67.5**	**58.9**	**(41.8)**	**(4.6)**	**80.0**

Following a tax inspection covering the years 2006 to 2008, TF1 received a reassessment notice from the French tax authorities in November 2011. The company contests the principal items included in the reassessment notice and has exercised its right of appeal. The consequences of this reassessment notice have been recognised in full in the financial statements for the year ended December 31, 2011.

Provisions for equity investments consist of TF1 SA's share of the losses of subsidiaries, including those established in the form of partnerships.

The €13.1 million provision for retirement benefit obligations represents the present value of the obligation (€17.3 million) minus the fair value of plan assets (€4.2 million). The main assumptions used in calculating the present value of the obligation are:

- discount rate: 5.46%;
- salary inflation rate: 2.00%;
- age on retirement: 62.

Provisions for miscellaneous risks include a provision of €27.0 million relating to a claim for reimbursement of CNC (French National Centre for Cinematography) taxes that was accepted by the court of first instance, but has been appealed by the tax authorities.

No material contingent liabilities (*i.e.* litigation or claims liable to result in a possible outflow of resources) were identified as of the balance sheet date.

3.10 LIABILITIES

3.10.1 Bank borrowings

This item includes bank overdrafts of €1.2 million.

TF1 SA had confirmed credit facilities of €1,015 million with various banks as at December 31, 2011, none of which was drawn down at that date; of this amount, €150 million was due to expire within less than one year and €865 million after more than one year. The company also had an unconfirmed drawdown facility with Bouygues Relais, classified in "Other borrowings".

3.10.2 Other borrowings

This item includes surplus cash invested on behalf of subsidiaries under cash pooling agreements; the amount involved was €423.0 million, versus €497.2 million as of December 31, 2010. As of December 31, 2011, it also includes drawdowns 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 €231.1 million (€293.1 million as of December 31, 2010).

3.10.4 Liabilities by maturity

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total
Bank borrowings	1.3	-	-	1.3
Other borrowings	470.1	-	-	470.1
Trade creditors	327.9	-	-	327.9
Tax and employee-related liabilities	155.4	-	-	155.4
Amounts payable in respect of non-current assets	2.5	-	-	2.5
Other liabilities	241.4	1.0	-	242.4
TOTAL	**1,198.6**	**1.0**	**0.0**	**1,199.6**

3.10.5 Accrued income and expenses

(€m)			
Accrued income included in:		**Accrued expenses included in:**	
Trade debtors	4.0	Trade creditors	114.0
Other debtors	44.7	Tax and employee-related liabilities	55.6
		Amounts payable in respect of non-current assets	1.9
		Other liabilities	231.3

3.11 DEFERRED INCOME

The deferred income of €6.2 million relates to the subsidiary TF1 Publicité, and corresponds to commitments to provide services to clients free of charge, previously classified as a credit note accrual in "Other liabilities" up to and including December 31, 2010. The corresponding amount as of December 31, 2010 was €11.1 million.

Note 4 Notes to the income statement

4.1 REVENUE

Advertising revenue of €1,435.2 million was recognised in 2011, compared with €1,473.9 million in 2010.

4.2 PURCHASES OF RAW MATERIALS AND OTHER SUPPLIES AND CHANGES IN INVENTORY

This line includes broadcasting rights consumed of €587.2 million (2010: €631.3 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 €82.0 million in 2011 compared with €84.1 million in 2010. In 2011, this line also included €6.4 million in respect of the tax on broadcast advertising (versus €6.0 million in 2010).

4.4 WAGES, SALARIES AND SOCIAL SECURITY CHARGES

No expense was recognised in 2011 in respect of the TF1 group voluntary profit-sharing agreement (compared with an expense of €7.9 million in 2010).

The expense recognised for the employer's contribution to the company savings plan (employee share ownership plan) in 2011 was €4.3 million, compared with €4.2 million in the previous year.

4.5 OTHER EXPENSES

This item includes payments to copyright-holders and holders of related rights, amounting to €60.6 million in 2011 (versus €61.0 million in 2010).

4.6 COST TRANSFERS

This item 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)	2011	2010
Dividends and transfers of profits/losses from flow-through entities	35.1	70.1
Net interest paid	1.4	(3.6)
Provisions for impairment of equity investments (1)	(31.4)	1.3
Provisions for impairment of current accounts	-	4.5
Provisions for risks relating to subsidiaries	(12.7)	(23.4)
Other provisions	(0.5)	0.3
Loss on assignment of current account	(0.8)	-
Foreign exchange gains/(losses)	(3.8)	2.0
Amortisation of bond redemption premium	-	(0.4)
Net financial income/(expense)	**(12.7)**	**50.8**

(1) See note 3.3

The "Other provisions" line includes provisions for unrealised foreign exchange losses.

Interest paid to related companies in 2011 totalled €4.2 million (2010: €2.2 million), and interest received from related companies totalled €5.0 million (2010: €8.9 million).

4.8 EXCEPTIONAL ITEMS

Exceptional items break down as follows:

(€m)	2011	2010
Retirements of programmes and losses on disposals	(7.4)	(8.5)
Net charge to provisions (including tax depreciation)	(39.7)	0.1
Gains/(losses) on disposals of non-current financial assets	0.0	(0.3)
Other items	26.6	(0.9)
Net	**(20.5)**	**(9.6)**

The net charge to provisions includes €27.0 million relating to a claim for reimbursement of CNC (French National Centre for Cinematography) taxes that was accepted by the court of first instance, but has been appealed by the tax authorities. The corresponding reimbursement was recognised as an exceptional gain on the "Other items" line.

4.9 INCOME TAXES

This item breaks down as follows:

(€m)	2011	2010
Income tax expense incurred by the tax group	(81.6)	(55.4)
Income tax credits receivable from companies entitled to tax credits	39.3	21.9
Prior-year income tax expense	(2.9)	-
Income tax expense	**(45.2)**	**(33.5)**

Exceptional items generated a tax gain of €7.4 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 33 companies in 2011.

The difference between the standard French tax rate of 36.10% and the effective tax rate of 28.30% is mainly due to tax savings arising from the losses of group tax election member companies.

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 €36.7 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	12.3	-
Accrued employee profit-sharing, holiday pay entitlement and social solidarity contributions, provisions for retirement benefit obligations and long-service leave, and other non-deductible expenses	-	15.5

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 2011	Total 2010
Operating leases	26.2	117.5	45.0	188.7	199.4
Image transmission contracts	16.0	46.8	1.1	63.9	82.7
Property finance leases(1)	2.1	5.2	-	7.3	9.4
Guarantees	5.4	15.1	1.8	22.3	28.2
Commitments relating to equity interests(2)	155.0	-	-	155.0	155.0
Other commitments	0.2	-	-	0.2	6.7
TOTAL	**204.9**	**184.6**	**47.9**	**437.4**	**481.4**

Commitments received *(€m)*	Less than 1 year	1 to 5 years	More than 5 years	Total 2011	Total 2010
Operating leases	26.2	117.5	45.0	188.7	199.4
Image transmission contracts	16.0	46.8	1.1	63.9	82.7
Property finance leases	2.1	5.2	-	7.3	9.4
Commitments relating to equity interests(2)	155.0	-	-	155.0	155.0
Other commitments(3)	4.0	2.2	-	6.2	8.1
TOTAL	**203.3**	**171.7**	**46.1**	**421.1**	**454.6**

(1) On 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 2011 amounted to €2.1 million, and estimated future lease payments amount to €7.3 million.
(2) The 33.5% equity interest held by TF1 in the AB Group is subject to a call option exercisable by the AB Group management at any time up to and including June 11, 2012 at a price of €155 million.
(3) Other commitments received mainly comprise the fair value of currency instruments, representing a commitment of €5.9 million (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 3.10.2).

TF1 SA had not contracted any complex commitments as of December 31, 2011.

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.

TF1 buys and sells currency forward and contracts swaps to protect itself against exchange rate fluctuations. These hedging instruments, which are traded on the currency markets, cover 100% of the Group's net exposure for 2012 arising from contracts already signed as at December 31, 2011.

At December 31, 2011, the equivalent value of these hedging instruments contracted with banks was €117.7 million:

- €99.3 million of forward purchases (all in US dollars, valued at the closing exchange rate);
- €18.4 million of currency swaps (€17.8 million in US dollars and €0.5 million in pounds sterling).

5.2.2 Hedging of interest rate risk

The last two remaining interest rate swaps, of €50 million each, contracted in 2010, had expired as of December 31, 2011.

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:

	2011	2010	2009
Clerical and administrative	10	10	12
Supervisory	380	390	410
Managerial	996	960	938
Journalists	247	244	237
TOTAL	**1,633**	**1,604**	**1,597**

5.4 EXECUTIVE COMPENSATION

Total compensation paid during 2011 to key executives of the TF1 group (*i.e.* the 15 members of the TF1 Management Committee mentioned in the Annual Report) was €9.2 million.

The portion of the total obligation in respect of retirement and other post-employment benefits relating to these key executives was €3.1 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 2011 to the investment fund of the insurance company which manages the scheme was €0.2 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 2011 amounted to €0.3 million.

5.7 AMOUNTS INVOLVING RELATED COMPANIES

(€m)			
Assets		**Liabilities**	
Non-current financial assets	100.0	Debt	470.0
Advance payments/trade debtors	428.9	Trade creditors	43.7
Other debtors	44.9	Other liabilities	239.0
Cash and current accounts	127.4	Deferred income	6.3
Expenses		**Income**	
Operating expenses	200.4	Operating income	1,529.9
Financial expenses	35.2	Financial income	43.4

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 PUBLICITÉ	2,400	472	100.00%	3,038	3,038	13,237	-	1,674,438	17,969	16,200
■ TF1 FILMS PRODUCTION	2,550	21,674	100.00%	1,768	1,768	-	-	42,353	480	-
■ TÉLÉSHOPPING	5,127	(4,934)	100.00%	5,130	5,130	-	-	82,844	10,772	-
■ TF1 PUBLICATIONS*	75	(1,425)	99.88%	519	0	-	-	0	5	-
■ TF1 ENTREPRISES	3,000	9,347	100.00%	3,049	3,049	-	-	32,447	3,217	1,500
■ e-TF1	1,000	131	100.00%	1,000	1,000	-	-	73,307	5,868	1,828
■ TF1 THÉMATIQUES	40,000	4,022	100.00%	209,451	88,999	-	-	27	9,468	-
■ EUROSPORT	15,000	334,444	100.00%	234,243	234,243	100,000	-	350,973	39,856	13,500
■ EUROSPORT France	2,325	17,386	100.00%	126,825	93,325	-	434	64,905	2,567	-
■ ONE CAST	3,000	(39)	100.00%	17,940	17,940	2,967	-	9,943	787	-
■ TF1 EXPANSION	269	326,880	100.00%	291,291	291,291	-	-	0	(3,101)	-
■ TF1 DROITS AUDIOVISUELS	40,000	7,085	100.00%	116,431	62,000	20,489	18,717	46,368	(25,853)	-
■ LA CHAÎNE INFO	4,500	50	100.00%	2,059	2,059	-	317	42,822	(2,038)	-
■ OUEST INFO	40	(124)	100.00%	1,617	1,617	-	-	2,051	(237)	-
■ TF1 PRODUCTION	10,080	(3,215)	100.00%	24,052	19,052	16,520	-	96,290	(1,174)	-
■ TF1 INSTITUT	40	(113)	100.00%	590	590	437	-	929	(187)	-
■ TF1 MANAGEMENT	40	(15)	100.00%	40	40	-	-	0	(3)	-
■ WAT	100	222	100.00%	12,140	5,000	-	-	2,666	185	-
■ PREFAS 4	40	(11)	100.00%	40	40	-	-	0	(3)	-
■ PREFAS 18	40	0	100.00%	40	40	-	-	0	0	-
■ PREFAS 19	40	0	100.00%	40	40	-	-	0	0	-
■ PREFAS 20	40	0	100.00%	40	40	-	-	0	0	-
■ PREFAS 21	40	0	100.00%	40	40	-	-	0	0	-
■ PUBLICATIONS METRO FRANCE	100	134	100.00%	15,552	6,000	3,900	-	33,240	(4,794)	-
■ TF1 DISTRIBUTION	40	(13)	100.00%	40	40	4,027	-	61,852	(250)	-
■ HOP	11,624	39,692	100.00%	276,185	276,185	-	-	0	365	-
■ TF1 DS	100	0	100.00%	100	100	18,260	-	41,024	(12)	-
■ GIE ACQUISITION DE DROITS	0	0	96.00%	0	0	69,137	-	93,910	(11,669)	-
II. Affiliates (10% to 50% of the capital held by TF1 SA)										
■ MÉDIAMÉTRIE*	930	15,459	10.80%	44	44	-	-	65,288	4,148	45
■ A1 INTERNATIONAL**	20	5,015	50.00%	12,809	0	-	-	0	(3,779)	-
■ MONTE CARLO PARTICIPATION	25,285	(215)	50.00%	12,642	12,642	-	-	306	(119)	-
■ S M R 6	105	69	14.29%	15	15	5	-	78	4	-
■ GROUPE AB*	462,687	2	33.50%	155,000	155,000	-	-	713	(40)	-

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)										
■ WB TÉLÉVISION*	62	(4,166)	49.03%	4,500	0	-	-	0	(499)	-
■ WIKIO*	24,064	7,077	13.22%(3)	3,504	3,504	-	-	0	(654)	-
■ MR5	38	(22)	33.33%	13	13	-	-	19,084	(31)	-
III. Other equity investments (less than 10% of the capital held by TF1 SA)										
■ PRIMA TV**	6,500	3,964	5.00%	1,407	1,407	-	-	47,926	27,433	-
■ MÉDIAMÉTRIE EXPANSION*	1,829	139	5.00%	91	0	-	-	0	92	7
■ LES NOUVELLES ÉDITIONS TF1*	40	54	1.00%	0	0	-	-	4	(1)	-
■ TF6	80	(6)	0.02%	0	0	2,014	162	15,312	(2,762)	-
■ TF6 GESTION	80	20	0.001%	0	0	-	-	5	2	-
■ SÉRIE CLUB	50	422	0.004%	2	2	-	-	9,072	397	-
■ APHÉLIE	2	4,497	0.05%	0	0	34	-	14,072	11,938	-
■ DUJARDIN (EX REGAIN GALORE)	463	2,653	0.01%	1	1	-	-	20,420	1,097	-
TOTAL SUBSIDIARIES, AFFILIATES & EQUITY INVESTMENTS				**1,533,288**	**1,285,294**	**251,027**	**19,630**	**-**	**-**	**33,080**

(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.
(3) Ownership percentage at 31 December 2010, reduced to 10% at 31 December 2011.
(*) Share capital, equity other than share capital and profit/loss, revenue, and profit/loss all relate to the 2010 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.

STATUTORY AUDITORS' REPORT

5

5.1 STATUTORY AUDITORS' REPORT ON THE REPORT BY THE CHAIRMAN

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 conjonction 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 SA.

Year ended December 31, 2011

To the Shareholders,

In our capacity as Statutory Auditors of Télévision Française 1 SA, 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 December 31, 2011.

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, February 15, 2012

KPMG Audit IS	MAZARS
Éric Lefebvre	*Gilles Rainaut*
	Olivier Thireau

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 December 31, 2011

To the Shareholder's,

Following our appointment as Statutory Auditors by the Shareholders' Annual General Meeting, we hereby report to you, for the year ended December 31, 2011, on:

- the audit of the accompanying consolidated financial statements of Television Française 1 SA ("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 December 31, 2011 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 note 2.10 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 note provides appropriate disclosures thereon.
- broadcasting rights are accounted for in accordance with the accounting policies described in note 2.12 to the consolidated financial statements. This note sets 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 note provides appropriate disclosures thereon.

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, February 15, 2012

KPMG Audit IS	MAZARS
Éric Lefebvre	*Gilles Rainaut*
	Olivier Thireau

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 December 31, 2011

To the Shareholders,

Following our appointment as Statutory Auditors by the Shareholders' Annual General Meeting, we hereby report to you, for the year ended December 31, 2011, on:

- the audit of the accompanying financial statements of Television Française 1 SA ("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 December 31, 2011 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 note was 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 note was 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, February 15, 2012

KPMG Audit IS	MAZARS
Éric Lefebvre	*Gilles Rainaut*
	Olivier Thireau

5.4 STATUTORY AUDITORS' REPORT ON THE SHARE CAPITAL REDUCTION

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 conjonction with, and construed in accordance with French law and professionnal auditing standards applicable in France.

To the Shareholders,

As Statutory Auditors of TF1 SA, hereinafter referred to as «the company», and in compliance with our assignment pursuant to Article L. 225-209 of the French Commercial Code relating to share capital reductions through the cancellation of own shares, we have prepared this report to inform you of our assessment of the causes and conditions governing the planned share capital reduction.

The company's Board of Directors requests that you grant it, for a period of 18 months, with effect from the date of the current shareholder's Meeting, with the powers to implement the authorization to repurchase the company's own shares and cancel up to 5% of the shares repurchased, over a 24 month period. Authorization for the repurchase is subject to your approval at this Meeting (resolution No. 8) and would be granted for a period of 18 months.

We conducted the work we deemed necessary in accordance with the professional standards issued by the French Institute of Statutory Auditors (CNCC). Our work involved examining the appropriateness of the terms and conditions of the planned share capital reduction, which is not likely to infringe shareholder's equal treatment.

We have no comments to make on the causes and conditions governing the planned share capital reduction.

The Statutory Auditors

Paris la Défense and Courbevoie, March 5, 2012

KPMG Audit IS	MAZARS
Éric Lefebvre	*Gilles Rainaut*
	Olivier Thireau

5.5 STATUTORY AUDITORS' SPECIAL REPORT DEALING WITH REGULATED AGREEMENTS AND UNDERTAKINGS

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.

Annual General Meeting called to approve the financial statements for the year ending December 31, 2011

To the shareholders,

As Statutory Auditors of TF1 SA, we hereby submit to you our report dealing with regulated agreements and undertakings.

We are responsible, not for searching to identify any other regulated agreements and undertakings, but for communicating to you, based on the information with which we have been provided, the essential characteristics of those agreements and undertakings of which we have been informed, without expressing any opinion as to their justification or utility. As provided for by section R. 225-31 of the French Commercial Code, you are then free to judge as to the usefulness of those agreements and undertakings before deciding whether to approve them.

We are also required to communicate to you, if necessary, the information provided for by section R. 225-31 of the French Commercial Code as regards the performance, during the last financial year, of any agreements and undertakings already approved by shareholders during previous General Meetings.

