TF1

2013

REGISTRATION DOCUMENT

ANNUAL FINANCIAL REPORT

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REGISTRATION DOCUMENT 2013

AND ANNUAL FINANCIAL REPORT

AUTORITÉ
DES MARCHÉS FINANCIERS

The French version of the Annual Report was filed by the "Autorité des Marchés Financiers" (AMF – French stock exchange commission) on March 11, 2014, 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 responsibility of the person whose signature appears therein.

This is a free translation into English of the TF1 2013 registration document issued in the French language and is provided solely for the convenience of English speaking readers. In case of discrepancy, the French version prevails.

It is available for consultation and download on the website **www.groupe-tf1.fr**

PROFILE

TF1 is France's **leading** free-to-view television group. 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** a large audience.

In **freeview television**, the Group is present with 4 unscrambled channels:

- TF1, the channel for major events, ranked no. 1 in France;
- TMC, the leading digital terrestrial channel and fifth nationwide;
- NT1, the young-adults DDT channel;
- HD1, the Group's leader on new Digital Terrestrial Television channels launched on December 2012 and focused on all forms of storytelling (film, drama, comedy, etc.).

It is also present in **pay TV**, with more than 10 channels:

- Eurosport, the leading pan-European sports broadcasting platform, received by 133 million households and available in 20 languages in 54 countries. The Group have formed a strategic alliance with Discovery Communications aimed at sustain the development of the Group.
- 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 in theatres;
- **downstream in**:
  - the sale of commercials,
  - DVD or VoD movies 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. TF1 took position in 2013 to operate a performance hall, *La Cité Musicale de l'Île Seguin*, starting from 2016.

TF1 is also present in the free press sector with the free newspaper Metronews.

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

Harnessing the growth of the Internet and new technologies, TF1 produces, develops and publishes new **interactive content and services for the web for new distribution channels:** smartphones, tablets, internet TV and freesheets.

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

Profitability maintained in a complex business environment

Ladies, Gentlemen, Dear Shareholders,

In many ways, 2013 resembled the year before it.

The advertising market continued its decline at a time when heightened competition led to increasing price pressures and a significant loss of value.

On the bright side, 2013 was a very good year when it came to audience ratings, while our programme costs went down.

TF1's ratings were excellent. The channel had 99 of the top 100 audiences of the year. I would also point out that one-third of them are recent programmes and that the line-up is very diverse: light entertainment, sports, American series, French dramas, movies, and news, with the eight o'clock evening newscast leading the way.

TMC posted solid audience figures and wound up 2013 as the leading DTT channel. NT1 improved steadily, and HD1 staked out its position as No. 1 among the new HD DTT channels.

Meanwhile, TF1 Production did outstanding work during the year with shows like *Danse avec les Stars, 50Mn Inside,* and *RIS Police Scientifique,* demonstrating once again its capacity to produce some of our top programmes. In the field of cinema, TF1 Films Production and TF1 Droits Audiovisuels could boast of some of the year's biggest hits such as *Les Profs* and *La Cage Dorée.*

Our performance in the digital realm improved, too. With MYTF1 *Connect*, we have established our leadership in social TV. The synergy between TV and digital media pursued since 2008 has become one of our major strengths.

The results of our consumer-oriented activities were uneven. Téléshopping is being hurt by sharply weaker consumer demand, as is TF1 Vidéo, whose market is also undermined by an upsurge in pirating. MYTF1VOD, on the other hand, recorded an impressive 21% increase in volume. TF1 Entreprises had a very good year, particularly in the music segment.

Eurosport's profitability stayed robust, while our pay-TV channels were handicapped by conditions in the advertising market.

In sum, 2013 was a very good year in terms of editorial performance, but more difficult when it came to economic results.

The Group's financial performance remained solid thanks to the work done since 2008, and we will continue to adjust the business model to maintain our operating profits.

A series of major events – municipal and European elections, the World Cup of soccer, with the French team competing, and multiple commemorations – will make 2014 an exceptional year and keep us busier than ever.

We will be doing more innovation in the digital sphere and giving a stronger push to our "consumer" activities.

There will be numerous and complex projects concerning regulations, from a request to make LCI a freeview channel to changes in the rules governing our relations with producers. As for Eurosport, we have accelerated our partnership with Discovery, through the anticipation of the increase of their stake in Eurosport, to take place in 2014.

The business environment will likely remain sluggish in 2014, but we have the means to deal with this situation and adapt our activities to be well prepared for future economic and regulatory developments. We must also continue our management efforts. They are absolutely necessary for the present and the future.

