REPORT ON REMUNERATION

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

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

Remuneration of executives and non-executives directors

REMUNERATION OF THE EXECUTIVE DIRECTOR FOR 2012

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

FIXED REMUNERATION AND BENEFITS IN KIND

Nonce Paolini

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

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

VARIABLE REMUNERATION

Nonce Paolini

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

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

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

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

As a reminder, Nonce Paolini earned:

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

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

OTHER INFORMATION CONCERNING REMUNERATION AND SUPPLEMENTARY PENSION

Nonce Paolini

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

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

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

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

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

SUMMARY OF REMUNERATION OF THE EXECUTIVE DIRECTOR

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

TABLE 1 – SUMMARY OF REMUNERATION, BENEFITS IN KIND AND STOCK OPTIONS GRANTED TO THE EXECUTIVE DIRECTOR IN 2012

Nonce Paolini – Chairman and CEO since 01/08/2008 (in euros)	2012	2011
Remuneration paid by TF1 for the year (details in Table 2)	1,441,037	1,917,321
Value of options awarded during the year (details in Table 4)	44,465	135,595
Value of performance shares awarded during the year (details in Table 6)	-	-
TOTAL	**1,485,502**	**2,052,916**

TABLE 2 – REMUNERATION OF THE EXECUTIVE DIRECTOR

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

(1) The variable remuneration to be paid in March 2013 to Nonce Paolini for his service as CEO in 2012 is €460,000, or 50% of fixed remuneration, reflecting the performance of the companies.
The variable remuneration for 2011 paid in March 2012 was €936,284 (102% of fixed remuneration), reflecting the performance of the companies.
The variable remuneration for 2010 paid in March 2011 was €1,050,000 (150% of fixed remuneration), reflecting the performance of the companies.
The cap chosen for these three periods is 150% of fixed remuneration.

(2) Nonce Paolini received no additional remuneration, either from TF1, Bouygues or TF1's subsidiaries.

(3) In 2011 this comprised €18,500 for TF1, €25,000 for Bouygues, and €12,500 for Bouygues Telecom.
In 2012 this comprised €18,500 for TF1, €25,000 for Bouygues, and €12,500 for Bouygues Telecom.

FULL YEAR 2013

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

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

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

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

Directors’ fees for 2012 were allocated as follows:

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

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

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

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

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

(1) Appointed as a Director on the recommendation of the Board of Directors on February 15, 2012.

(2) Directors’ fees due to staff representatives were paid to two trade unions: CFTC (€14,645) and FO (€18,500).

(3) Fanny Chabirand replaced Céline Petton as staff representative director on April 19, 2012.

(4) Director whose term expired on April 19, 2012.

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

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

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

DIRECTORS' FEES PAID TO THE EXECUTIVE DIRECTOR

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

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

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

Stock options and performance shares

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

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

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

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

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

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

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

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

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

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

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

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

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

RULES APPLICABLE TO GRANTS OF STOCK OPTIONS AND BONUS SHARES

It should be noted that:

- stock options or bonus shares are granted to attract senior executives and employees and thereby to secure their loyalty, reward them and give them a medium- and long-term interest in the company's development, in the light of their contribution to value creation;
- more than 150 employees benefit from each plan. The beneficiaries are selected and individual grants are decided upon in accordance with each beneficiary's responsibility and performance, with particular attention paid to potential high potential managers;
- no discount is applied to grants of options and shares;

- the managers benefitting from these plans are informed on insider trading;
- a rule has been set that prohibits employees from exercising their options or selling option shares in the thirty calendar days leading up to release of the quarterly, half-year and full-year financial statements, or the day of this release.

SPECIFIC RULES APPLICABLE TO DIRECTORS

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

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

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

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

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

GENERAL INFORMATION: CHARACTERISTICS OF STOCK OPTIONS

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

- exercise price: average of the opening prices quoted on the 20 trading days prior to the option grant, with no discount;
- validity period: seven years as from the date the options are granted;
- lock-up period:
  - Plan nos. 10 and 11: three years following the date the options are granted (negotiable from fourth anniversary),
  - Plan nos. 12 and 13: four years following the date the options are granted;
- exercise period: during the period after the lock-up expires;
- automatic cancellation if the employment contract or corporate office is terminated, unless given special authorisation or in the event of disability, departure or retirement.

STOCK OPTIONS GRANTED OR EXERCISED IN 2012

DETAILS ON THE SHARE SUBSCRIPTION OPTION PLAN IN 2012

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

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

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

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

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

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

For each criterion:

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

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

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

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

EXERCISABLE STOCK OPTIONS

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

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

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

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

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

TABLE 4 – OPTIONS GRANTED TO THE EXECUTIVE DIRECTOR IN 2012

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

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

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

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

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

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

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

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

PERFORMANCE SHARES

TABLE 6 – PERFORMANCE SHARES GRANTED TO THE EXECUTIVE DIRECTOR

No performance shares were granted by the company in 2012.

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

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

STOCK OPTION ALLOCATION HISTORY AND OTHER INFORMATION

TABLE 8 – STOCK OPTION ALLOCATION HISTORY

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

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

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

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

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

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

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

Other information concerning the executive director

TABLE 10 – OTHER INFORMATION CONCERNING THE EXECUTIVE DIRECTOR

	Employment contract(1)		Supplementary pension plan (2)		Remuneration or benefits due or likely to be due in connection with relinquishing or changing post (3)		Remuneration related to a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Nonce Paolini – Chairman and CEO since 01/08/20088	X		X			X		X

(1) Nonce Paolini has an employment contract with Bouygues SA, not TF1 SA.

(2) See § 1.1.3 "Other information concerning remuneration and supplementary pension". The annual supplementary pension entitlement, i.e. 0.92% of the reference salary (average of three best years) for each year of scheme membership, is capped at eight times the annual upper limit for social security contributions (currently €296,256). This entitlement is acquired after ten years of service at the Bouygues group and applies only to those who are at the Group when they take their retirement. Note that the Bouygues group does not have to set aside a provision for the supplementary scheme, which takes the form of an insurance policy taken out with an insurer outside the Group. The annual supplementary pension has been brought within the scope of the regulated agreement procedure.

(3) Golden parachutes: neither the company nor its subsidiaries have made any commitment or promise to award severance pay either for the Executive Director. No commitment has been made on any re-invoicing of such sums to TF1. No commitment or promise to award severance pay has been made for salaried Directors.

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