We have performed our examination in accordance with the professional standards applicable in France (and issued by the *Compagnie nationale des commissaires aux comptes*) which require that we verify the agreement of the information provided to us with the source documents on which it is based.

Agreements and undertakings submitted for approval by shareholders during the present General Meeting

AGREEMENTS AND UNDERTAKINGS AUTHORISED BY THE BOARD OF DIRECTORS DURING THE YEAR

As required by section L. 225-40 of the French Commercial Code, we were informed of the following agreements and undertakings authorised in advance by your Board of Directors:

WITH FIRÉLIE

On January 9, 2012, TFI and Firélie signed a commercial lease in respect of certain premises (South wing building).

The lease was signed for nine years and 10 days starting December 22, 2011, with a firm commitment to six years, six months and ten days.

In respect to the period from December 22, 2011 to December 30, 2011, the rent billed by Firélie amounted €92,771.74 (net of VAT).

Persons concerned

- TF1 is a shareholder of Firélie through its subsidiary TF1 Expansion.

WITH AIRBY

Use of airplanes owned by Bouygues

The agreement offers TF1 the possibility of contracting with AIRBY, SNC owned by Bouygues and SCDM, which operates a Global 5000 airplane or in case of unavailability, a Challenger 605 airplane or any other similar airplane.

Since January 1, 2012, invoicing will be based on an hourly lump-sum payment of €7,000 (net of VAT) including the airplane and all inclusive services (crew, fuel).

This agreement has no financial impact in that respect in 2011 and might have in respect to 2012.

Persons concerned

- Patricia Barbizet, Martin Bouygues, Olivier Bouygues and Nonce Paolini. Bouygues is a shareholder.

WITH THE "32 AVENUE HOCHE" JOINT VENTURE

Use of office premises

The agreement provides for use granted to TF1 by the "32 avenue Hoche" 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.

In respect to 2012, the joint venture will receive €10,529 (net of VAT). This agreement has no financial impact in that respect in 2011. It may have some effects on 2012.

Persons concerned

- Patricia Barbizet, Martin Bouygues, Olivier Bouygues and Nonce Paolini. Bouygues is a shareholder.

WITH BOUYGUES

Shared services agreement

The agreement provides for specific services supplied on a shared services basis by Bouygues to TF1, at TF1's request, part of which may be invoiced as a residual adjustment. In 2011 Bouygues invoiced a total of €3,496,979 (net of VAT) to TF1 under this agreement, of which €55,398 (net of VAT) related to the residual adjustment for the services rendered in 2010.

Persons concerned

- Patricia Barbizet, Martin Bouygues, Olivier Bouygues and Nonce Paolini. Bouygues is a shareholder.

Executive Directors' supplementary pension entitlement

By virtue of a contract governed by the French Insurance Code, the members of Bouygues' Executive Committee are entitled to a defined supplementary pension benefit amounting to 0.92% of their applicable annual salary for each year of plan entitlement, up to a limit of eight times the maximum remuneration subject to social security contributions.

Nonce Paolini, TF1 Chief Executive Officer, was a member of that committee in 2011.

Bouygues invoiced €224,222.88 (net of VAT) in that respect in 2011.

Persons concerned

- Patricia Barbizet, Martin Bouygues, Olivier Bouygues and Nonce Paolini. Bouygues is a shareholder.

WITH TF1 SUBSIDIARIES: TMC, NT1 AND TF1 DISTRIBUTION NOT INCLUDED

Service agreements exist under which TF1 may provide subsidiaries, at their request, with specific services notably rendered by TF1's Management and Human Resources, Legal and Financial Departments. Separate bases of allocation (dependent on subsidiaries' headcount and revenue) are applied for each type of cost to be apportioned.

The amounts invoiced in 2011 by TF1 to its subsidiaries under these agreements were as follows:

(In € thousands)	*Net of VAT*
TF1 PUBLICITÉ	3,993
EUROSPORT	2,740
TF1 PRODUCTION (ex Glem)	1,067
e-TF1	840
TF1 VIDÉO	719
LA CHAÎNE INFO	698
TÉLÉSHOPPING	641
EUROSPORT France	416
TF1 ENTREPRISES	376
TF1 DROITS AUDIOVISUELS	251
TV BREIZH	216
TF1 FILMS PRODUCTION	178
OUEST INFO	85
DUJARDIN	79
STYLIA	78
WE ARE TALENTED	61
TOP SHOPPING	49
INFOSHOPPING	48
ONECAST	44
HISTOIRE	38
USHUAÏA TV	23
EZ TRADING	11
TF1 INSTITUT	9
UNE MUSIQUE	2
TOTAL	**12 662**

The above total of €12,662 thousand included €12,636 thousand in respect of 2011 and €26 thousand of residual adjustment for the services rendered in 2010.

Persons concerned

- Olivier Bouygues and Nonce Paolini, TF1 is a shareholder.

WITH TF1 SUBSIDIARIES TMC, NT1 AND TF1 DISTRIBUTION

Service agreements exist under which TF1 may provide subsidiaries, at their request, with specific services notably rendered by TF1's Management and Human Resources, Legal and Financial Departments. Separate bases of allocation (dependent on subsidiaries' headcount and revenue) are applied for each type of cost to be apportioned.

The amounts invoiced in 2011 by TF1 to TMC, NT1 and TF1 Distribution under these agreements were as follows:

(In € thousands)	*Net of VAT*
TMC	479
NT1	211
TF1 Distribution	9
TOTAL	**699**

The above total invoiced by TF1 amounted €699 in respect of 2011.

Persons concerned

- Nonce Paolini, TF1 is a shareholder.

WITH LA CHAÎNE INFO (LCI)

Under an agreement dated October 12, 2005 TF1 has the faculty, on major occasions, of transmitting LCI's broadcast as a means of providing immediate coverage of the event.

In 2011 LCI received a lump-sum annual payment of €5,000,000 (net of VAT) under this agreement.

Persons concerned

- Nonce Paolini. TF1 is a shareholder.

WITH e-TF1

Under a business lease signed between e-TF1 and TF1 and last modified on July 13, 2007, TF1 receives royalties based on the revenue earned by e-TF1.

The royalties received in 2011 amounted to €986,000 (net of VAT).

Persons concerned

- TF1 is a shareholder.

AGREEMENTS AND UNDERTAKINGS FROM PRIOR YEARS BUT NOT YET SUBMITTED FOR APPROVAL BY SHAREHOLDERS DURING GENERAL MEETING

We bring to your attention the following agreement authorised by the Board of Directors in 2010 and included in our special report for 2010, but not subject to approval by shareholders at the Annual General Meeting called to approve the financial statements for 2010, considering that their financial impacts were in respect to 2011.

WITH THE "32 AVENUE HOCHE" JOINT VENTURE

Use of office premises

The agreement provides for use granted to TF1 by the "32 avenue Hoche" 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.

In respect to 2011, the joint venture received €9,366 (net of VAT).

Persons concerned

- Patricia Barbizet, Martin Bouygues, Olivier Bouygues and Nonce Paolini. Bouygues is a shareholder.

WITH BOUYGUES

Use of airplanes operated by Bouygues

The agreement offers TF1 the possibility of contracting with Bouygues' Air Transport Department which operates a fleet of airplanes. TF1 may pay a lump-sum payment based on hours of used of planes, €8,000 (net of VAT) for the plane Global and €6,000 (not of VAT) for the plane Hawker.

No invoice was issued by Bouygues in this respect during 2011, as TF1 has no use of the fleet in respect to 2011.

Persons concerned

- Patricia Barbizet, Martin Bouygues, Olivier Bouygues and Nonce Paolini. Bouygues is a shareholder.

Agreements and undertakings approved by shareholders during previous General Meetings

AGREEMENTS AND UNDERTAKINGS PREVIOUSLY APPROVED

- Which remain in force

As required by section R. 225-30 of the French Commercial Code, we were informed that the following agreements and undertakings, approved by shareholders during prior years, remained in force during the current year.

WITH EUROSPORT

On October 1, 2006, TF1 granted Eurosport a €160 million five year loan repayable in full at the latest on September 30, 2011 but with the option of early repayment (without penalty but irrevocable) in amounts of at least €10 million.

Interest is payable quarterly and in arrears based on a fixed rate (arising from a fixed rate/3 month Euribor swap contracted for on September 28, 2006) plus a spread of 0.375%.

TF1 received interests amounted to €1,627,880 in respect to the period January 1, 2011 to April 1, 2011, considering the agreement ended on April 1, 2011.

- Which don't remain in force

We have not been informed of any agreement previously approved with no impact in respect to 2011.

AGREEMENTS AND UNDERTAKINGS APPROVED DURING 2011

We have been informed of the enforcement during 2011, of the following agreements and undertakings previously approved by shareholders during the Annual General Meeting dated April 14, 2011 based on our special report dated March 1, 2011.

WITH APHÉLIE SNC

Commercial lease

On June 19, 2009, TFI and Aphélie signed a commercial lease in respect of certain premises (IGH buildings, north wing and central portion of the Point du Jour building).

The lease was signed for nine years and nine days, with a firm commitment to six years and nine days, and provided for a rent-free period of twelve months and nine days.

In respect to 2011, the rent billed by Aphélie SNC amounted to €13,753,605.17 (net of VAT).

The Statutory Auditors

Paris La Défense and Courbevoie, February 15, 2012

KPMG Audit IS	MAZARS
Éric Lefebvre	*Gilles Rainaut*
	Olivier Thireau

INFORMATION ABOUT THE COMPANY AND ITS CAPITAL

6

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

SIRET number: 326 300 159 00067

Industry segment code: 6020A

Company type: 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 object

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 Statutory appropriation of income

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. Crossing statutory thresholds

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.

6.1.5 Articles of Incorporation

Updated on February 15, 2012.

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 €42,186.600.60 divided into 210,933,003 shares, each 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. b 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. This provision is in addition to the legal provisions for declarations relative to the overstepping 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 1 and end on December 31 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 FRAMEWORK

6.2.1 Share ownership

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 Discontinuation of analogue broadcasting on November 30, 2011

Act 2007-309 of March 5, 2007 amending Act of September 30, 1986 established the principal and organised the schedule for discontinuing analogue free-to-air broadcasting on November 30, 2011.

According to this law, a gradual closing down of analogue free-to-air broadcasting would start as of March 31, 2008. Initial close-downs began in early 2010 and the last close-down on November 29, 2011. In the space of 22 months, over 26 million French households had gone fully digital.

The text also sets the conditions for the extension of digital broadcasting. Analogue free-to-air channels should cover 95% of the population with digital free-to-air; the new DTT channels will benefit from an automatic 5-year extension of their licence provided they make additional commitments to broadcast beyond the zone specified in their licence. Note that all DTT channels have made this commitment.

All the free DTT channels must be broadcast over 100% of the territory, whatever the mode of reception, and be included in a common satellite bundle.

Total coverage of DTT broadcasts is currently 97%, exceeding the objective set by the text.

6.2.5 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 services. On May 27, 2008, the CSA selected 13 candidates, including TF1.

The CSA launched 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 will be granted in first-half 2012 for a planned launch in late 2012. On launch, the new channels will be 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

Since February 15, 2012 TF1 has had capital of €42,186,600.60, divided into 210,933,003 shares, each with a per 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 2011 OF THE SHARE BUYBACK PROGRAMMES VOTED BY THE COMBINED ANNUAL GENERAL MEETINGS OF 2010 AND 2011

The Combined Annual General Meetings of April 15, 2010 and April 14, 2011 authorised the Board of Directors to buy shares in the company up to a limit of 10% 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 14, 2011 authorised the Board of Directors to reduce the share capital by cancelling purchased shares, up to a limit of 10% of the share capital per 24-month period.

Under the aforementioned authorisations, TF1 acquired 2,473,975 TF1 shares in 2011 at the average weighted price of €10.73 per share, for a total cost of €26.6 million, of which €25,396 in trading frees after company tax.

It cancelled all of the shares bought by the company on November 10, 2011 and February 15, 2012, the second cancellation bringing the number of shares and voting rights to 210,933,003.

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 MADE BY TF1 ON ITS OWN SHARES IN 2011

	Number of shares	Percentage of share capital
Number of shares held by the company on December 31, 2010	**14,625**	**0.01%**
Number of shares purchased in the year	2,473,975	1.2%
Number of shares cancelled in the year	(2,388,600)	1.1%
Number of shares sold in the year	-	-
Number of shares transfered 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, 2011	**100,000**	**0.05%**
Book value of shares held by the company on December 31, 2011	€740,370	-
Portfolio value on December 31, 2011 on the basis of the closing price of the share on that date	€754,200	-

(1) Exercise of options granted to employees, debt instruments giving access to capital, and others.

TRANSACTIONS MADE BY TF1 ON ITS OWN SHARES IN 2012 (AS AT FEBRUARY 15, 2012)

	Number of shares	Percentage of share capital
Number of shares held by the company on December 31, 2011	**100,000**	**0.05%**
Number of shares purchased as at February 15, 2012	0	-
Number of shares cancelled as at February 15, 2012	(100,000)	0.05%
Number of shares sold as at February 15, 2012	0	-
Number of shares transfered at February 15,2012 (1)	0	-
Purchase from third parties holding more than 10% of those share capital or from executives at February 15,2012	0	-
Number of shares held by the company on February 15, 2012	**0**	**-**

(1) Exercise of options granted to employees, debt instruments giving access to capital, and others.

DETAIL OF TRANSACTIONS BY PURPOSE

	Number of shares	Percentage of capital	Par value
Share cancellation			
Number of shares cancelled in 2011	2,388,600	1.1%	€477,720
Number of shares cancelled in 2012 – as at 15/02/2012	100,000	0.05%	€20,000
Reallocations to other objectives	**-**	**-**	**-**
Liquidity contract	**-**	**-**	**-**

With the authorisation to buy back shares granted by the Combined Annual General Meeting of April 14, 2011 expiring on October 14, 2012, a proposal will be submitted to the next Annual General Meeting of February 19, 2012 to renew that authorisation in compliance with the methods described below.

TRADING IN TF1 SHARES IN 2011 BY SENIOR MANAGERS OR BY THE PERSONS REFERRED TO IN ARTICLE L. 621-18-2 OF THE MONETARY AND FINANCIAL CODE

Claude Berda, Director, sold 170,515 TF1 shares on September 12, 2011 for a total €1,644,636.77.

6.3.3 Description of the new share buyback programme submitted for vote to the Combined Annual General Meeting on April 19, 2012

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 of April 19, 2012.

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 drop from 10% to 5% the total number of shares it may acquire, viewing the uses 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 15, 2012, 10,546,650 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 15, 2012, 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 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 *via* company or intercompany savings schemes, or *via* the allocation of shares;
- 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 acquisitions;
- hold shares and, as the case may be, allocate them following the exercise of rights attached to securities giving access to the company's capital;
- 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 and the sale price may not be less than €7 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 19, 2012.

6.3.4 Financial authorisations submitted for approval to the Combined Annual General Meeting of April 19, 2012

DELEGATIONS AND FINANCIAL 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 2011.

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 preferential subscription rights and €4.3 million without preferential subscription rights. The overall ceiling on financial delegations is €8.6 million, *i.e.* 20% of the company's capital at April 14, 2011.

Alongside this overall ceiling, a sub-ceiling of €4.3 million, or 10% of the capital at April 14, 2011, 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 preferential subscription rights (21st and 22nd resolutions – capital increase without preferential subscription 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 authorisations on share buybacks and reductions of share capital approved by the Annual General Meeting of April 14, 2011 expire in 2012.

Authorisation	Maximum nominal amount of capital increases	Maximum nominal amount of debt instruments	Validity of authorisation	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	10% of capital		18 months	6 months	14/04/2011	17	The company bought 2,473,975 shares in 2011
Capital reduction through cancellation of shares	10% of capital per 24-month period		18 months	6 months	14/04/2011	18	2,488,600 shares were cancelled(2)
Issuance of securities							
Capital increase with PSR(3) through issuance of shares or securities	€8.6 million	€900 million	26 months	14 months	14/04/2011	19	This authorisation was not used
Capital increase through incorporation of issuance premiums, profits or reserves	€400 million		26 months	14 months	14/04/2011	20	This authorisation was not used
Capital increase without PSR(3) through issuance of shares or securities by public offer	€4.3 million	€900 million	26 months	14 months	14/04/2011	21	This authorisation was not used
Capital increase without PSR(3) through issuance of shares or securities in connection with a private placement	€4.3 million	€900 million	26 months	14 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 PSR(3)	15% of the initial issue		26 months	14 months	14/04/2011	23	This authorisation was not used
Setting of issue price, without PSR(3), of shares or securities	10% of capital		26 months	14 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	14 months	14/04/2011	25	This authorisation was not used
Capital increase without PSR(3) to remunerate securities tendered as part of a public exchange offer	€4.3 million		26 months	14 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	26 months	14/04/2011	28	The Board granted 1,500,000 options to subscribe to shares(4)
Free allotment of existing shares or shares to be issued in the future	3% of capital		38 months	26 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	14 months	14/04/2011	30	This authorisation was not used

(1) As from the vote of the AGM on April 19, 2012.
(2) o/w 2,388,600 on November 10, 2011 and 100,000 on February 15, 2012.
(3) PSR: preferential subscription rights.
(4) See the report on stock options in chapter 2, page 53 of this registration document and annual financial report.

DELEGATIONS AND FINANCIAL AUTHORISATIONS SUBMITTED TO THE COMBINED ANNUAL GENERAL MEETING OF APRIL 19, 2012

The authorisations and delegations granted by the Combined Annual General Meeting of April 14, 2011 will not expire before the 2013 Annual General Meeting, except for the authorisations concerning the purchase by the company of its own shares and the capital reduction through cancellation of shares, which relate to the 17th and 18th resolutions of the Combined Annual General Meeting of April 14, 2011, and which will expire on October 14, 2012.

The authorisations and delegations granted by the Combined Annual General Meeting of April 14, 2011 are mentioned in the table above.

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 19, 2012.

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	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	19/04/2012	8
Capital reduction through cancellation of shares	5% of capital per 24-month period	18 months	18 months	19/04/2012	9

(1) As from the vote of the AGM on April 19, 2012.

6.3.5 Potential capital

At February 15, 2012, there were no truly exercisable TF1 share subscription options (those no longer in lock-up period and whose exercise price was lower, at that date, than the market price).

There is no other form of potential capital.

Options remaining valid appear in chapter 2, note 2.3.2, page 53 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 15, 2012

Date	Corporate action	Number of shares	Increase/decrease in capital (in euros) Nominal	Increase/decrease in capital (in euros) Premium	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

(1) The 5% discount was not applied to stock options awarded to Executive Directors.