I want to thank our employees for their involvement, their positive spirit and their responsiveness, and our shareholders for their trust in us. Though the present is still problematic, these assets offer us the best chance for future success.

Boulogne-Billancourt, February 18, 2014
Nonce Paolini, Chairman and CEO of TF1

1

PRESENTATION OF THE TF1 GROUP

1.1 THE MANAGEMENT TEAM

February 2014

EXECUTIVE COMMITTEE, TF1 GROUP

Nonce Paolini
Chairman and Chief Executive, TF1 group

Arnaud Bosom
Executive Vice President, Human Relations and Organisation

Jean-Michel Counillon
General Counsel

Philippe Denery
Executive Vice President, Group Strategy, Purchasing and Finance, Chairman of Eurosport group

Jean-François Lancelier
Chief Executive, Broadcasting, Programmes and Production, TF1 group, and Chairman of HD1

Laurent-Éric Le Lay
Chairman of TF1 Publicité, Managing Director for Sports Rights Purchasing TF1 group

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

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

SENIOR MANAGEMENT COMMITTEE, TF1 GROUP

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

Jean-Thierry Augustin
Executive Vice-President of Eurosport group

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

Édouard Boccon-Gibod
Chairman of Metronews

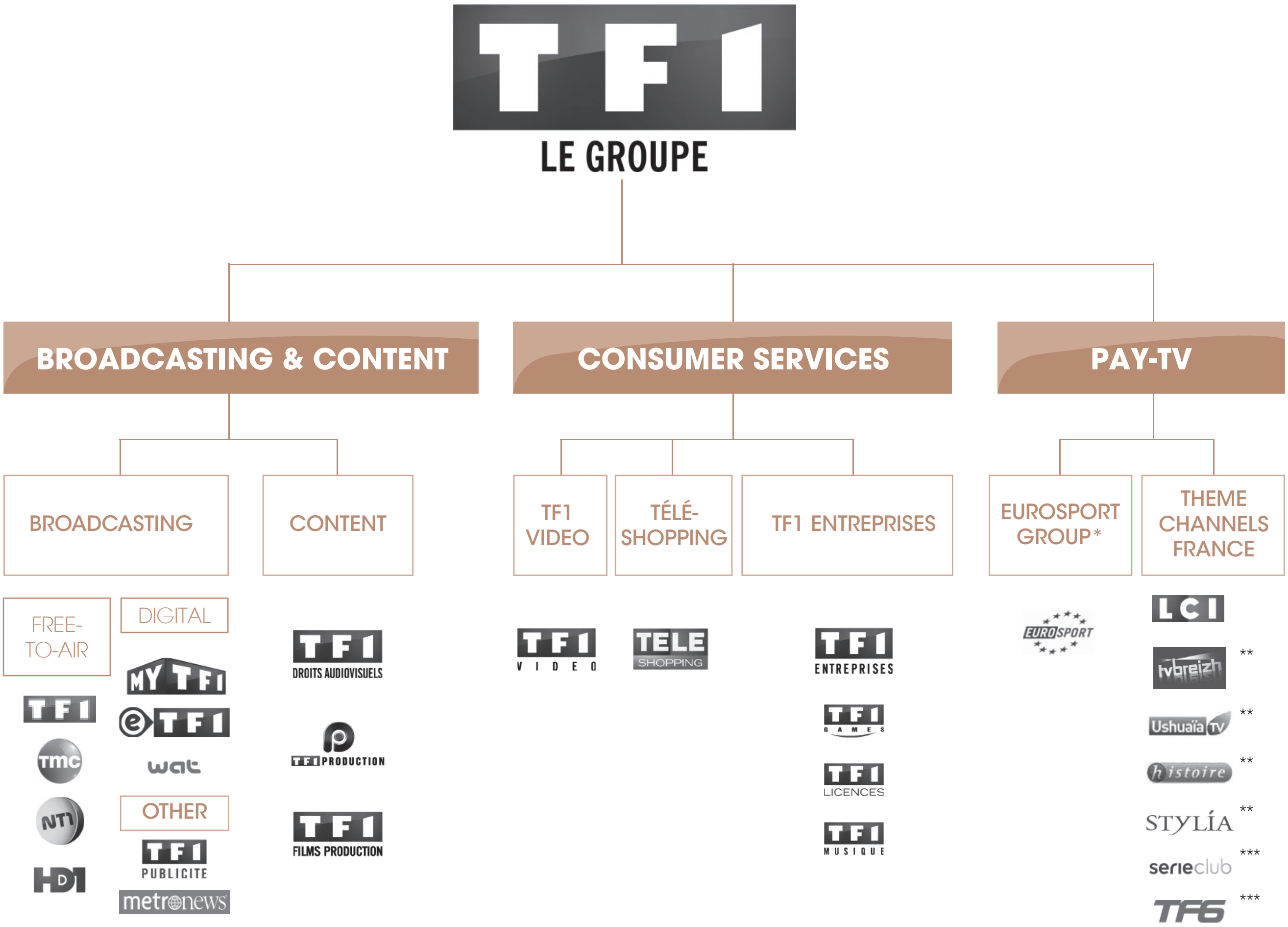
Frédéric Ivernel
Executive Vice President, Communication and Marketing