6.4 OWNERSHIP STRUCTURE

6.4.1 Description 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 is 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; this interest is valued at €155 million. The AB Group management team (Port Noir Investment) has been granted a call option over this interest, exercisable at any time during a two-year period starting June 11, 2010 at a price of €155 million.

TF1, Port Noir Investment and Claude Berda signed a 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.

6.4.3 Action in concert

There is no concerted action to report relative to TF1.

6.4.4 Shareholders and ownership structure

EVOLUTION OF SHARE OWNERSHIP STRUCTURE

To the best knowledge of the Board of Directors, the company's share ownership is broken down as follows:

	December 31, 2011			December 31, 2010			December 31, 2009		
	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	43.6%	43.6%	91,946,297	43.1%	43.1%	91,806,565	43.0%	43.0%
Treasury shares	100,000	0.05%	0.05%	14,625	0.01%	-	14,625	0.01%	-
TF1 employees	13,159,913	6.2%	6.2%	12,149,695	5.7%	5.7%	11,466,260	5.4%	5.4%
via the FCPE TF1 fund(1)	13,071,427	6.2%	6.2%	12,025,780	5.6%	5.6%	11,341,320	5.3%	5.3%
as registered shares	88,486	0.0%	0.0%	123,915	0.1%	0.1%	124,940	0.1%	0.1%
Free float – France(2)(3)	28,873,082	13.7%	13.7%	34,833,010	16.3%	16.3%	37,348,254	17.5%	17.5%
Free float – rest of world(3)	76,953,711	36.5%	36.5%	74,466,865	34.9%	34.9%	72,774,788	34.1%	34.1%
TOTAL	**211,033,003**	**100.0%**	**100.0%**	**213,410,492**	**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 100,000 treasury shares held at December 31, 2011 were acquired in November and December 2011 by TF1 as part of the authorisation given by the Annual General Meeting to the Board of Directors. These shares were cancelled on February 15, 2012 in accordance with the authorisation given by the Annual General Meeting.

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 2011, 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	Statutory or legal threshhold	Change in shareholding	Number of shares	% of capital	Total number of votes	% of total votes
03/02/2011	01/02/2011	Harris Associates L.P.	10%	Down	20,765,100	9.7%	20,765,100	9.7%
10/02/2011	09/02/2011	Amundi Asset Management	1%	Down	2,078,868	1.0%	2,078,868	1.0%
10/03/2011	09/03/2011	Amundi Asset Management	1%	Up	2,266,938	1.1%	2,266,938	1.1%
16/03/2011	16/03/2011	Artisan Partners	2%	Up	4,485,524	2.1%	4,485,524	2.1%
08/04/2011	07/04/2011	Amundi Asset Management	2%	Up	4,506,169	2.1%	4,506,169	2.1%
21/04/2011	18/04/2011	Orbis Investment Management Limited	2%	Down	4,148,001	1.9%	4,148,001	1.9%
22/04/2011	21/04/2011	Amundi Asset Management	2%	Down	3,166,572	1.5%	3,166,572	1.5%
18/05/2011	17/05/2011	Orbis Investment Management Limited	1%	Down	2,048,896	1.0%	2,048,896	1.0%
20/05/2011	16/05/2011	First Eagle Investment Management LLC	1%	Up	2,256,700	1.1%	2,256,700	1.1%
31/05/2011	24/05/2011	First Eagle Investment Management LLC	2%	Up	4,335,534	2.0%	4,335,534	2.0%
13/06/2011	06/06/2011	First Eagle Investment Management LLC	3%	Up	6,587,501	3.1%	6,587,501	3.1%
30/06/2011	24/06/2011	First Eagle Investment Management LLC	4%	Up	8,604,297	4.0%	8,604,297	4.0%
11/07/2011	06/07/2011	DNCA Finance	1%	Down	2,108,000	1.0%	2,108,000	1.0%
26/07/2011	26/07/2011	Artisan Partners	2%	Down	4,060,068	1.9%	4,060,068	1.9%
09/08/2011	04/08/2011	First Eagle Investment Management LLC	5%	Up	11,827,285	5.5%	11,827,285	5.5%
19/10/2011	18/10/2011	Harris Associates L.P.	5%	Down	10,505,366	4.9%	10,505,366	4.9%
21/10/2011	20/10/2011	Harris Associates L.P.	4%	Down	7,089,873	3.3%	7,089,873	3.3%
01/12/2011	29/11 and 30/11/2011	Harris Associates L.P.	3% and 2%	Down	3,190,000	1.4%	3,190,000	1.5%
02/12/2011	01/12/2011	Harris Associates L.P.	1%	Down	2,000,000	0.9%	2,000,000	0.9%

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 6.2% of the capital at December 31, 2011.

On January 31, 2012, Manning & Napier Advisors, LLC which acts on behalf of funds and customers to which it provides management services, declared that it reached the 10% threshold of TF1 capital and of voting rights the January 30, 2012. Manning & Napier Advisors, LLC declared it held on behalf of these funds 21,377,393 TF1 shares which represented 10.1% of TF1 capital and voting rights. The acquisition of TF1 shares by Manning & Napier Advisors, LLC comes within the normal scope of its fund managing activity, with no intention to implement a specific strategy regarding TF1 nor to have specific influence on the management of the company. Manning & Napier Advisors, LLC does not act in concert with a third party and has no intention to take over control of TF1 nor to request the nomination of one or several Directors at the Board.

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, Mnemo: TFI.

At December 31, 2011, 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: ASPI Eurozone®, FTSE4Good Index, Euronext FAS IAS, Ethibel PIONEER and Ethibel EXCELLENCE Investment Register, Dow Jones Sustainability World Index and Dow Jones Sustainability Europe Index.

There is currently no request for admission to another stock exchange.

6.5.2 Price and volumes

At December 30, 2011, the last trading day in 2011, TF1 closed at €7.54, a year-on-year decrease of 42%, compared with a 17% decrease for the CAC 40 index and a 16% decrease for the SBF120.

Media indices also fell sharply in 2011, with EURO STOXX® Media and CAC Média losing 17% and 16%, respectively.

In 2011 daily turnover of TF1 shares averaged out at 753,939, up 11% on 2010. The biggest turnover day of the period was July 26, 2011 when a total of 3,682,237 shares were exchanged.

The stock market valuation of the TF1 group was €1.6 billion at December 30, 2011. PER (based on 2011 net income Group share) was 9 compared with 12 at December 31, 2010.

TF1 (ISIN code: FR0000054900) share price and transaction volumes over the year:

Month	Highest(1) Euros	Lowest(1) Euros	Last Euros	Number of shares exchanged(2)	Capitalisation(3) *(€ million)*
January	14.69	13.04	14.19	9,344,503	3,027
February	15.19	13.43	14.08	13,394,740	3,005
March	14.47	12.83	12.96	17,352,409	2,765
April	13.41	11.86	12.67	17,689,221	2,704
May	13.22	12.08	12.45	18,187,062	2,657
June	12.74	11.87	12.54	17,271,714	2,676
July	14.15	11.62	13.32	18,501,093	2,842
August	13.73	9.92	11.05	24,354,422	2,357
September	11.09	8.37	9.38	19,859,622	2,002
October	10.27	8.71	9.77	12,400,771	2,084
November	9.64	7.24	7.69	15,433,024	1,623
December	8.43	7.09	7.54	9,973,720	1,591

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 2011 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 31	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	
2007	213,410,492	0.85	April 30, 2008	28.5	17.5	18.3	4.6%
2008	213,410,492	0.47	April 27, 2009	19.2	9.1	10.4	4.5%
2009	213,410,492	0.43	May 03, 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[(1)]	May 2, 2012	15.0	7.1	7.5	7.3%

(1) Dividends submitted to General Meeting for approval on April 19, 2012.

INFORMATION ON THE CSR POLICY

7

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

Following privatisation in 1987, TF1 immediately assumed its responsibility as a leading media organisation in France. The company not only respected the commitments made to local authorities on programme compliance but also developed a number of proposals that were approved by the regulatory authority. It raised public awareness of the environment through news programmes and the *Ushuaïa* show and opened its doors wide to associations and major national causes.

But Corporate Responsibility is now a global approach and TF1 has become a diversified media group. Our Corporate Social Responsibility policy today includes respecting transparency and governance principles, integrating dialogue with stakeholders and introducing sustainable development principles in production, distribution and the values we convey. It also involves focusing on the diversity of talents, new media uses and changes in employee expectations. And because it has to be applied across the entire value chain of the Group, it concerns our suppliers, producers and advertisers and all our partners.

The CSR dynamic is based on three main points.

The first is making each department more responsible on the issues that concern it, including the ethics of news coverage for the News Department, the responsible purchasing policy for the Purchasing Department, *Label Diversité* commitments for the Human Relations Department, and the analysis of changing consumption practices for TF1 Publicité and its advertiser customers. The work achieved in 2011 on our new CSR vision shows that the policy is now central to our businesses and plays a role in global company strategy.

The second point is the drafting of CSR guidelines for the media. This is currently being undertaken by France's major media players with the active contribution of TF1, mindful of its role as a social link and its everyday presence with the general public.

Lastly, we are increasing our rigour in reporting, both in terms of transparency and the exhaustiveness of the information we provide on our activities.

This document and the www.groupe-tf1.fr website reflect the rich and varied day-to-day efforts of the Group in 2011 to entertain and inform the French population, through a comprehensive range of channels, uses and services. CSR is an integral part of the actions undertaken not just by Group management but by each of the men and women who work at TF1.

MAJOR IMPACTS, RISKS AND OPPORTUNITIES

In 2011 the CSR Department launched an upgrade of the corporate social responsibility policy with a view to better integrating it in 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 nature of the company's economic, social and employment impacts is linked to the ecosystem of the Group:

- **TF1 is the leading channel in France** – TF1 has a highly influential position and the corresponding responsibility;
- **TF1 has a preponderant role in content creation 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 drafting regulations;
- **TF1 is positioned at the interface with consumer society (advertising and e-tailing)** – TF1 has to discuss trends in advertising and consumption with advertisers and the entire sector;
- **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.

The Group's CSR policy and the quality of its CSR reporting have to contribute to objectivising and strengthening dialogue with its publics. The CSR policy has to win the trust of stakeholders to reinforce closeness and buy-in and, hence, the long-term success of the business.

The review made in 2011 identified 62 key issues in nine functional and operational areas. These issues will be assessed and prioritised with the relevant departments in 2012 so as to revise their road maps.

A global vision of these issues and commitments is presented on page 222 of this chapter in the management chart of CSR actions.

CSR POLICY VISION AND COMMITMENTS

The formulation of the commitments in the CSR policy, as revised and approved by the entire Executive Committee, sets out four topics that will serve as bases for the road map:

ETHICS AND TRANSPARENCY

The TF1 group applies ethical and responsible principles be it regarding the regulator, the public, customers, suppliers or its employees. The Group reports on its activities to the community in an exhaustive and transparent manner.

DIALOGUE AND COMMUNITY

The TF1 group ensures the diversity of its programmes and proposed representations, their inclusive and non-discriminating character, the promotion of solidarity and social bonds, and the raising of environmental awareness, and seeks to maintain continuous dialogue with all stakeholders.

TALENTS AND PROFESSIONAL WELL-BEING

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.

INCLUDING SUSTAINABLE DEVELOPMENT IN PRODUCTS AND ACTIVITIES

The TF1 group factors sustainable development considerations into the design and use of its productions, products and innovations and into the management of its head offices.

This policy extends to the Group's value chain, and in particular to suppliers, through the "**Sustainable Purchasing**" policy.

7.1.2 Company profile

This document presents: the operational structure of the organisation and the management team (chapter 1, page 6); the capital structure and legal status of the TF1 group (chapter 1 and chapter 6, pages 7 and 192); the activities and size of the Group (chapter 1, page 8); and the market and market trends (chapter 3, page 67).

The TF1 group makes 85% of its revenues in France, 13% in the European Union and 2% in other countries.

7.1.3 Organisation and company players

The policy, introduced in 2005, is coordinated by Gilles Maugars, Executive Vice President at the TF1 group. An employee works full-time on coordinating actions and reporting. The CSR Department can be contacted at: rse@tf1.fr.

Each functional and operational entity of the Group develops its own road map so as to place CSR at the heart of its business.

Three cross-functional committees have been set up: the Solidarity Committee (in 2001), the Responsible Purchasing Committee (2007) and the Diversity Committee (2007).

All the staff involved, including the Communication Departments and the correspondents at subsidiaries, meet twice a year at a CSR Committee Meeting, where they present their respective road maps, share information on regulatory watch and benchmarks, and approve new strategies for the CSR policy and the corresponding communication.

The agenda 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.

CSR players at the TF1 group:

CSR topic	Main TF1 departments concerned
Ethics	General Secretariat
Programme compliance	Broadcasting, News
Public awareness	TF1 Programme Units, theme channels
Employment and diversity	HR, Social Affairs, HR Development, Diversity Committee
Staff awareness	Internal Communication
Environment	Technology and Information Systems
Responsible advertising and consumption	TF1 Publicité
Responsible purchasing	Purchasing, Responsible Purchasing Committee
Specific topics at subsidiaries	CSR correspondents
Specific actions, community initiatives	Company Foundation, Solidarity Committee

Policy coordination	CSR Department, CSR Committee
Non-financial reporting	Investor Relations/CSR Department

7.1.4 Reporting and verifying information

DEVELOPMENTS IN REPORTING IN 2011

The non-financial reporting covering all Group CSR issues – apart from the employment and environmental sections of the NRE Law – is now presented in the registration document. In 2011, TF1 brought reporting more in to line with integrated reporting. In particular, changes were made to take account of:

- new international CSR guidelines (ISO 26000 the media sector supplement of the GRI due in March 2012), a cross-reference table being presented on page 283 of this registration document;
- French regulatory requirements (exhaustiveness and rereading handled by third party, Article 225 of Grenelle II Act applicable in 2013 for 2012 reporting);
- the increasingly sector-based expectations of non-financial rating agencies.

PERIOD UNDER CONSIDERATION

The reporting covers the period from January to December 2011 for all topics, excluding programme compliance, for which the period is 2010. 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 CSA's publication in September 2012.

CHANGES MADE TO NON-FINANCIAL INDICATORS

This report is made on the basis of legal indicators or indicators from CSR guidelines, completed using internal reporting tools, and in particular a Human Relations management chart which updates a broad set of data every month.

Substantial changes have been made to the indicators to bring them in to line with the new formulation of Group commitments and because they now have to be approved by a third party. 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 revised indicators have been recalculated so as to establish a history for the 2009, 2010 and 2011 years, and so disparities may exist in relation to the indicators presented in reporting in 2009 and 2010. A document explaining the collection and calculation methodology is available at: www.groupe-tf1.fr/rse/.

SCOPE AND GENERAL PRINCIPLE OF COMPANY CONSOLIDATION

The reporting concerns the entire Group. However, some indicators are available only for a restricted scope. The scope accounted for is always mentioned, and assessed as a share of revenues. The scope for:

- data on ethics and governance: the Group;
- programme compliance: TF1 for 2009 and 2010, and TF1, NT1 and TMC from 2011;
- employment: the Group or France (85% of revenues);

- the environment: Environmental Management System (the buildings in Boulogne and Issy-les-Moulineaux housing 88% of Group employees);
- responsible purchasing: all purchasing excluding Rights.

The TF1 group – which had held a 34.3% interest in Metro France Publications since 2003 – completed the acquisition of the remaining 65.7%. Employment data factors in this subsidiary but environmental indicators, which are unavailable, will not be integrated before the reporting in 2012.

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.

DOCUMENTS

The entire policy is presented in the registration document. The following documents are available in their entirety at www.groupe-tf1.fr/rse/: an explanation of indicators, details on the methodology used for the Bilan Carbone® carbon assessment, an interview with a series of stakeholders, and the latest Group CSR news.

7.1.5 Recognition of non-financial performance

SUSTAINABILITY INDICES

DJSI WORLD INDEX AND DJSI EUROPE INDEX

In 2011 TF1 was included on the DJSI World Index and DJSI Europe Index (Dow Jones Sustainability Indexes). The Sustainable Asset Management (SAM) agency assesses the performance of companies and analyses the world's 2,000 biggest companies in terms of capitalisation. TF1 is the only French media company in the DJSI World Index among the 342 companies in the index. The index includes 25 French companies and 11 media companies.

- Dow Jones Sustainability Index site: http://www.sustainability-indexes.com/07_htmle/indexes/djsi.html
- SAM Group site: http://www.sam-group.com/en/index.jsp

FTSE4GOOD INDEX SERIES

TF1 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/

ASPI EUROZONE

ASPI Eurozone® (Advanced Sustainable Performance Indices) is composed of the 120 listed companies in the eurozone with the best performance on sustainable development criteria. The companies included in the ASPI index are selected on the basis of assessments made by Vigeo.

- Web information: http://www.vigeo.com/csr-rating-agency/fr/indiceaspi

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 TOP TEN IN EUROPE ON DIVERSITY

Vigeo ranks four French companies, including TF1, in the top ten European companies with the best performance on diversity. Carried out by Bureau International du Travail (BIT) and published in September 2011, this study, focusing on non-discrimination and equal opportunities, analysed the performance of 539 EuroStoxx 600 companies accounting for 80% of the European market. The scope is particularly broad, ranging from ethnicity, skin colour, national origin and nationality to sex, gender and sexual preference, age, state of health, pregnancy, maternity and family responsibilities to political opinions, religious beliefs, trade unionism and social origin.

Source: Les Echos.

FINANCIAL INFORMATION TRANSPARENCY PRIZE

TF1 won the *Prix de la Transparence* transparency prize in the consumer services sector and the registration document prize. These distinctions recognise the best practices of issuers in the French financial centre relating to regulated financial information and financial communication.

TF1 JOURNALIST RECEIVES "STOP AUX CLICHÉS SUR LES JEUNES" PRIZE

TF1 journalist Anne-Claire Coudray won the 2011 *Stop aux clichés sur les jeunes* ("No more clichés about young people") prize in the television category for her investigation into employment issues for young people living in the Paris suburb of Clichy-sous-Bois. Winners are chosen by a jury of young people involved in community councils, "Junior Association" associations and high school newspapers.

Several other journalists from the TF1 news team won awards in a range of categories for news reports broadcast on the 8 o'clock news show and the Reportages programme, including at the Festival International du Film d'Exploration, Prix Bayeux-Calvados war correspondent awards, Prix Média de la Fondation pour l'Enfance, Prix de l'Actualité in the video category and Micros d'Or.