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

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

Éric Revel
Chief Executive of LCI

1.2 SIMPLIFIED DIAGRAM OF THE GROUP'S BUSINESSES AT 18/02/2014



The Group's simplified organisation chart is presented on page 216-Chapter 6 of the present registration document and annual financial report.

* *At February 18th 2014, Eurosport group is owned 80% by TF1 group and 20% by Discovery Communcations. In 2014, Discovery is to increase its stake to 51% in Eurosport International (i.e. Eurosport group excluding Eurosport France), subject to regulatory approvals. TF1 group will keep a stake of 49% in Eurosport, and a stake of 80% in Eurosport France.*

** *80% owned.*

*** *50% owned.*

1.3 GROUP ACTIVITIES

The TF1 group is a television company with 4 free-to-air channels and 12 pay channels. While continuing to build on its core business – television – with freeview and pay channels, the Group has diversified into many other areas, including the web, audiovisual rights, production, home shopping, e-commerce, licences, games and free newspapers. The purpose of the TF1 group is to use all its channels to inform and entertain.

1.3.1 BROADCASTING AND CONTENT

BROADCASTING[1]

TF1 CHANNEL

The TF1 channel offers family-oriented, event-based programming addressing major themes that attract a broad audience, ranging from news, light entertainment, drama and sports to feature films, youth programmes, magazines and documentaries. TF1 programmes are based on unifying and recognisable concepts that are constantly renewed to meet viewers' expectations. In 2013, in a highly competitive environment (25 freeview channels available since December 2012), TF1 was the clear leader and posted increases across all viewer categories with a total 22.8% audience share. With women under 50 purchase decision makers, the biggest advertising target, the channel took a 25.2% share of the audience. TF1 once again demonstrated the vitality of its programming by scoring 99 of the top 100 ratings of the year and by being the only channel to place all programme categories in its top 100.

TF1 claimed the best ratings of the year with *La Boîte à Musique des Enfoirés* (53.7% audience share), watched by 13.6 million viewers – an all-time record for the show.

TF1 also scored the best ratings for a sports event (and the second best audience figures of the year) for the last match in the FIFA 2014 World Cup qualifications pitting France against Ukraine, watched by 13.6 million viewers for a 45.5% audience share.

TMC

TMC was France's fifth-ranked TV channel for the fourth consecutive year in 2013. It is the long-standing leader in freeview Digital Terrestrial Television (DTT) thanks to its unique positioning as a general-interest, family-oriented entertainment channel with four key offerings: magazines, French drama, movies and entertainment. TMC was the leading DTT channel in magazines and cinema in 2013. It is also the first DTT channel to invest in the production of two long-format French drama programmes: *Les mystères de l'amour* and *Sous le soleil de Saint-Tropez*. TMC made the headlines in 2013 with the successful broadcast of the FIFA 2013 Confederations Cup.

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

NT1

NT1 asserted its identity in the audiovisual sector in 2013, confirming its positioning with an offering targeting young and female audiences. In 2013 NT1 took a 2.1% audience share of individuals aged four and over and a 2.9% share of women under 50 purchase decision makers.

NT1 focuses on two areas appreciated by young adults and women viewers: an all-new non-scripted offering and an extensive line-up of first-air series.

HD1

HD1, launched on December 12, 2012, strengthens the Group's offer with a fourth freeview television channel. HD1 is a theme channel dedicated entirely to French drama and storytelling programming. The grid includes an ambitious range of films (nearly 250 a year), the best in French drama (such as *Flics* and *Dolto*) and a strong selection of original and all-new international series (including *Pan Am* and *Gossip Girl*). HD1 aired its first in-house production in 2013, *Ma meuf*, a daily comedy show. This will be followed by a daily soap opera once the channel has attained maximum coverage. HD1 is a four-screen channel available on the web, mobiles and tablets. The channel is the leader of the 6 new DTT channels.