7.1.6 Dialogue with stakeholders

OVERVIEW OF STAKEHOLDERS AND DIALOGUE METHODS

Stakeholders	TF1 player	Dialogue methods	Actions in 2011
Regulatory authorities: CSA(1), ARPP(2), Competition Authority	Compliance Department, General Secretariat, Broadcasting, TF1 Publicité	Participation in working groups, production of reports, proposals	Production of charters and amendments (online gaming, subtitle quality, audio description)
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	Public Relations Department on Facebook
Advertisers	Sales Department, TF1 Publicité Business Development Department	General sales conditions posted on line, www.tf1pub.fr website, *Références* magazine	2 editions of TF1 Publicité "Campus"
Audiovisual content creators	Programme units	Creation workshops	Commission for adult training for creators
Employees and trade unions	Management, Social Affairs and HR Directors	Negotiation of agreements with trade unions, internal communication publications, satisfaction barometer, annual performance review	"Innovation Days", new-employee induction days, Group convention
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
Suppliers and service providers	Central Purchasing Department	Questionnaires on CSR policy, including sustainable development in specifications	Work Meetings on diversity, sharing of best practices
Shareholders and financial community, non-financial rating agencies	Financial Communication, CSR coordination	Annual General Meeting, annual report, road shows with institutional investors, Meetings and tele-conferences with analysts, regular phone contact, website	Investor Day

(1) French audiovisual regulator.
(2) French advertising regulation authority.

More in-depth information on public dialogue can be found in the paragraph entitled "TF1 and society: dialogue, diversity and philanthropy" on page 232.

RELATIONS WITH REGULATORY AUTHORITIES

The Programme Compliance Department is responsible for the respect of commitments made in agreements signed by TF1, TMC and NT1 and for dialogue with the CSA audiovisual authority. 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, the Group places great emphasis on respecting its commitments while remaining open to discussion, an approach welcomed by the CSA on many occasions. In 2011, 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 in 2011 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.

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.

Seeking to open its screens up to small- and medium-sized companies, TF1 Publicité has initiated in-depth dialogue with their representatives to created an adapted offer. Small- and medium-sized companies 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.

RELATIONS WITH FRENCH AUDIOVISUAL CONTENT CREATORS

The amount of investment in national heritage audiovisual works for TF1 performed each year (177 million euros in 2010 and 202 million euros in 2011) made the TF1 group a major player in the French production. Units TF1 programs, particularly those of fiction, are in constant contact with industry professionals. In 2011, 151 writers, 1,252 actors, 46 directors and 18 producers have directly contributed to the French drama implemented for the channel.

In 2011 TF1 signed an agreement with the main trade unions on professional training for content creators (who previously have had no specific training system) for an amount of €120,000. Following a call for bids, 26 training projects were approved. The objective is to help creators further strengthen their television writing abilities.

TF1's Drama Department, the Company Foundation and ACSE[1] are working together on a project to script comedies with writers from "non-traditional" sectors. The aim is to help all kinds of talents, regardless of their background, get a firmer grasp of writing styles that address the greatest number of viewers, and also to develop projects with these talents. In 2011 six writers from disadvantaged neighbourhoods received the support of advisors from the Drama Department to write their first synopsis.

TF1 also partners the La Rochelle TV Drama Festival.

RELATIONS WITH EMPLOYEES

Each employee benefits from personalised monitoring, described in the "Talents and Employee Conditions" section on page 236.

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. *Regards* is supplemented by a monthly newsletter, *Coups d'oeil*, which reviews news from all the Group's activities. *TF1 Inside*, a video magazine, focuses each month on the work of employees at the TF1 group.

OPINION BAROMETER

TF1 launched its first staff opinion barometer in 2010. In a time of major change, the Executive Committee wanted to hear employees' opinions on the major issues concerning the TF1 group, their work and their workplace. A full 68% of staff responded to the survey, *via* an anonymous questionnaire posted on the intranet. The results were fed back to staff by managers and on the intranet. The 2012 barometer will begin in March.

"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 on 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, which has proved highly

(1) ACSE: National agency for social cohesion and equal opportunities.

successful, is founded on the sharing of knowledge and feedback and stimulating dialogue among employees.

RELATIONS WITH SUPPLIERS

With the introduction of the Responsible Purchasing policy by the Purchasing Department, created in 2008, dialogue with suppliers has become vital to understanding the Group's objectives. Including sustainable development 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. In 2011 two debates were organised 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 260.)

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.

The Financial Department organised such a Meeting in 2011 to make a real-life presentation to the financial community of the Group's growth levers, business-line innovations and technological advance, 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.

7.1.7 Management chart on CSR actions

Objective	Indicator	Unit	2011	2010	2011 review – current trends	2012 objective
Governance and business ethics						
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 (2010* report)	No.	-	1	Ongoing dialogue with CSA, writing of "Online Gaming Charter", amendment to audio description, new commitments on the representation of diversity accepted by the regulatory authority	Continue reinforcing vigilance on the respect of commitments. For advertising messages, apply the same obligations for channels to all Group websites with editorial content
TF1 and society: dialogue, diversity and philanthropy						
Develop dialogue with the public and other stakeholders	Contacts via the Audience Relations Department	No.	143,954	231,000	Quantitative fall in email and postal contacts, qualitative increase in Twitter dialogue	Maintain high-quality, close relations and trust with public
	Twitter subscribers	No.	650,000	-		
Ensure the diversity of programmes and representations; ensure that programmes are accessible to all	Share of subtitled programmes (TF1 channel) on average per year	%	100	95	TF1 programme 100% subtitled, signature of a charter on subtitle quality	Develop audio description and dialogue with the relevant associations
Promote links with the community and society on Group channels	Total value of community-based initiatives**	€M	22.9	22.6	Channels rally around prime time operations (Restos du Coeur, Pièces Jaunes, Sidaction)	Diversify associations receiving donations

Objective	Indicator	Unit	2011	2010	2011 review – current trends	2012 objective
Skills and employee benefits						
Promoting diversity at the company	Employees having attended training:	No.	459	404	Continued training on diversity for managers and employees contributing to the production of programmes	Publish 2nd annual diversity report Train 350 extra employees
	Disabled people hired:	No.	13	19	Signature of 2nd three-year agreement on hiring disabled workers and keeping them in employment	Hire 10 disabled people on open-ended or fixed-term contracts of over 6 months
	Young people from disadvantaged areas welcomed by TF1 Foundation	No.	12	10	2 young people from 2009 Foundation class hired on open-ended contracts	Recruit at least people from 2010 class
					Signature of a partnership with Mozaïk RH to diversify our recruitment	Hire two interns and 2 people on work-study programmes
Sustainable development into activities and products						
Control the consumption of raw materials and energy in Group offices and activities	Electricity consumption	MW	31,640	32,171	1% reduction in consumption for 2nd year running. Energy savings resulted in part from end of dual-process for news production	Maintain 1% reduction objective in 2012 Launch 1st HQE Exploitation policy for Group building
					Implementation of recommendations Ecoprod*** in filming of in-house productions R.I.S. and Interpol	Apply Ecoprod to other TF1 Production shoots
Responsible Purchasing						
Assess CSR policies of main suppliers	No. of suppliers audited with Ecovadis	No.	148	89	Continuous progress on dialogue with suppliers after assessments; suppliers commit to the topic of diversity	Sign the "Charter of Good Practices in Purchasing" under the auspices of the French Ministry of Economy and Finance

* *The report by the CSA audiovisual regulator with confirmed data is released only in the following September. Data on the respect of 2011 commitments will be posted on http://www.groupe-tf1.fr/rse/ when the CSA publishes its report on TF1 in September 2012.*

** *Value of institutional films, cost of trailers, special programmes and donations made on game shows and programmes, advertising slots provided for free campaigns, donations in kind, donations to TF1 and Bouygues Foundations and Fondation pour la Nature et l'Homme.*

*** *Go to www.Ecoprod.com*

7.1.8 Summary table of CSR indicators

All the indicators have been included in this report. However, a summary table of the Group's CSR indicators is available on line at www.groupe-tf1.fr/rse/.

7.2. GOVERNANCE AND BUSINESS ETHICS

Group commitment: the TF1 group applies ethical and responsible principles regarding the regulator, its audiences, customers, suppliers, employees and shareholders. 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 to which it is subject are detailed in chapter 6, note 6.2, page 200 of this registration document.

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.

- 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/

TF1 also pays close heed to the specific interpretations of competent authorities. In 2010 TF1 took exclusive control of the TMC and NT1 channels in a deal authorised by the Competition Authority and the CSA, subject to compliance by the Group with a number of commitments (see page 63).

7.2.2 Charters, principles and initiatives

GLOBAL COMPACT

In 2010 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.

UPHOLDING THE TF1 AND BOUYGUES CHARTERS

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.

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.

TF1 employees can access company agreements and rules of procedure on the intranet.

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.

The rules also stipulate that employees must report any form of sexual or moral harassment.

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 Corporate governance

This chapter describes TF1's governance policy, which is designed to uphold shareholders' interests. chapter 2 of this registration document and annual financial report, page 23, contains the full corporate governance report. 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 of shareholders;
- regulated agreements with the major shareholder are subject to the approval of the Ordinary Meeting of shareholders;
- 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 of shareholders.

See chapter 8, page 264 for information about taking part in Combined General Meetings of shareholders 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.

All of the following points are covered in chapter 2 of this registration document and annual financial report:

- composition of the Board of Directors and of the Audit, Compensation and Director Selection Committees, pages 25 and 33;
- gender balance and independence of the Board, page 35;
- Board assessment and training, page 36;
- separation of the duties of Chairman and Chief Executive Officer, page 38;
- role of committees, page 39 and 40;
- management of potential conflicts of interest, page 38.

COMPENSATION 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 chapter 2, page 51.

7.2.4 Internal control and risk management

TF1 enhances company management by analysing and anticipating risks. At Board level, the Audit Committee has been expanded and now has three members, two of whom are considered by TF1 to be independent. chapter 2 contains the internal control report, page 41, and presents risk factors for the Group, page 58.

7.2.5 Ethics and business conduct

This section explains TF1's rules of business conduct.

LOBBYING

TF1 engages in standard, legal lobbying activities. In particular, TF1 dialogues with Brussels and the government within a strictly professional framework, in order to share information about market and regulatory developments. Because news and entertainment are its core businesses, TF1 makes a point of acting transparently and refrains from exerting pressure of any sort.

Since it was privatised in 1987, TF1 has paid additional levies above and beyond corporate income tax and is required to meet a set of obligations, notably in terms of investing in French production. See page 201, chapter 6 of this report for more information on the obligations to which TF1 is subject. TF1 does not receive any exceptional subsidies except those of the bottom support of the CNC.

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. 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.

7.2.6 Purchasing policy

PURCHASING DEPARTMENT ORGANISATION AND TASKS

The TF1 group's Purchasing Department, which is part of the Finance and Purchasing Division, handles all the TF1 group's external expenditures (excluding rights). This amounts to an annual order volume of around €650 million.

Expenditures span a wide range of areas, from technical, broadcasting, IT, internet, telecoms, networks, 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.

GROUP POLICY AND CHARTERS

The Purchasing Department upholds the following values, which are posted for employees on the dedicated intranet: ethics and compliance (as expressed in the TF1 Purchasing Code of Ethics), 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 260).

The TF1 Purchasing Code of Ethics 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 consistent 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.

7.2.7 Compliance with production and broadcasting commitments

INTERNAL ORGANISATION TO ENSURE THAT COMMITMENTS ARE MET

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 pluralism and compliance, protection of minors), programme accessibility targets and a framework for advertising, sponsorship and teleshopping.

The commitments also cover contributions to French and European production. The department makes sure that they are met.

OBEYING ETHICAL AND COMPLIANCE RULES

The information published below on TF1's compliance with its commitments is taken from the 2010 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-2010.

The CSA's review of TF1 programmes gave rise to five actions, including four letters and one warning. No penalties were imposed for FY2010. For the record, the channel broadcast 7,200 hours of programming (excluding advertising and self-promotion) and covered more than 15,000 items in its TV newscasts.

INDICATOR: NUMBER AND TYPE OF CSA ACTIONS IN 2010

Subject	Programme	Type of breach	CSA action
News compliance	*7 à 8*	Failure to express different points of view	Letter
Failure to respect personal privacy	*Newscast*	Misrepresentation of an interviewee	Letter
Programme Compliance	*Secret Story 4*	Defamatory language used by participants towards each other	Letter
Application of content rating signage system	Episode from *Ghost Whisperer* series	Request for category II classification (not recommended for children under the age of ten)	Letter
Surreptitious advertising	Programme with Bernard Tapie	Promotion of a website in a live programme other than during advertising sequences	Warning

Scale of CSA measures: Letter – Warning – Caution – Penalty.

CHILD PROTECTION: 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

QUANTITATIVE COMMITMENTS FOR PRODUCTION AND BROADCASTING

TF1 met all its quantitative obligations except in terms of its overall contribution to European or French-language heritage audiovisual works. Owing to a difference in interpretation concerning the classification of works in this category, TF1 recorded a €11.5 million shortfall in 2010 for this contribution. TF1 has therefore made two commitments, with the agreement of the unions:

- to spend €1.3 million between 2012 and 2015, with five years to commit the spending;
- to create an additional budget within development expenditures for heritage audiovisual works, to be used by producers to pay original-material bonuses to authors/creators.

INDICATOR: TABLE OF QUANTITATIVE COMMITMENTS

BROADCASTING	Obligation	Actual
Audiovisual works, all broadcasting (24/24)		
Europe	60%	60.8%
Original French-language works	40%	49.3%
Cinematographic works		
Maximum number of cinematographic films	192	145
Newscasts and magazines	800 hours	934 hours
Children	**1,000 hours**	**1,143 hours**
Music		
Drama, music and dance performances	12	12

PRODUCTION	Obligation	Actual
European/French-language audiovisual works		
Overall obligation, heritage works	12.5% of revenues +€11.5 million (2009 carryover) = €188.2 million	€176.7 million
Original works	2/3 of overall obligation, i.e. €125.5 million	€159.5 million
Independent works	9.25% of revenues +€8.5 million (2009 carryover) = €139.3 million	€139.7 million
Works produced in native HD	90% of spending on original fiction and animation production, €124.7 million	€138.5 million
Original animated works	0.6% of revenues, €8.4 million	€9.4 million
Programming of French-language/European works beginning between 8 and 9pm.	120 hours	148 hours 42 mins

€m: million euro – 2010.

7.2.8 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 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 a 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.

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 News Department will meet with the Society whenever it requests.

CRITICAL REVIEW

After each 1pm and 8pm newscast, all the departments that participated in preparing the programme hold a critical review. Each week all managers take part in a weekly 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 five people, including the head of the department concerned by the topic covered, the presenter, the managing editor, the chief editor and the assistant chief editor. The Director of the Editorial Team also views many stories. If a mistake is made on air, it is often corrected before the end of the programme by the presenter.

PRESS TRIPS AND EMBEDDED JOURNALISTS

The News Department does not allow press trips, other than to certain medical conferences featuring presentations by specialist speakers. Journalists attend during work time, and the channel meets travel costs. In the case of trips relating to political events, the channel will reimburse journalists' expenses.

TF1 sometimes sends embedded journalists with the armed forces of France or certain other countries, because this offers a way to get physically closer to war zones. The journalist is rarely the only special correspondent on the ground. TF1 always tries to do stories on peripheral topics outside the army.

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 materials are used, the words "Home Video" are displayed and if necessary, the date when the video was shot will be shown. 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, and any failure to act impartially will not be tolerated. Some blogs are deemed to be an extension of the broadcast, and journalists are welcome to use their blogs to provide information that could not be conveyed on air because of time restrictions.

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, the TF1 Investigations unit may work undercover if the topic warrants it. Seasoned journalists are selected to join this unit. Undercover work is done only with the authorisation of the Editorial Department.

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.

7.2.9 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 (2011)	Comments
TF1	100%*	100%	
TMC	100%*	98%	99.6% in December 2011
NT1	50%	69%	
Stylía	10%	15.7%	
Ushuaïa TV	10%	11.9%	
Histoire	5%	19%	
TV Breizh	20%	25.61%	
LCI	Subtitling: 3 daily newscasts, 1 weekend newscast at 3pm	In line with obligations	

** % are given excluding exemption. 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 Association (a charity that advocates 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 2011 TF1 screened 36 audio described programmes, including 17 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	Obligation in 2011	Actual (2011)	Obligation in 2012	Obligation in 2013
TF1	12 new programmes with audio description	36 audio described programmes including 17 new programmes with audio description	12 new programmes with audio description	52 audio described programmes including 20 new programmes with audio description
TMC	1 new programme with audio-description	1 new programme with audio description	6 new programmes with audio description	12 new programmes with audio description

7.2.10 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. 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.

7.2.11 Challenges relating to new media

CHILD PROTECTION ON THE TFOU WEBSITE

TFou.fr is the Group's website for children and young people. It comprises three separate sites, which cater to different ages and needs. TFou.fr currently attracts around 389,000 unique visitors each month. TFou.fr spaces are subject to special security. The main goal is to ensure that children cannot go from TFou to a non-approved site. All community spaces are controlled: forums are moderated before being published and chatrooms use a pre-selected lexicon. Children thus get to use the internet in a fun way that lets them express their feelings while sticking to expressions and language that are acceptable to everyone. A parents charter, drawn up in partnership with Action Innocence, a non-governmental organisation, informs and advises parents about responsible behaviour. TFou also partners the main associations that are involved in promoting online security for children, such as Action Innocence in Europe (www.actioninnocence.org), *Protège ton ordi* (www.protegestonordi.com), e-enfance (www.e-enfance.org) and *Internet Sans Crainte* (www.internetsanscrainte.fr).

Source: Panel NNR.

CONTENT PROTECTION

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 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 and thus protect its content on those content-sharing sites.

ROYALTIES AND ANTI-PIRACY MEASURES

EXTENSION OF ROYALTIES TO COVER WAT USERS

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.

PROTECTION OF PERSONAL DATA

Group websites comply with all legal provisions, which are available on the website of the France's Data Privacy Commission (*Commission Nationale de l'Informatique et des Libertés*): http://www.cnil.fr/. The policy governing the confidentiality of consumers' personal data is online at http://www-compat.tf1.fr/confidentialite.html.

7.3. TF1 AND SOCIETY: DIALOGUE, DIVERSITY AND PHILANTHROPY

Group commitment: the TF1 group ensures that programmes and representations are diverse, inclusive and non-discriminatory, promotes philanthropy, social ties and sustainable development issues, while constantly striving to keep the channels of communication open with all stakeholders.

7.3.1 Relations with the public

TF1 offers its viewers major news and entertainment events. But TF1 is also an accessible broadcaster that promotes dialogue and interaction with viewers. Having close ties to the public is a key aspect of the Group's communication policy.

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 on social networks. The Group wants to raise the channel's profile and share its values with viewers and reviewers alike. These links enabled TF1 to dialogue with over two million people on a range of different media in 2011.

MEETING WITH PEOPLE ON THE GROUND

As part of efforts to build strong ties to its audiences, TF1 travelled to 38 cities around France in 2011, meeting more than 35,000 people. These trips were chiefly devoted to meeting with schoolchildren and talking to TV viewers and local media.

Other initiatives included nationwide auditions in 12 regions to pick an amateur actor to be in one of the channel's fiction programmes and a summer tour of 12 coastal cities. These local initiatives provided opportunities for presenters and senior management to meet with TF1 viewers and talk about the channel's values and goals.

SOCIAL NETWORKS

TF1's presence on 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. Every day, TF1 community managers lead and take part in discussions with the more-than 250,000 online users that have opened TF1 group accounts. 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 Group is also on Twitter, where many presenters keep in touch with their subscribers. In December 2011 more than 650,000 people had taken out TF1 Twitter accounts. TF1 also has a worldwide community of over 6,000,000 fans on Facebook.

TF1&VOUS

The TF1&Vous section can be reached from the MYTF1.fr homepage. TF1&Vous is based around four areas of contact: presenters, TF1 programmes, interaction with the online community, and TF1 group news. Averaging around 300,000 visits per month in 2011, 131% more than in 2010, TF1&Vous offers a constantly changing line-up of exclusive content, videos, news and photos. TF1&Vous embarked on a new chapter in 2011, offering more interactive features and perks related to the brand, programmes and the channel's stars. TF1&Vous wants to be a central hub for content offered by TF1 to its audiences.

RELATIONS WITH TV VIEWERS/ONLINE USERS

TV viewers and online users can contact TF1 group channels through a dedicated space on the website of each channel (TF1, LCI, TMC, NT1, etc.), or by writing or calling. TV viewers can ask questions at any time, express opinions and make suggestions about any programme or service offered by the TF1 group. The aim is to build a close, strong relationship of trust with the Group's audiences.

INDICATORS: AUDIENCE RELATIONS

At 31/12	2011	2010	2009
Emails, letter or calls received by the Audience Relations Department (number of)	143,954	231,000	245,000
Twitter subscribers	650,000	-	-

INTERACTIVE APPROACH ON TF1 NEWS

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, all of which provides benefits for the Group's 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.info). She listens to comments about presenters and the treatment (or non-treatment) of news stories, and then replies on her webpage and 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.

7.3.2 Promoting diversity

The TF1 group has two goals when it comes to promoting diversity:

- as the leading French audiovisual media company, it wants to reflect the diversity of French society on air and in its content;
- as a company, the Group firmly believes that diversity enhances performance and creativity. It seeks to promote open and respectful relations between employees and rejects discriminatory ideas or practices.

DIVERSITY COMMITTEE

Chaired by Publications Metro France Chairman Edouard Boccon Gibod, the Diversity Committee, set up in 2007, comprises the senior managers of the channel, HR, purchasing, the 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.

LABEL DIVERSITÉ

Awarded on December 21, 2010, *Label Diversité* 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 are described in the section of this report that deals with the TF1 workforce, p. 243. The Diversity Committee and Development Human Resources Department coordinates all measures taken in this area.

REPRESENTING NATIONAL DIVERSITY ON GROUP CHANNELS

The channel works continuously to represent a variety of cultures and backgrounds. In 2010 and 2011 the Group 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. 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 fictions, magazines, community campaigns, game shows and events, of which 75% are of European origin. Over the last ten years, TFou has been organising special campaigns to raise awareness among children about different civic topics. With the *Cécile et Kevin* series of short programmes launched in 2011 in partnership with UNICEF, TFou wants to highlight the value of diversity and promote tolerance. To talk about and celebrate diversity, the programme encourages children to put themselves in someone else's shoes through 20 short stories that dismantle preconceptions and clichés. http://www.tfou.fr/coin-parents/solidarite/cecile-et-kevin-6934322-739.html

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 disadvantaged 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. Since inception, the Foundation has taken on 40 young people, guided by 40 volunteer mentors from the company. The scheme spans 17 professions.

For the 2011 class, 12 young people were hired on September 1, 2011, after being selected out of 500 applications and 60 interviews. Of the 2011 "graduates", six obtained permanent contracts, one was given a six-month contracts.

The Foundation supports in the company 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 third-year 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. Corporate Foundation website: http://www.fondationtf1.fr/.

INDICATORS: CORPORATE FOUNDATION INITIATIVES

At 31/12	2011	2010	2009
Young people from disadvantaged areas taken on by the TF1 Corporate Foundation	12	10	9
Schools visited (number of students involved)	20 (2,300)	18 (2,100)	12 (1,530)
Number of employees mentoring schoolchildren	60	60	60

7.3.3 Philanthropy

SOLIDARITY COMMITTEE

Chaired by Frédéric Ivernel, Head of External Communication, the Solidarity Committee, which was set up in 2001, provides a company-wide forum (the channel, advertising, 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.

SOLIDARITY ON THE AIRWAVES, DONATIONS TO NON-PROFITS

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.

TF1 gives airtime to a wide variety of causes and non-profit organisations, supporting regular large-scale campaigns such as Les Pièces Jaunes (for children in hospital), Les Restos du Coeur (meals for the needy), Sidaction (AIDS research and prevention) and ELA (leukodystrophy campaign), and providing visibility for smaller organisations during game shows, with donations of winnings. The programme schedule can be rearranged in the event of a major humanitarian disaster – all programming possibilities are taken into consideration. In 2011 the Group's total donations were valued at €22.9 million.

TMC broadcasts *Extreme Makeover: Home Edition* (French Title: *Les Maçons du Coeur*), a show of solidarity in which the production, assisted by volunteers mobilizes to help households in precarious situations.

PHILANTHROPY INDICATORS: NUMBER OF ORGANISATIONS INVOLVED, NATURE AND AMOUNT OF DONATIONS

At 31/12	2011	2010	2009
Number of organisations that received donations	125	141	165
Cash donations to organisations (€000) (via the Solidarity Committee)	250	1,033	1,852
Donations in kind (*value in €000)	21,066	20,008	18,895
Sponsorship administrative costs	155	150	145
Contributions to Foundations	1,418	1,418	1,418
Volunteer leave (in the process of being introduced)	-	-	-
Total value of initiatives (€000)	**22,889**	**22,609**	**22,310**
% of budget devoted to long-term initiatives	7%	7%	7%
% of budget devoted to one-off initiatives	93%	93%	93%

* *Valuation of airtime, donations of game show winnings, free advertising time.*

SPECIAL INITIATIVES BY THE NEWS DEPARTMENT

FOURTH AND FIFTH ROUNDS OF THE *UNE SEMAINE POUR L'EMPLOI* INITIATIVE

Building on the success of the last three *Une Semaine pour l'Emploi* job-promotion campaigns, in May and November 2011 the News Department of the TF1 group once again had all its channels (TF1, LCI, TF1 News) as well as Metro focus squarely on the number-one concern of people in France: employment. On TF1, reports and investigations on the theme of employment were featured in all the 1pm, 8pm and weekend news bulletins. Anchors Claire Chazal, Laurence Ferrari and Jean-Pierre Pernaut spent a large part of their shows looking at real-life situations, flagship regional initiatives and job-related facts and figures. In the fourth round of the initiative, the *1pm newscast* presented by Jean-Pierre Pernaut highlighted the question of senior employment, while the fifth round, held in the autumn, focused on employment among women.

Since the first initiative in November 2009, almost 12,000 work contracts have been signed, 60% of which have been permanent contracts.

SOS VILLAGES

The *1pm newscast*, LCI and TF1 News are teaming up to save rural businesses. The SOS Villages campaign, which was previously held once before in 1993, is about putting people who want to sell a business in touch with potential buyers, in an effort to breathe new life into rural communities. The website of Jean-Pierre Pernaut's *1pm newscast* 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, presented by Sylvie Cenci, which provides features about the topic. Buyers have been found for several dozen businesses as part of this initiative.

7.3.4 Raising public awareness about efforts to combat climate change

A media group can have a real impact on the environment through its ability to make people aware of the big issues. The channels and websites of the TF1 group work all year round to raise awareness about the need to protect the environment, through a variety of programme categories, including weather forecasts, theme channels (Ushuaïa TV), and a campaign for children on TFou.

NEWSCAST COVERAGE OF THE ENVIRONMENT WITH THE ECO2CLIMAT INDICATOR

According to the INA Stat barometer, which measures coverage of different topics by the nationwide news bulletins, TF1, with more than one item a day, or 6.5% of the total, places the most importance on the environment. http://www.ina-sup.com/sites/default/files/Ina_Stat_ndeg_22_-_juin_2011.pdf.

In December 2009 the News Department began broadcasting the Eco2climat indicator, which tracks France's carbon consumption as measured by Carbone 4, a specialist consultancy. The indicator, which is the first of its kind in Europe, is shown monthly during the *8pm newscast*. It is designed to keep step with the public in the drive to cut greenhouse gas emissions. It also enables TF1 to improve the quality and consistency of its reporting on sustainable development. http://lci.tf1.fr/eco-climat/.

USHUAÏA TV

Ushuaïa TV is the only French channel that is entirely devoted to sustainable development. It has been broadcast in HD since 2008. The channel's programmes include *Passage au vert*, which covers the opportunities opened up by environmentally-friendly approaches, *Bougez vert*, which talks about what is going on in sustainable development, and *Green Trip*, which reports on eco-tourism, along with specials and outstanding documentaries.

ADVERTISING AND SUSTAINABLE CONSUMPTION

TF1 Publicité, which acts as a Meeting point for brands and consumers, and which is engaged in its own CSR approach, wants to help provide consumers with more information on the carbon and social footprint of products. This is the goal of the consumer information tag developed in 2010 by TF1 Publicité, which allows advertisers that follow sustainable development policies and that offer products that are certified as sustainable consumer products, to provide consumers with information on a dedicated space on the TF1Conso website. By reserving this service for products that meet a stringent set of requirements, TF1 Publicité is contributing to the push for more transparency called for by public policymakers and consumers alike.

The site also provides editorial content on sorting, green purchasing, organic farming, fair trade, and environmental labelling. http://www.tf1conso.fr/tag-conso-responsable/.

7.4. SKILLS AND EMPLOYEE BENEFITS (IN ACCORDANCE WITH THE NEW ECONOMIC REGULATIONS ACT)

Group commitment: The TF1 group fosters the creativity and commitment of its employees, develops their skills, favours their professional growth and offers them a high-quality working environment.

7.4.1 Workforce

At December 31, 2011 the TF1 group workforce was broken down as follows:

OPEN-ENDED (OE) AND FIXED-TERM (FT) CONTRACTS

INDICATOR: GROUP OE AND FT WORKFORCE

At 31/12	% revenues	2011	2010	2009
Clerical, administration, technical and supervisory staff	100	987	1,033	935
Managers	100	2,457	2,431	2,296
Journalists	100	678	618	679
TOTAL	**100**	**4,122**	**4,082**	**3,910**

The scope was extended in 2011 with the inclusion of the Metro France company.

The TF1 group makes the majority of its revenues in France and Europe: 85% in France, 13% in the European Union excluding France, and 2% in other countries.

INDICATOR: OE AND FT WORKFORCE BY GEOGRAPHIC REGION

Au 31/12	% revenues	2011	2010	2009
France *	**85%**	**3,818**	**3,782**	**3,657**
Europe (excl. France)	13%	278	274	229
Africa and Middle East	na	8	8	6
North America	na	2	3	3
Central and South America	na	-	-	-
Asia-Pacific	na	16	15	15
International	**15%**	**304**	**300**	**253**
TOTAL	**100%**	**4,122**	**4,082**	**3,910**

* *Metropolitan France and Overseas Departments and Territories.*
na: non applicable

INDICATOR: AGE PYRAMID AND AVERAGE LENGTH OF SERVICE

At 31/12	% revenues	2011	2010	2009
25 and under	85	183	60	na
25-34	85	1,268	1,279	na
35-44	85	1,325	1,426	na
45-54	85	817	813	na
55 and over	85	225	204	na
Average age	85	39	39	39
Average length of service at TF1 group	85	10	10	9

na : non applicable

INDICATOR: TYPE OF WORK CONTRACT

At 31/12	% revenues	2011	2010	2009
Number of employees on OE contract	100	3,810	3,798	3,638
Number of employees on FT contract (including apprenticeship, work-study, youth work contracts)	100	312	284	272
Number of employees on youth work contracts	100	67	48	36
Number of employees on apprenticeship contracts	100	29	34	24

SHORT-TERM CONTRACT WORKERS

The TF1 group has over the last few years substantially reduced its reliance on short-term contract workers (technical temporary workers, free-lance actors and musicians, and Directors), who now account for 7.1% of the headcount at the TF1 group (compared with 7.3% in 2010).

This is the result of a determined effort by TF1, which has hired a number of non-permanent workers over the past few years. In 2006 it signed the National Inter-industry Agreement for workers on *de facto* fixed-term contracts. TF1, under the auspices of STP (comprising Canal+, M6 and TF1), took an active part in drafting the agreement. Short-term contracts concern TF1 Production (one-off productions) and Eurosport (numerous live sports events scattered irregularly through the year) in particular.

TF1 has extended its employee welfare policy to these employees in the form of profit-sharing and incentive agreements; it has also given them access to employee-only rights issue schemes such as “Bouygues Confiance 5”.

Under the national inter-industry agreement applied by TF1, short-term contract workers can benefit from its healthcare expenditure and employee benefit regime. They can also take part in the social and cultural events organised by the Works Councils of the TF1 group. For the Group as a whole, full-time equivalent workers over 12 months represented by non-permanent employees were as follows:

INDICATOR: RATE OF FULL-TIME EQUIVALENT WORKERS OVER 12 MONTHS REPRESENTED BY NON-PERMANENT EMPLOYEES

[Jan-Dec]	% revenues	2011	2010	2009
Share of full-time equivalent workers represented by non-permanent employees (short-term contract workers excl. stringers)	85	7.1	7.3	7.3

EMPLOYEES FROM OUTSIDE TF1

In 2010 reliance on employees from outside the TF1 group (i.e. temporary staff) stood at 16.4 full employee-equivalents, or 0.4% of the Group’s permanent staff (the figure for 2010 was 8.7 FTEs, or 0.2% of permanent staff).

INDICATOR: FTES OVER 12 MONTHS REPRESENTED BY TEMPORARY STAFF

[Jan-Dec]	% revenues	2011	2010	2009
Number of temporary workers as FTEs	85	16.4	8.7	14.0

HIRING AND DEPARTURES

INDICATORS: HIRING AND DEPARTURES

[Jan-Dec]	% revenues	2011	2010	2009
Employees hired on OE, FT, apprenticeship contracts, etc.	100	754	567	496
Compulsory retirements	100	0	1	1
Retirements	100	0	1	5
Redundancies	100	78	96	88
Negotiated departures	100	74	59	40

Faced with a recession for three years, the TF1 group has paid special attention to its recruitment policy by sharply limiting the number of new hires (except for cyclical or production-related jobs and hiring of disabled workers). The aim is to exert tighter control over new hiring requests and make sure that only essential requests are put forward. This decision paved the way for synergies between departments, helped by a proactive job mobility policy. It should be noted that these restrictions do not apply to the hiring of disabled workers, under a three-year agreement, and work-study programmes.

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.

INDICATOR: INSTABILITY RATE

[Jan-Dec]	% revenues	2011	2010	2009
Instability rate	85	6.6%	6.9%	5.6%

7.4.2 Worktime organisation

ANNUAL WORKTIME: SUMMARY OF WORKTIME ADJUSTMENT AGREEMENTS

Agreements on adjusting and reducing working hours 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.

Non-management staff work 37 hours a week and are entitled to 14 supplementary work days off per year. Management staff work between 213 and 216 days annually and have 12 or 13 supplementary work days off per year.

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.

Five years on from the introduction of Annex 7 to the 2006 worktime adjustment agreement, which applies to 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.

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, employees can convert supplementary work days off into personal development time. This is not considered to be part of the company training plan.

As has been the case since 2005, TF1 group companies decided to keep Whit Monday as a paid holiday in 2011 and pay their contribution to the national “Solidarity Day”.

INDICATOR: ANNUAL WORKTIME OF PTAS

PTAS status(1)	PTAS(1) annual worktime
Non-management in constant hours and cycles (employees and supervisory staff)	1,569 - 1,576 hrs
Managers working in cycles	1,584 - 1,591 hrs
Managers with a fixed number of annual days	213 - 216 days
Senior managers	N/A

(1) Production, technical and administrative staff.

INDICATOR: ANNUAL WORKTIME OF JOURNALISTS

Status of journalists	Journalists' annual worktime
Journalists with a fixed number of annual days	208 - 215 days
Senior managers	N/A

ANNUAL WORKTIME: PART-TIME EMPLOYEES

On average, in 2011, 355 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]	% revenues	2011	2010	2009
Part-time employees	85	355	328	247

OVERTIME HOURS

The number of overtime hours is decreasing over two years.

INDICATOR: NUMBER AND AMOUNT PAID IN OVERTIME HOURS

[Jan.-Dec.]	% revenues	2011	2010	2009
Overtime hours	85	56,423	60,495	62,509
Amount (€)	85	1,766,180	1,839,089	1,873,345

ABSENTEEISM AND REASONS FOR ABSENCE IN THE TF1 GROUP

INDICATOR: ABSENTEEISM

At 31/12	% revenues	2011	2010	2009
Absentee rate (% of the headcount)	85	4.9	5.2	4.0
Total days' absence	85	45,069	43,245	43,298
Days absent without pay	85	210	101	559
Days absent for sickness	85	24,977	24,747	22,882
Days absent for occupational or commuting accidents	85	1,836	2,053	1,436
Days absent on parental leave	85	14,950	13,559	14,860

7.4.3 Compensation and employee savings

GROSS COMPENSATION

Compensation is reviewed each year through a system of increases based on individual performance. The system includes recommendations on special increases for employees at the lowest end of the TF1 group pay scale.

INDICATOR: AVERAGE GROSS ANNUAL COMPENSATION PER PROFESSIONAL CATEGORY IN THE TF1 GROUP

(€)	% revenues	2011	2010	2009
Clerical, administrative, technical and supervisory staff	85	36,683	34,189	35,530
Managers	85	52,032	49,902	50,449
Journalists	85	57,990	53,687	56,299
All categories	85	49,747	46,721	47,734

In 2011 the average annual salary increase negotiated with the trade unions was 2.5% for the TF1 group (an additional 1% allocation was granted to employees earning less than €2,600 per month). Over the same period, expenditure on social charges remained stable. The average pay increase in 2010 was 2%.

In accordance with the terms of the 2011 Amended Social Security Financing Act, "where a company belongs to a group required to create a group committee pursuant to I of Article L. 2331-1 of the Labour Code, it shall pay a bonus to all employees if the dominant company in the Group pays dividends whose amount per share or ownership unit is higher than the average dividend per share or ownership unit paid over the two previous financial years".

The TF1 group was not therefore required to pay a dividend bonus in 2011.

However, given the difficult economic environment and lack of incentive payments, the TF1 group strove to keep an open wage policy during discussions with unions.

CONTRIBUTIONS

INDICATOR: AMOUNT AND DISTRIBUTION OF CONTRIBUTIONS

(€ million)	% revenues	2011	2010	2009
Employee contributions	85	57.4	55.7	69.4
Employer contributions	85	116.6	111.9	142.1
TOTAL	**85**	**174.0**	**167.6**	**211.5**

PROFIT-SHARING, INCENTIVES AND THE COMPANY SAVINGS SCHEME

TF1 set up a company savings scheme for employees in 1988.

At December 31, 2011 more than 75% (78% in 2010) of eligible employees were members of the savings scheme. The company's matching contribution is €3,750 gross per employee per year, making a total gross contribution of €8.3 million, or €7.7 million net (€7.5 million in 2010). The company pays a matching contribution of 200% on the first €300 deposited in order to benefit the lowest wage-earners.

To help employees prepare to fund their retirement, the Bouygues group has set up a retirement savings plan (PERCO). In all, 14% of eligible employees were members of the scheme on December 31, 2011 (13% at 31/12/2010). This scheme provides for a company contribution of between 20% and 100% of the sums deposited, with a maximum of €1,290 gross per employee per year, for a total gross amount of €382,134, or €352,476 net (€335,483 net in 2010).

INDICATOR: PERCENTAGE OF ELIGIBLE EMPLOYEES WHO BELONG TO THE COMPANY SAVINGS SCHEME AND GROUP RETIREMENT SAVINGS FUND

	% revenues	2011	2010	2009
Percentage of eligible employees who belong to the company savings scheme	85	75.6	78.2	81.1
Percentage of eligible employees who belong to the Group retirement savings fund	85	14.0	13.2	12.6

Profit-sharing has been in operation for all eligible Group employees since 1989. In 2011 the gross profit-sharing reserve (relating to 2010) amounted to €7.4 million (€3.6 million in 2010), or an average gross amount per employee of €1,542 (€740 gross in 2010) paid in 2011.

To involve employees in efforts to meet financial commitments and improve personal and collective performance, in 2008 management set up a Group-wide incentive agreement that was signed for 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.

INDICATOR: AVERAGE GROSS AMOUNT PAID PER EMPLOYEE (PROFIT-SHARING AND INCENTIVE SCHEMES)

Payout year	% revenues	2011	2010	2009
Average gross amount paid per employee under profit-sharing scheme (€)	85	1,542	740	1,023
Average gross amount paid per employee under incentive scheme (€)	85	3,260	3,361	-

Group employees held 6.2% of TF1's capital in 2011, compared with 5.7% in 2010 through the TF1 FCPE Actions.

7.4.4 Professional relations and report on collective agreements

Practically all Group companies have employee representative bodies, Works Councils, Health & Safety Committees and trade union delegates. A total of 33 collective bargaining meetings took place in the TF1 group in 2011 and 20 collective agreements were signed, reflecting sustained and constructive dialogue with union organisations.

As a result of the July 2006 agreement concerning the resources to be made available to them, TF1 SA's unions now have up-to-date IT facilities, notably an intranet, and permanent representatives. In general, the agreements signed within the Group offer benefits in areas such as welfare, severance pay, holidays and union rights that go well beyond the guarantees provided for in the Labour Code.

INDICATOR: TRADE UNION REPRESENTATION IN THE GROUP (PERMANENT MEMBERS)

IN 2011

	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

IN 2010

	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

IN 2009

	Works Council	Personnel delegates	Combined delegates	Board of Directors	Total
CFTC	23	23	27	21	94
FO	2	2	0	1	5
CGC	1	0	0	0	1
CFTC/FO	3	2	0	1	6
CGT	1	2	1	0	4
CFDT	5	7	3	1	16
Independent	0	1	0	0	1
TOTAL	**35**	**37**	**31**	**24**	**127**

Number of Meetings with employee representatives (Works Council + personnel delegates + Health & Safety Committee + Board of Directors + combined delegates)	302
Number of collective bargaining Meetings with union delegates	32
Number of collective agreements signed during the year	27

INDICATOR: PARTICIPATION RATE IN WORKS COUNCIL ELECTIONS

	% revenues	2011	2010	2009
Rate of participation in last Works Council elections	85	74.1	74.0	70.8

7.4.5 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 21, 2010.

The Group proactively deployed its diversity policy as part of an approach geared to make the transition from charter to accreditation. Not merely a fancy title, *Label Diversité* accreditation demands a rigorous framework aimed at instilling a company-wide process of constantly improving procedures and practices. 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;
- 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;
- proper command of HR management processes to ensure equal treatment;
- awareness-raising among Group employees who were directly involved in the approach: 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 first annual diversity report was presented to employee representative bodies in 2011.

Accreditation is granted for three years and is subject to a mid-term audit (scheduled for final-quarter 2012). It is therefore conducive to long-term measures. Post-accreditation, the Group has concentrated its efforts on:

- key areas identified during the inventory, monitored by the accreditation steering committee;
- talks on diversity agreements covering gender equality and ethnic diversity (agreements have already been signed on disabilities and seniors);
- measures to diversify sourcing, including a partnership with Mozaïk RH, an organisation that promotes the recruitment of talented young prospects from working-class areas.

INDICATOR: NUMBER OF EMPLOYEES WHO RECEIVED TRAINING ON DIVERSITY AT WORK

	% revenues	2011	2010	2009
Number of employees who received training on diversity at work	85	459	404	70

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.

In 2011 the Group hired 15 disabled workers on different kinds of contract.

INDICATOR: NUMBER OF DISABLED WORKERS EMPLOYED BY THE COMPANY

	% revenues	2011	2010	2009
Number of disabled workers in the company as of 31/12 (all contract types)	85	71	58	53
Disabled workers hired during the course of the year (fixed-term and permanent contracts)	85	13	19	17

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.

It 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, Passarelle agreement, etc.).

The TF1 group takes a keen interest in the attention that the target schools pay to disability and diversity issues. Regular awareness-raising measures were conducted at the schools in 2011 and will continue in 2012.

The Group is pursuing its communication campaign through publications in specialised media. Staff awareness-raising activities have also been organised within the Group to continue lifting the taboos in this area.

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. This committee 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").

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 succeeded in achieving a balance in recent years.

INDICATOR: MALE AND FEMALE EMPLOYEES

Employees	% revenues	2011	2010	2009
% women	100	47.9	47.4	48.6
% men	100	52.1	52.6	51.4

INDICATOR: PROPORTION OF WOMEN BY STATUS

At 31/12	% revenues	2011	2010	2009
% of women, clerical, administrative, technical and supervisory staff	85	54.4	56.2	57.0
% of women, managers	85	48.9	46.5	47.4
% of women, journalists	85	35.3	36.4	41.3

This balance is in evidence in the management ranks, since 48.9% of managers are women. Moreover, the proportion of women in management positions continues to increase, reaching 35.5% in 2011 compared with 34.9% in 2010.

INDICATOR: PROPORTION OF WOMEN IN MANAGEMENT POSITIONS

At 31/12	% revenues	2011	2010	2009
% of women in management positions	85	35.5	34.9	34.4

INDICATOR: NUMBER OF NEW HIRES, WOMEN AND MEN

New hires (permanent contracts)	% revenues	2011	2010	2009
Women	100	380	270	253
Men	100	374	297	243
TOTAL	**100**	**754**	**567**	**496**

Talks on the topic of equal opportunity are scheduled to get underway in early 2012.

INDICATORS: SALARIES, WOMEN AND MEN

STATISTICS FOR 2011

Average gross annual starting salary *(€)*[1]	% revenues	Clerical, administrative, technical and supervisory staff	Managers	Journalists
Women	85	26,260	32,967	34,450
Men	85	24,145	33,611	32,933

STATISTICS FOR 2010

Average gross annual starting salary *(€)*[1]	% revenues	Clerical, administrative, technical and supervisory staff	Managers	Journalists
Women	85	24,911	31,678	35,100
Men	85	25,389	33,582	24,700

STATISTICS FOR 2009

Average gross annual starting salary *(€)*[1]	% revenues	Clerical, administrative, technical and supervisory staff	Managers	Journalists
Women	85	23,220	32,293	34,775
Men	85	25,338	34,832	31,465

(1) Employees aged between 18 and 25 and with less than one year's service.

INDICATOR: PROPORTION OF WOMEN AND MEN PROMOTED

Proportion of people promoted[1]	% revenues	2011	2010	2009
Women	85	14.7	15.2	17.3
Men	85	13.9	15.9	16.8

(1) With or without change of professional category.

An agreement was reached with the unions in 2006 to allocate the negotiated rates of wage increases to all TF1 female employees who took maternity leave during the preceding year. Thus, any women who took maternity leave beginning in 2010 received a pay rise of at least 2.5% in March 2010, or 3.5% if her monthly wage was €2,600 or less.

In addition, an overall balance was maintained in 2011 both for promotions (14.7% of women and 13.9% of men compared with 15.2% of women and 15.9% of men in 2010) and for training, with 49% of women following training courses compared with 51% of men (versus 49% of women and 51% of men in 2010).

At an equivalent qualification level, men and women are hired at the same salary. A young female manager will receive the same compensation package as a man of the same age and with the same educational background.

INDICATORS: GENDER BALANCE IN TRAINING

% of trainees[1]	% revenues	2011	2010	2009
Women	85	48.7	49.2	47.3
Men	85	51.3	50.8	52.7
TOTAL	**85**	**100**	**100**	**100**

(1) On vocational training programmes.

Number of training hours	% revenues	2011	2010	2009
Women	85	35,409	37,418	61,165
Men	85	34,017	33,805	67,731
TOTAL	**85**	**69,426**	**71,223**	**128,896**

MEASURES FOR SENIORS

In 2010 the TF1 group and unions signed a three-year agreement on senior employment. The agreement is required to comply with one of the following two obligations:

- set a quantitative target for retaining workers aged 55 and over;
- set a target number of recruitments of workers aged 50 and over.

The TF1 group opted to maintain the number of workers aged 55 and over. The agreement also has to provide for measures in at least three of the six action areas covered by the legislation on senior employment. TF1 has selected four action areas:

- development of skills and qualifications and access to training;
- career path planning;
- promotion of mentoring to pass on know-how and skills;
- end-of-career management and the transition from employment to retirement.

7.4.6 Health and safety

The employee health and safety policy has been a key priority for the TF1 group for years and is applied in all areas of activity. It seeks to raise employee awareness about preventing occupational hazards and implementing safety measures.

INDICATORS: OCCUPATIONAL ACCIDENTS

	% revenues	2011	2010	2009
Number of occupational accidents with time off	100	25	42	25
Number of fatal occupational accidents (work-related/commuting)	100	0	0	0
Employees trained in health and safety	100	495	484	373
Frequency rate	100	3.651	6.263	3.642
Severity rate	100	0.136	0.177	0.096

Frequency rate = (∑occupational accidents with time off/∑ hours worked) × 1,000,000.
Severity rate = (∑ days of leave/∑ hours worked) × 1,000.

In 2010 the TF1 group signed an agreement titled "Working Better Together", which aims to reduce stress and, more generally, improve working conditions. The agreement was followed up in 2011 with practical measures, 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.

The Group's two medical teams, comprising two occupational physicians and four nurses, provide care on a daily basis as well as special care for employees with jobs involving particular risks. First-aid kits are available for staff bound for high-risk zones. This service also covers freelancers working on a regular basis for the Group, as the professional bodies representing this staff category do not have a medical centre.

In 2008 a stress-monitoring unit was launched at the initiative of senior management and the occupational physicians. Employees are asked to complete a questionnaire when visiting the doctor. The aim is to identify sources of stress or worry and organise corrective measures based on the findings. The Works Councils and Health and Safety Committees have been informed of the results and told that the initiative will continue.

The medical teams also run major preventive campaigns that go well beyond the basic legal requirements, including flu vaccinations, prevention of cardio-vascular disease, and a campaign to prevent hearing problems. In 2011 TF1 signed the Healthy Heart Charter, thereby committing to continue efforts to prevent the risks of cardiac disease, which represent a major public health issue.

A special campaign on preventing driving-related risks was carried out in 2011. As part of this campaign, memos and brochures were handed out to employees who drive company vehicles.

The master occupational-hazard documents are updated with the aid of the occupational physicians and the members of the Health & Safety Committees. These documents list all the hazards in each of the companies' work units and monitor preventive measures that have been established for each of the risks listed (instructions, training courses, etc.). The retirement reforms introduced by the Act of November 9, 2010 devote special attention to the question of arduous working conditions. This issue was naturally incorporated in the health policy and included in the master occupational-hazard documents.

HEALTH AND SAFETY TRAINING

In 2011 health and safety training courses were run for 495 employees (484 in 2010 and 373 in 2009).

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 (108 trainees) and preventing psychosocial risks: all training courses in the Group's management training programme include a section on this topic. In addition, 190 employees took a "local security personnel" training course.

7.4.7 Supporting employees

RELATIONS WITH SCHOOLS, ACCOMMODATING INTERNSHIPS AND WORK/STUDY PROGRAMMES

The TF1 group has an active policy of offering work placements to young graduates, which creates an excellent recruitment pool for the Group, and establishing special relations with schools and universities. These policies enabled the TF1 group to offer placements to 391 interns (school-work experience) in 2011, compared with 321 in 2010, and more than 190 youth work and apprenticeship contracts.

The Training Department also introduced mentorship courses for people supervising apprentices.

TF1 has built up close relationships with a number of teaching establishments, including: Lycée Jacques Prévert, Boulogne (audiovisual diploma); Lycée René Cassin, Bayonne (audiovisual diploma); Université Paris I – Panthéon – Sorbonne (Masters); ESCP-EAP, Paris (Masters, Media Studies); IEP Paris; Télécom Sud Paris, Evry; École Nationale Supérieure des Télécoms, Paris; AUDENCIA Nantes; ESC Rouen.

INDICATOR: NUMBER OF INTERNS UNDER AGREEMENTS WITH SCHOOLS

	% revenues	2011	2010	2009
Interns under agreements with schools	85	391	321	487

APPRENTICESHIP TAX

An **apprenticeship tax** is paid to around 30 teaching establishments, included journalism, business, management, documentalist and IT schools.

Measures are in place to support apprenticeships. Apprentices' teaching expenses are paid directly to the school (excluding wages).

A jobs conference was organised in September 2011 to give the Directors of partner schools an opportunity to meet with HR and managers and learn more about the Group's activities.

INTEGRATING NEW EMPLOYEES

A series of measures 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.

Once employees have completed their trial period, they attend two half-day “Discovering TF1” sessions, which provide information about the TF1 group’s activities and organisation. The programme wraps up with a Q&A session with the CEO.

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 debate at which Martin Bouygues makes the closing address.

VOCATIONAL TRAINING

The TF1 group continued to invest in vocational training through a policy built around four areas of action:

- implement training programmes relating to the strategic issues in each activity. Training plans allocate more than 60% of investments to topics that link directly to the roadmap and support for strategic projects. These training courses are designed to develop key skills and build commitment among staff members;
- enhance management effectiveness and quality;
- create training programmes run by internal and external experts for journalists, documentalists, legal specialists, HR managers, financial controllers and managers;
- educate editorial staff and managers about diversity issues within the company and on Group channels. In all, 459 people received training on this topic in 2011.

In 2011 Group employees received 69,426 training hours, compared with 71,223 in 2010:

- 42,558 hours (61% of the total) in professional skill-building;
- 14,989 hours (21%) in management and HR;
- 3,129 hours (5%) in diversity;
- 3,988 hours (6%) in security;
- 4,762 hours (7%) in language learning.

The TF1 group provides several two-year professional training programmes, offered to managers, documentalists, journalists, HR managers, financial managers and for people learning English. These programmes provide gradual, sustained support through short but regular training sessions.

Internal training by Group experts is an important part of the training policy. To illustrate this point, 129 internal trainers have provided training to 3,400 people in the last three years. Each internal trainer is trained in leading training courses and in teaching techniques.

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 and based particularly on the 100 or so training courses offered by the Group *via* the intranet.

All training courses are assessed and are the subject of regular reports and adjustments.

INDICATORS: VOCATIONAL TRAINING, STATUTORY TRAINING ENTITLEMENTS

	% revenues		2011	2010	2009
	85	Number	2,578	2,334	2,777
Employees given training	85	%	74.4	61.4	76.3
Proportion of payroll spent on training	85	%	2.6	2.8	3.7
Total training hours, all training systems	85	Number	69,426	71,223	128,896
Total training hours, training plan	85	Number	31,238	35,405	62,483
Hours of training per employee per year	85	Number	20 hours 3 minutes	15 hours 10 minutes	17 hours 10 minutes
Statutory training entitlement (DIF) requests granted	85	Number	1,459	1,125	1,221

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 interview places the emphasis on management/staff dialogue and is based on an appraisal methodology.

INDICATORS: PROPORTION OF EMPLOYEES WHO HAD AN ANNUAL PERFORMANCE APPRAISAL AND PROPORTION OF EMPLOYEES WHO COMPLETED A SATISFACTION SURVEY

	% revenues	2011	2010	2009
% of employees who had an annual performance appraisal	85	89.6	86.1	75.2
% of employees who completed a satisfaction survey	85	-	94	-

INTERNAL TRANSFERS

Another priority area in the HR policy is job mobility, reflecting the Group's determination to promote the career development of each employee through individual monitoring and proactive career path management. To help with this, numerous tools have been made available on the Group intranet, including a guide to Group businesses, a personality questionnaire and a vocational assessment.

In 2011 there were 262 external hires and 206 transfers within the Group (193 within the TF1 group, 13 arrivals from the Bouygues group), meaning that internal transfers accounted for 44% of all recruitment.

In September 2011 the Group also held its first ever Jobs and Transfers Conference, which included 17 stands representing different businesses and two stands where people could find out about training and transfers.

All HR managers meet twice monthly to discuss job openings within the Group and examine job transfer requests submitted by employees.

INDICATOR: INTERNAL TRANSFERS AS A PROPORTION OF TOTAL RECRUITMENT

	% revenues	2011	2010	2009
Internal transfers as a proportion of total recruitment (%)	85	44	52	57

7.4.8 Employee benefits

FAMILY-FRIENDLY POLICY

The Group has a highly developed family-friendly policy, with benefits such as a €915 bonus for staff when they marry or have children, and places reserved in a daycare centre. The Works Councils, at their own request, are responsible for paying child care benefits. These benefits are allocated to staff whose children are under four and are looked after in a crèche, or by a nursery nurse or a childminder (€8 net per full day worked, up to a maximum of €1,830 per year). Expectant mothers continue to receive normal wages throughout their maternity leave, and, from the sixth month of pregnancy, work ten fewer hours per week. Moreover, they can also take a further four weeks' nursing leave. Following the statutory annual bargaining round, it was decided with the unions to grant three extra days' paid leave to employees who entered into a civil union in 2010. Most Group companies have introduced arrangements for parents to take time off to look after sick children. As part of the 2011 statutory annual bargaining round, it was decided that staff members taking paternity leave from February 1, 2011 onwards should receive full pay.

WORKING ENVIRONMENT

TF1 provides a staff canteen for all employees, run by a specialised catering firm, and pays a subsidy of €4.80 per meal. The restaurant itself was designed and renovated by an architect, to the satisfaction of all staff. A second company restaurant was opened in the Atrium building in 2009.

The company's contribution to public transport costs (including train and metro travel and bike hire) increased from 50% to 60% of the cost in 2010, and then to 80% in 2011 (up to six travel zones).

TF1 is keen to provide employees with a pleasant working environment. To this end, it provides on-site services such as a cash dispenser, a hairdresser and a concierge service that offers dry-cleaning, organic produce shopping, etc. A health insurance representative and social worker are also regularly available for consultation. The company takes investing in its employees' health and fitness very seriously, so employees have access to a fitness centre at special rates (€13 per month for a one-year subscription). The centre has been completely refurbished and moved to the Atrium building. Classes are held on weekday mornings, lunchtimes and evenings and even on Saturday mornings. Employees can also get discounts on health club fees (Forest Hill, Club Med Gym) and join an association that organises a variety of sporting activities.

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, following the negotiation of an amendment to the agreement at end-2009, since 2010 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.

Employees benefit from excellent health insurance. 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. 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 2011, compared with 15 in 2010. Moreover, the Group offers its employees the whole range of schemes provided for in the housing assistance programme. It granted 32 first-home loans in 2011 (4 in 2010), 16 loans to pay rental deposits (13 in 2010), 1 professional relocation package (none in 2010), 1 housing assistance package (none in 2010), and 136 employees (129 in 2010) were advised on home acquisition plans.

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 2011 a representative was available on four occasions.

TF1 regularly convenes the Housing Committee of the Works Council to inform it of all operations undertaken as part of the programme. Despite changes in the legislation, the number of employees benefiting from the programme increased from 169 in 2010 to 210 in 2011.

7.4.9 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 TF1 Foundation also gives employees the opportunity to mentor schoolchildren from difficult areas. Employees sign up to act as mentors for three years.

7.5 SUSTAINABLE DEVELOPMENT IN PRODUCTS AND ACTIVITIES (IN ACCORDANCE WITH THE NEW ECONOMIC REGULATIONS ACT)

Group commitment: 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.

7.5.1 Environmental issues and TF1 policy

The major environmental impact of a media group is indirect, hinging on the company's ability to raise public awareness of the 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 (page 235).

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 owe it to their stakeholders to set an example. This is why the TF1 group has committed to the Ecoprod initiative and introduced an internal policy of measuring and then reducing GHG emissions, with the support of the Bouygues group.

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 and will play a part in the consolidation of Bouygues group carbon emissions, carried out for the first time in 2012, based on 2011 data.

An environmental management system is in place in the four main buildings occupied and managed by the Group. 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. 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 carsharing 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.

7.5.2 The environmental footprint of audiovisual 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. A guide to environmental shoots will be published in 2012.

In 2011 the commitment was made to apply the recommendations developed by Ecoprod to in-house Group productions from the TF1 Production subsidiary.

7.5.3 Environmental management at Group head offices

THE ENVIRONMENTAL MANAGEMENT SYSTEM (EMS)

The EMS 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 around 88% 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.

In 2011 an initial HQE Exploitation was implemented for the Le Delta building in coordination with the owner. The extension of this approach will be reviewed in late 2012.

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 measures are based on remote meter readings and corroborated by electricity bills.
- Waste is weighed by the service providers (invoiced by weight).

To target in-house consumer profiles more accurately, TF1 continued to upgrade its building management system in 2010 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. 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.

WATER CONSUMPTION

In 2011 the consumption of water, primarily used in the air-conditioning system, washrooms and kitchens, was 52,858 cubic metres, stable since 2009 and down a sharp 16% since 2008.

INDICATOR: WATER CONSUMPTION (IN CUBIC METRES)

Site	% revenues	2011	2010	2009
Tour/Atrium/Delta	82	44,965	44,271	44,292
Eurosport (Amiral)	82	7,893	7,783	7,672
TOTAL	**82**	**52,858**	**52,054**	**51,964**

ACTION TAKEN SINCE 2009

- The braided system on the 40 pumps of the heat pumping system was replaced with a metal lining (the new system does not a constant supply of water for cooling).
- 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.
- A pit water system has been installed to cool the surge tanks in the heat pump loop.
- To cut water usage in vehicle maintenance, the mobile video units have introduced a waterless "ecowash" solution.

ACTION TAKEN IN 2011

The water-heating system was upgraded (leak detection campaign).

PLANNED IN 2012

Specific, catering-related consumption indicators are to be introduced as part of the 2012-2014 catering contract.

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 (139 tonnes in 2011) have been implemented, including shifting to electronic in-house publications and using the two-side printing facility of the multifunction printers. The increase in consumption at Eurosport was an isolated phenomenon, resulting from the change in graphics in 2011. The paper used is EU Ecolabel certified, while weight was reduced from 75g to 70g per sheet in 2011.

INDICATOR: PAPER CONSUMPTION (IN TONNES)

Site	% revenues	2011	2010	2009
Tour/Atrium/Delta	82	76	81	87
Eurosport (Amiral)	82	63	44	46
TOTAL	**82**	**139**	**125**	**133**

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.

The consumption of the emergency site has been included in overall consumption since 2010.

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 2011, with overall electricity consumption down by 1.6%. The decrease, exceeding the objective, was facilitated by the discontinuation of dual systems (final production, LCI production and news production process) and by favourable weather.

INDICATOR: ELECTRICITY CONSUMPTION (IN KILOWATT HOURS - KWH)

Site	% revenues	2011	2010	2009
Tour/Atrium/Delta	82	26,477,798	27,149,683	27,865,470
Eurosport (Amiral)	82	5,162,909	5,021,403	4,654,950
Emergency site	82	2,833,086	2,498,044	Not included
TOTAL	**82**	**34,473,793**	**34,669,130**	**32,520,420**

FUEL

Fuel is used in generators at production sites, which 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 18,200 litres in 2011.

INDICATOR: FUEL CONSUMPTION (IN LITRES – L)

Site	% revenues	2011	2010	2009
Tour/Atrium/Delta	82	18,000	18,560	14,900
Eurosport (Amiral)	82	200	450	264
TOTAL	**82**	**18,200**	**19,010**	**15,164**

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).

In 2011

- 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).

Planned in 2012

- Implementation with catering services provider of electricity consumption indicators and encouragement to reduce consumption (operating cycle for ventilation hoods, warm-up cycles for dishwashers, etc.).

PRODUCTION PROCESSES

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 the units meet the Euro 4 standard and are fitted with a six-speed gearbox to cut fuel consumption. A small generator, connected to a Vitron system, provides energy when needed. Equipment is switched on individually and only as required.

IT

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.

In 2011

- 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. Now in place, the robust solution, which has no impact on the security of the network, is expected to save on 60% to 75% of the electricity consumed by current workstations, equivalent to roughly €100,000 and 125 tonnes of CO_2 equivalent a year.
- Audit of data centres with a view to recommending adapted solutions: temperatures, warm corridors, etc.

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.

In 2011

- 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 will continue in 2012.

(1) EMBIX, a company created through a cooperation agreement by Bouygues and Alstom, provides energy management services to eco-neighbourhoods.

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, tonnes of CO_2 equivalent
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, tonnes of CO_2 equivalent
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: 8T; drama filmed in Ile de France: 25T; drama filmed in Europe: 45T; one-off events (Rugby World Cup): 1,550T.

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 tons of carbon equivalent, exceeding the totality of upstream Group emissions.

These figures will be consolidated with those of the Bouygues group, with a view to introducing a carbon statement planned for 2012 reporting on the 2011 year.

Action plan concerning internal GHG emissions, with the assistance of the Bouygues group

- Plan to reduce electricity consumption with an objective of a 1% 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 carsharing 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

Waste tonnage has fallen sharply, down to 970 tonnes. But along with the Group's efforts in this area, the decrease also owes to increased precision in the weighing of collected waste. Wet waste is now weighed systematically. All waste, apart from kitchen waste for which an action plan is scheduled for 2012, is sorted and recovered, with 49% of the total recycled and the rest incinerated with energy recovery.

INDICATOR: QUANTITY OF COLLECTED WASTE (IN TONNES)

Site	2011	2010	2009
Tour/Atrium/Delta	774	1,238	1,273
Eurosport (Amiral)	196	214	120
GROUP TOTAL	**970**	**1,452**	**1,393**
Total recycled waste:	*476 (49%)*	*599 (40%)*	-

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.)

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 handled by the Boulogne-Billancourt local authority. Service providers are aware of the issues concerning waste disposal; 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 19 tonnes of IT equipment was collected in 2011 and treated by the Waste Electrical and Electronic Equipment (WEEE) sector, with 12 tonnes dismantled for recycling and 7 tonnes reused.

DVD

TF1 Vidéo ensures collection by the distributor of unsold or faulty DVDs, which are then completely recycled by sheltered workshops or specialised companies. Some 375 tonnes of plastic and 28 tonnes of paper resulting from the destruction of CDs and DVDs were recycled in 2011.

OTHER ACTIONS IN 2011 FOR REDUCING WASTE AND IMPROVING RECYCLING

- Reducing waste at-source (waste containers reduced from 12 to 1, working with service providers, reduced packaging waste with the catering services provider).
- 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 will also concern waste generated by events held in the TF1 foyer.
- Introduction of recyclable bags for snack food (for a savings 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.

PLANNED IN 2012

- An action plan involving the catering services provider and staff, who will sort their own trays when leaving the restaurant. An initiative with the local authorities is under way to recover organic waste in the form of compost.

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

Our service providers use no environmentally toxic products, as set out in the specifications for the service. 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.

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 pollution or other nuisance whatsoever.

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.

In 2012 the Group will launch the first HQE Exploitation certification drive for a Group building.

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.

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.

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 informed of sustainable development via in-house publications (Coups d'œil published monthly and Regards every four months), the intranet and special events. The Group organised an eco-driving day in 2011.

TF1 is a founding partner of the Nicolas Hulot Foundation.

7.6 RESPONSIBLE PURCHASING

Group commitment: involve suppliers in TF1's CSR policy as part of an extended company approach.

"Responsible Purchasing" policy

TF1 entrusts a number of contracts to external providers. To ensure that these latter share the Group's CSR policy and values, the Purchasing Department introduced the "Responsible Purchasing" policy on its creation in 2008. The Responsible Purchasing Charter of the Bouygues group has been rounded out by a system specific to TF1. 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.

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 Group-wide, communicates on progress made and, in particular, works to promote the use of the sheltered sector.

Use of the sheltered sector

The Purchasing Department maintains a listing of establishments in the sheltered sector for a range of services, including printing, catering, packaging, and the creation and maintenance of green spaces. It raises awareness of the sheltered sector using in-house communication resources. With the Responsible Purchasing Committee and the Diversity Committee, it supports decision-makers and ensures the diversification of services.

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. To date, the Group has assessed 148 of its suppliers with Ecovadis.

"Green Purchasing": clauses in specifications and contracts

The Purchasing Department includes "sustainable development" clauses in calls for tender to ensure that the environmental impact of the purchased product is minimised. This approach was reflected in 2011 by the introduction of a carsharing service with a fleet of electric vehicles open to all employees for their professional travel.

RESPONSIBLE PURCHASING INDICATOR

	2011	2010	2009
PR managed by the Purchasing Department (€ million)	650	600	600
PR business line total (€ million)	1,500	1,600	1,650
No. of suppliers assessed by Ecovadis(1)	148	89	25
PR(2) assessed by Ecovadis (€ million)	139	125	90
No. of suppliers for which the CSR charter is included in contracts/Order	121	76	39
Revenues with sheltered sector	319,000	433,000	417,000
% of buyers trained in responsible purchasing	100	15	15

(1) Total number of suppliers assessed in last 3 years (active and non-active, including those that failed to reply).
(2) PR (purchasing revenues) 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) with purchasing revenues.

GENERAL MEETING

8

8.1 TAKING PART IN THE COMBINED ANNUAL GENERAL MEETING OF APRIL 19, 2012

All shareholders may participate in General Meetings, irrespective of the number of shares they own.

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), Monday, April 16, 2012;
- holders of bearer shares must arrange for the authorised intermediary who manages their share account to provide a certificate of participation showing that their shares have been recorded or book-entered no later than midnight (CET), Monday April 16, 2012.

Only shareholders that can prove they were shareholders at midnight (CET) on Monday April 16, 2012 may participate in the Meeting.

PARTICIPATION IN 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 method of participation 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 certificate of participation that has been issued. Any holder of bearer shares who has not received the admission card can have the certificate of participation 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 / correspondence 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/ correspondence form and return it together with the participation certificate to TF1 – Service Titres – c/o Bouygues – 32 avenue Hoche – 75008 Paris.

Duly completed and signed proxy/correspondence forms must be received by TF1 – Service Titres – c/o Bouygues – 32 avenue Hoche – 75008 Paris, no later than midnight (CET), Monday, April 16, 2012.

Proxy/correspondence 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/ correspondence 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/ correspondence form and return it together with the participation certificate to TF1 – Service Titres – c/o Bouygues – 32 avenue Hoche – 75008 Paris.

Shareholders 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.

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.

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 and signed copy of the form, stating the full name and address of the shareholder and, where applicable, of the appointed proxy, must be sent as an email attachment to tf1mandatag2012@bouygues.com.

Proxy voting forms that are unsigned will not be considered valid.

Proxies may not be replaced by another person.

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 18, 2012.

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 regulatory requirements.

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 by registered letter with acknowledgement of receipt or by email to the following address, tf1inscriptionodjag2012@tf1.fr, during the 20 days following 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. A brief explanation of the reasons may also be provided.

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 16, 2012.

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.

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 13, 2012. 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 tf1questionecriteag2012@tf1.fr. Bearer shareholders must send a book-entry attestation along with their questions.

DOCUMENTS PROVIDED 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.com website at least 21 days before the Meeting date, in accordance with statutory and regulatory requirements.

8.2 AGENDA

WITHIN THE AUTHORITY OF THE ORDINARY GENERAL MEETING

- Board of Directors' reports, the Chairman's report and Statutory Auditors' reports;
- Approval of these reports and of the 2011 individual and consolidated financial statements;
- Approval of regulated agreements and undertakings stipulated in Article L. 225-38 of the Commercial Code;
- Appropriation and distribution of earnings in 2011;
- Appointment of Janine Langlois-Glandier as Director for a two-year term;
- Review of election of employee-representative Directors;
- 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 reduce share capital by cancelling shares held by the company;
- Powers to carry out formalities.

8.3 REPORT OF THE BOARD OF DIRECTORS ON THE RESOLUTIONS SUBMITTED TO THE COMBINED ANNUAL GENERAL MEETING

To the shareholders,

This report is part of the management report of the Board of Directors for the General Meeting of April 19, 2012.

RESULTS FOR THE YEAR

The consolidated and individual financial statements are included in this registration document and annual financial report (chapter 4, page 97).

INFORMATION ON THE CAPITAL

See chapter 6, page 203 of this registration document and annual financial report.

ACQUISITION AND DISPOSAL OF HOLDINGS

See chapter 3, page 94 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 2011 and on agreements and undertakings relative to Article L. 225-38 of the French Commercial Code. See chapter 5, page 181 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 2011;**
- **approve the agreements and undertakings relative to Article L. 225-38 of the French Commercial Code, mentioned in the special report of the Statutory Auditors.**

These resolutions concern the approval of the agreements and undertakings, 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. They are intended to prevent any conflicts of interest that may arise for a Director and/or a major shareholder entering into agreements with the company.

The Board of Directors of TF1 considers the value of each agreement to TF1 and its group, and the associated financial terms.

Accordingly, related-party agreements are subject to the authorisation of the Board of Directors of TF1, which 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, included in the present registration document and annual financial report (chapter 5, page 186). 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.

The agreements of assistance represent most of these agreements presented in the Statutory Auditors' special report. It seemed relevant to TF1 Directors that TF1 can access the expert services of Bouygues. Similarly, it seemed appropriate to TF1 Directors that TF1 subsidiaries can benefit from the functional structures of TF1.

Related-party agreements and undertakings subject to the vote of the Combined Annual General Meeting of April 19, 2012 are covered by separate resolutions. One resolution covers related-party agreements and undertakings between TF1 and Bouygues, while another resolution covers related-party agreements and undertakings to which Bouygues is not a party.

The related-party agreements between TF1 and its subsidiaries, described in the Statutory Auditors' report on such agreements, relate to:

- permanent access by the subsidiaries to TF1 corporate functions (General Counsel's office, Corporate Affairs, Legal, Internal Communication, Research & Statistics, Financial Control, etc.). 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, 2011 was €13.3 million. Additional services provided on request are invoiced on an arm's length basis;
- business management 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 2011 LCI received an annual fixed fee of €5 million.

The related-party agreements between TF1 and Bouygues, as described in the Statutory Auditors' report on such agreements, cover:

- The access by TF1 to Bouygues corporate functions. In 2011 Bouygues invoiced TF1 a total of €3.5 million for corporate services, equivalent to 0.13% of the total revenue generated by the TF1 group (versus €3.5 million and 0.13% of total revenue for 2010).

  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 2011 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 gets support on internal control from Bouygues. Numerous Meetings were held during 2011, 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.

  In addition, Bouygues SA 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.

  Several preparatory meetings between TF1 and Bouygues SA were required in 2011 in the lead-up to a seminar on internal control on January 19, 2012. The seminar, which was attended by 60 or so TF1 group managers, was designed to make group managers more aware of internal control issues.

  The head of CSR at the TF1 group draws support from Bouygues' initiatives in the area of corporate social responsibility. In addition to providing tools to TF1, such as Enablon, Carbone4 and Green IT, Bouygues shares work performed by specialised consultancies.

  The CSR Director also heads up the Sustainable Development Committees and provides coordination in different areas, sharing experience in fields ranging from the responsible purchasing policy to regulatory intelligence.

  The TF1 group Information Systems Department benefits from synergies with Bouygues group departments, thanks to active coordination by Bouygues SA. 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.

  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.

- An agreement also provides for the use granted to TF1 by the "32 avenue Hoche" 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 2011, the joint venture received €9,366 (net of VAT) of consideration in this respect.

- Other agreements with Bouygues (use of executive jets, top-up executive retirement benefit plan) are described in the special report of the Statutory Auditors.

- **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, 2011, and, having noted the existence of distributable profits of €405,144,172.01, comprising net profit for the period of €114,484,653.43 and retained earnings of €290,659,518.58, to appropriate this sum as follows, as proposed by the Board of Directors:

- distribution of a cash dividend of €116,013,151.65 (*i.e.* a dividend of €0.55 per €0.20 par value share);
- the balance of €289,131,020.36 to be carried forward as retained earnings.

The ex-date of the dividend on the Euronext Paris market will be April 26, 2012. 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 30, 2012. The payment date of the dividend will be May 2, 2012.

In accordance with paragraph 2, section 3 of Article 158.3.2 of the French General Tax Code, this dividend is fully eligible for the 40% relief available to individuals tax-resident in France.

The General Meeting is informed that individuals tax-resident in France whose dividend income is eligible for this relief may elect to have these revenues taxed at the flat rate of 21% specified in Article 117 *quater* of the French General Tax Code. This election must be made each time a dividend is received, is irrevocable, and cannot be made retrospectively.

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	Allowance(1)
December 31, 2008	€0.47	yes
December 31, 2009	€0.43	yes
December 31, 2010	€0.55	yes

(1) Eligible for the 40% tax relief available to individuals tax-resident in France under Article 158.3.2 of the French General Tax Code.

- **appoint Janine Langlois-Glandier as Director for a two-year term;**

Alain Pouyat's term of office as Director expires at the end of the next General Meeting. We are submitting for your approval the appointment of Janine Langlois-Glandier as Director for two years, *i.e.* until the General Meeting convened to approve the 2013 financial statements. We inform you that Ms Langlois-Glandier 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 Langlois-Glandier's appointment to the Board of Directors would further extend the Board's expertise, owing to her in-depth knowledge of the French audiovisual environment, strengthen the Board's independence and improve the representation of women on the Board. Ms Langlois-Glandier's CV is provided in part 2.1.1 of this registration document, page 32.

A vote in favour of this proposal would mean that the Board of Directors had four independent Directors and four women, out of a total of 12 members.

- **record the election of employee-representative Directors in compliance with Article 66 of Act 86-1067 of September 30, 1986, which stipulates that two of the chairs on the Board of Directors are to be attributed to employee representatives;**

We remind you that the terms of office of employee-representative Directors Jean-Pierre Pernaut and Céline Petton expire at the end of the next General Meeting, convened to approve the 2011 financial statements.

In accordance with legal and regulatory provisions, the two employee-representative Directors must be elected by TF1 SA employees. Elections will take place on March 13, 2012 (a second round, if required, will be held on March 27, 2012).

The election rules are as follows:

- any employee with at least three months' service at the date of the election may vote;
- any employee with at least two years' service at the date of the election may run for election (one manager and one non-manager).

Chairs are assigned based on obtaining an absolute majority of eligible votes in the first round. Failing this, a second round of voting must be held, in which case chairs are assigned on a relative majority basis.

At the General Meeting on April 19, 2012, the Chairman will inform you of the names of the employee-representative Directors elected by the electoral colleges and you are required to take note of their election and appointment for two years as employee-representative Directors.

A summary of the information concerning the Directors is shown on page 26 *et seq.* of the registration document.

- **authorise a share buyback programme allowing your company to purchase its own shares on the stock market;**

This resolution permits the company to buy back its own shares, within the limits set by the shareholders and in accordance with law. It supersedes the authorisations given by the shareholders at previous General Meetings. In view of the use made of previous authorisations, the company has decided to lower the ceiling for share buybacks from 10% to 5% of the capital.

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.

Aims:

- cancel shares under the conditions provided for by law, subject to authorisation from the Extraordinary General Meeting;
- allocate 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 *via* company or intercompany savings schemes, or *via* the allotment of bonus shares;
- 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;

– implement option plans to buy company shares;

– hold shares and, as the case may be, use them as a means of payment or exchange in acquisitions;

– hold shares and, as the case may be, allocate them following the exercise of rights attached to securities giving access to the company's capital;

– implement any market practice accepted by the AMF and, more generally, conduct any transaction that complies with current regulations.

Duration: 18 months

These transactions may be carried out in any manner, on market or over the counter, in compliance with Article L. 225-209 in the French Commercial Code and the regulations set forth by the *Autorité des Marchés Financiers* (AMF), and without using derivatives. These transactions may be carried out at any time, except during a takeover bid, a public offer of exchange or a standing market offer for the company's shares.

In 2011 the company purchased 2,473,975 of its own shares on the market for €26.5 million.

At February 15, 2012 the company did not hold any of its own shares.

RESOLUTIONS SUBMITTED BY THE BOARD OF DIRECTORS TO THE GENERAL MEETING – EXTRAORDINARY BUSINESS

The authorisations and delegations granted by the Combined Annual General Meeting of April 14, 2011 will not expire before the Annual General Meeting of 2013, with the exception of the authorisation to reduce capital by cancelling shares, which was the subject of the 18th resolution of the Combined Annual General Meeting of April 14, 2011 and which will expire on October 14, 2012.

The authorisations and delegations granted by the Combined Annual General Meeting of 2011 are listed in the table on page 205, chapter 6 in the registration document and annual financial report.

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 14, 2011. In view of the use made of previous authorisations, the company has decided to lower the ceiling for share buybacks from 10% to 5% of the capital.

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.

In 2011 the company bought back 2,473,975 of its own shares, then cancelled these shares, the cancellation of shares purchased in 2011 adding to the cancellation of 14,625 own shares, held since April 1, 2008, following a forward purchase to cover the 2006 plan to allot and deliver bonus shares to the plan's beneficiaries. As at February 15, 2012, no treasury shares were held.

- **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 DRAFT RESOLUTIONS

Ordinary General Meeting

APPROVAL OF THE COMPANY ACCOUNTS AND OF THE CONSOLIDATED ACCOUNTS

The first two resolutions submit for shareholders' approval the statutory and consolidated financial statements of TF1 for 2011.

FIRST RESOLUTION

(Approval of the company accounts)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, having heard the Board of Directors' reports, in particular the Board of Directors' report on the activity and situation of the company for the 2011 business year, the attached report of the Chairman of the Board of Directors on the composition, preparatory conditions and organisation of the work of the Board and on the internal control and risk management procedures implemented by the company, the Statutory Auditors' reports on the said year's accounts and on the report of the Chairman of the Board of Directors, approves these reports and the annual accounts for the 2011 business year comprising the Balance Sheet, the Profit and Loss Account and the Notes to the Financial Statements as submitted, as well as the operations reflected in these accounts and summarised in these reports.

SECOND RESOLUTION

(Approval of the consolidated accounts)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, having noted that the Board's report on the Group is included in the Directors' report and aware of the information contained in the Board's reports, in particular the Board of Directors' report on the activity and situation of the Group during the 2011 business year, and in the Statutory Auditors' report on the consolidated accounts for the said business year, approves these reports together with the consolidated accounts for 2011 comprising the Balance Sheet, the Profit and Loss account and the notes to the financial statements as submitted to them, as well as the operations reflected in these accounts and summarised in these reports.

APPROVAL OF RELATED-PARTY AGREEMENTS AND UNDERTAKINGS

In these resolutions we ask you to approve the agreements and undertakings, 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 subject to the vote of the Combined Annual General Meeting of April 19, 2012 are covered by separate resolutions. The third resolution covers related-party agreements and undertakings between TF1 and Bouygues, while the fourth resolution covers related-party agreements and undertakings to which Bouygues is not a party. These agreements and undertakings are contained in the special report of the Statutory Auditors, on page 186, chapter 5, of this registration document and annual financial report.

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.

APPROPRIATION AND DISTRIBUTION OF EARNINGS

The year to December 31, 2011 ended with distributable profits of €405,144,172.01, comprising net profit for the period of €114,484,653.43 and retained earnings of €290,659,518.58. This resolution proposes an appropriation of the earnings for fiscal year 2011 that allows a dividend of €0.55 per share and an allocation of the balance to retained earnings.

The payment date of the dividend will be May 2, 2012. The ex-date of the dividend will be April 26, 2012.

FIFTH RESOLUTION

(Appropriation and distribution of profits)

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 €405,144,172.01, taking into account the net profit for the period of €114,484,653.43 and retained earnings of €290,659,518.58, approves the following appropriation and distribution proposed by the Board of Directors:

- distribution of a cash dividend of €116,013,151.65 (*i.e.*, a dividend of €0.55 per share with a par value of €0.20);
- appropriation of the balance, *i.e.* €289,131,020.36, to retained earnings.

The ex-dividend date for the Euronext Paris market shall be April 26, 2012. The cut-off date for positions qualifying for payment shall be April 30, 2012. The dividend shall be paid in cash on May 2, 2012.

The General Meeting notes that, in accordance with paragraph 2, section 3 of Article 158 of the General Tax Code, this dividend is entirely eligible for the 40% allowance provided for individuals domiciled in France for tax purposes.

The General Meeting notes that it has been informed that persons domiciled in France for tax purposes, for whom dividends received are eligible for this treatment, have the option of subjecting this income to a 21% withholding tax in accordance with Article 117 *quater* of the General Tax Code; this option should be selected at the time of each payment. It is irrevocable and cannot be exercised post-payment.

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(1)
31/12/2008	0.47 euro	yes
31/12/2009	0.43 euro	yes
31/12/2010	0.55 euro	yes

(1) Eligible for the 40% tax relief available to individuals tax-resident in France under Article 158.3.2 of the French General Tax Code.

APPOINTMENT OF A DIRECTOR

This resolution proposes to appoint Janine Langlois-Glandier as Director, replacing Alain Pouyat, whose term of office expires at the end of the General Meeting.

SIXTH RESOLUTION

(Appointment of Janine Langlois-Glandier as Director)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, appoints Janine Langlois-Glandier as Director for two years, replacing Alain Pouyat, 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 2013 financial statements.

RECORDING THE ELECTION OF EMPLOYEE-REPRESENTATIVE DIRECTORS

The aim of this resolution is to record the election of employee-representative Directors, in compliance with Article 66 of Act 86-1067 of September 30, 1986, which stipulates that two of the chairs on the Board of Directors are to be attributed to employee representatives.

SEVENTH RESOLUTION

(Recording the election of employee-representative Directors)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, ratifies the appointment of the employee-representative Directors elected by the electoral colleges and communicated by the Chairman and Chief Executive Officer before this resolution was read into the record.

The term of office of employee-representative Directors is two years and shall expire upon the reading in to the record of the results of the next election of employee-representative Directors, in accordance with Article 10 of the Articles of Incorporation.

AUTHORISATION TO BUY BACK SHARES

This resolution allows the company to buy its own shares within the limits set by the shareholders and by law. It replaces the authorisations previously granted by the shareholders at previous Shareholders' Meetings.

EIGHTH RESOLUTION

(Authorisation to buy back 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:

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.

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;
- retain shares with a view to delivering them subsequently upon exercise of rights attached to securities;
- implement any market practice accepted by the AMF and generally to carry out any other transaction in compliance with prevailing regulations;

2. 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 appeal to derivative financial instruments, and at any time, except in a public tender or exchange offer. The entire programme may be carried out through block trades;
3. resolves that the purchase price cannot exceed €20 per share and the sale price cannot be less than €7 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;
4. sets at €150 million (one hundred and fifty million euro) the maximum amount of funds that can be used for the share buyback programme;
5. 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;
6. 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;
7. resolves that the Board of Directors shall inform the Annual General Meeting of the transactions carried out, in accordance with applicable regulations;
8. grants this authorisation for eighteen months as from the date of this Meeting and notes that it cancels and replaces the unused portion of any previous authorisation given for the same purpose.

Extraordinary General Meeting

REDUCTION OF SHARE CAPITAL BY CANCELLING SHARES

In this resolution we ask you to grant the Board of Directors an eighteen-month authorisation to reduce share capital, on one or more occasions, up to a limit of 5% of the share capital in any twenty-four month period, by cancelling some or all of the shares that the company holds as a result of using the various share buyback authorisations given by the Combined Annual General Meeting. This authorisation would replace the authorisation given by the Combined Annual General Meeting of April 14, 2011.

NINTH RESOLUTION

(Authorisation to the Board of Directors to reduce share capital by cancelling shares held 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 Article L. 225-209 of the French Commercial Code, 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 eighth resolution submitted to this Annual General Meeting for approval, up to a limit of 5% of the capital in any twenty-four-month period; and to charge the difference between the purchase value of the cancelled shares and their nominal value to all available premium and reserve funds including the legal reserve up to 10% of the cancelled capital;

- amend the by-laws accordingly and generally attend to all necessary formalities.

The General Meeting 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 by-laws accordingly, and generally to attend to all necessary formalities.

The authorisation thus granted to the Board of Directors is valid for eighteen months from the date of this Annual General Meeting and cancels and replaces the unused portion of any previous authorisation given for the same purpose.

POWERS TO CARRY OUT CORPORATE FORMALITIES

This last resolution allows the Board to carry out the formalities required by law following the Meeting.

TENTH RESOLUTION

(Powers to carry out formalities)

The General Meeting gives full powers to the holder of an original, a copy or extract of the minutes of this General Meeting to carry out all legal or administrative formalities and to make all filings and publications under and in accordance with applicable law.

ADDITIONNAL INFORMATION

9

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 282), 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 181 of this document or incorporated herein by reference on page 278, which contain explanatory comments about the following changes in accounting policy:

- 2009, first-time application of new IFRS standards and interpretations, with no impact on the financial statements;
- 2010, 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 15, 2012
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 SAS represented by Eric Lefebvre 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 Gilles Rainaut 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 155, to the consolidated financial statements.

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 25 43

Executive Vice President, Group Purchasing and Finance: Philippe Denery

email: comfi@tf1.fr

Tel.: 00 33 1 41 41 26 10

DOCUMENTS AVAILABLE FOR PUBLIC CONSULTATION

Documents such as the internal rules of the Board of Directors, the registration document, the other reports of the Board of Directors to the General Meeting of April 19, 2012 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 25 43.

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 27 32.

Internet website: http://www.groupe-tf1.fr/en/

9.3 DIARY DATES

April 19, 2012: Shareholders' Annual General Meeting

April 26, 2012: 2011 dividend ex-date

May 2, 2012: 2011 dividend payment date

May 14, 2012: Revenue and financial statements for the first quarter of 2012

July 26, 2012: Revenue and financial statements for the first half of 2012, analyst Meeting

November 13, 2012: Revenue and financial statements for the first nine months of 2012

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, 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;
- the consolidated accounts for the year ended December 31, 2009, the relevant report of the Statutory Auditors and the Group's management report appearing on pages 59 to 206 of the registration document registered with the AMF on March 29, 2010 with number D.10-0182.

9.5 ADDRESSES OF MAIN SUBSIDIARIES AND PARTICIPATIONS

(February 2012)

1, quai du Point du Jour
92100 BOULOGNE – BILLANCOURT

TF1 THÉMATIQUES

LA CHAÎNE INFO – LCI

USHUAIA TV

SOCIÉTÉ D'EXPLOITATION ET DE DOCUMENTAIRES – STYLÌA

HISTOIRE

ONECAST

TÉLÉ MONTE CARLO (TMC)

NT1

MONTE CARLO PARTICIPATION

Immeuble Le Delta – 3-7, quai du Point du Jour
92100 BOULOGNE-BILLANCOURT

TF1 PRODUCTION

Atrium – 6, place Abel-Gance
92100 BOULOGNE-BILLANCOURT

TF1 ENTREPRISES

TF1 VIDÉO

UNE MUSIQUE

TF1 PUBLICITÉ

TF1 FILMS PRODUCTION

TF1 DROITS AUDIOVISUELS

TF1 INTERNATIONAL

TF1 DISTRIBUTION

TF1 DS

WAT

e-TF1

L'Amiral – 3, rue Gaston et René Caudron
97988 ISSY-LES-MOULINEAUX

EUROSPORT

EUROSPORT France

Tour Maine Montparnasse – 33, avenue du Maine
75015 PARIS

LES NOUVELLES ÉDITIONS TF1

45, boulevard Victor-Hugo Bâtiment 264
93534 AUBERVILLIERS

TÉLÉSHOPPING

TOP SHOPPING

Quai Péristyle
56100 LORIENT – FRANCE

TV BREIZH

110 bis, avenue du Général Leclerc
93500 PANTIN

PLACE DES TENDANCES

6 bis, quai Antoine-Ier
MONACO

TÉLÉ MONTE CARLO (TMC)

Immeuble A du Parc Logistique « Parcolog » – Z.A. du Pot au Pin
33610 CESTAS

DUJARDIN

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44000 NANTES

OUEST INFO

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75002 PARIS

PUBLICATIONS METRO FRANCE

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92200 NEUILLY-SUR-SEINE

TF6

SÉRIE CLUB

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92522 NEUILLY- SUR- SEINE CEDEX

UGC DISTRIBUTION

7, rue de Livourne
B-1060 Bruxelles

WB TELEVISION

132, avenue du Président Wilson
93210 LA PLAINE SAINT-DENIS

GROUPE AB

40/42, rue Pierre Curie
93120 LA COURNEUVE

SYLVER

9.6 REGISTRATION DOCUMENT AND CROSS-REFERENCE TABLE

Cross-reference table – Subjects of the first appendix of EU regulation 809/2004

9.7 MANAGEMENT REPORT OF THE BOARD OF DIRECTORS AND CROSS-REFERENCE TABLE

The 2011 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 15, 2012.

Elements of the management report as required by the Commercial Code, the Monetary and Financial Code, the AMF General Regulation and the General Tax Code	Registration document
ACTIVITY	
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* *Global Reporting Initiative (GRI) Referential: globalreporting.org*

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