(1) Source: Médiamétrie-Médiamat.

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

		Free DTT**	Pay DTT**	CABLE	SATELLITE	ADSL	MOBILE
Freeview channels	TF1	x		x	x	x	x
	TMC	x		x	x	x	x
	NT1	x		x	x	x	x
	HD1	x		x	x	x	x
Pay-TV channels	Eurosport		x	x	x	x	x
	Eurosport 2			x	x	x	x
	tvbreizh			x	x	x	x
	LCI		x	x	x	x	x
	Stylía			x	x	x	x
	Ushuaïa TV			x	x	x	x
	Histoire			x	x	x	x
	serieclub			x	x	x	x
	TF6		x	x	x	x	x

* Of the 16 channels owned by the TF1 group, 13 are broadcast in France
** DTT: digital terrestrial television

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

	Website	Catch-up	VOD or SVOD	Smartphone	Social networks
TF1	www.mytf1.fr	X	www.mytf1vod.fr/	X	X
TMC	www.tmc.tv	X		X	X
NT1	www.nt1.tv	X		X	X
HD1	www.hd1.fr	X		X	X
Eurosport	www.eurosport.fr	X	www.eurosportplayer.fr	X	X
Eurosport 2					X
tvbreizh	www.tvbreizh.fr	X			X
LCI	www.mytf1news.fr	X			X
Stylía	www.stylia.fr	X			X
Ushuaïa TV	www.ushuaiatv.fr	X			X
Histoire	www.histoire.fr	X			X
serieclub	www.serieclub.fr				
TF6	www.tf6.fr				

e-TF1[1]

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

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

With more than 1.4 billion premium videos watched in 2013, e-TF1 brings audiences and advertisers a unique and powerful video offering.

e-TF1 is present on the web with theme sites (including the plurielles.fr women's focus site and TF1 News) and an interactive agency that develops bespoke internet products.

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

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

TF1 PUBLICITÉ – ADVERTISING

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

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

TF1 Publicité is expanding its freeview television offer with advertising responsibilities for HD1 and Numéro 23, two of the six new HD DTT channels. This development enables TF1 Publicité to achieve a complementary targeting fit with TF1.

TF1 Publicité widened its pay theme channels offering on January 1, 2014 by taking over advertising sales for *Discovery Channel* and *Discovery Science* in France. This new offer provides targeted and qualified communication outlets that strengthen the affinity of the national offer.

TF1 Publicité also works successfully in the radio market by selling advertising space on the 126 local stations run by Indés Radios, an economic interest grouping. TF1 Publicité extended its radio offering with the arrival of M FM Radio in January 2013. This offering combines power with local presence to promote effective advertising, making TF1 Publicité a major player in this market.

(1) Source: *Médiamétrie/NetRatings video panel.*

With Metronews, TF1 Publicité is present in the free press segment.

With MYTF1, TF1 Publicité supported its publishers as they rolled out content for PCs, mobiles, tablets and connected TV (IPTV). TF1 Publicité has established itself as a leading player in video advertising through its multi-screen offering (based on programmes such as *The Mentalist, The Voice, Danse avec les Stars or the French football team matches).* TF1 Publicité also reinforced its market position on mobiles by selling media apps (MYTF1, Eurosport, TFou, MYTF1News) and DSL portlas (Bouygues Telecom).

TF1 Publicité has recently developed partnerships with Weborama and Nugg.ad, enabling to expand a new data offer. Advertisers can do behavioural targeting when advertising on replay of TF1, HD1, Eurosport and WAT.

TF1 Publicité continues to enhance its offering through stronger presence in the social networks, notably through a partnership signed with Twitter in 2013. To take things further, TF1 Publicité is contributing to the creation of new synchronised communications opportunities with live programmes through MYTF1 Connect.

TF1 Publicité designs tailored plurimedia communication systems that bring different media together around exclusive content or themes, adapted to the objectives of each advertiser and to new consumer uses.

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

METRONEWS(1)

Metronews is the second-ranked national daily in France. Available in 33 large towns, the newspaper reaches 2,866,000 young professional and urban readers every day. *Metronews* is also available on the Internet, mobile apps and tablets. A total 9 million people use *Metronews* media every month. Metro France is wholly owned by TF1.

CONTENT

TF1 DROITS AUDIOVISUELS

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

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, marketed through the subsidiary's catalogue of films and TV drama as part of second-cycle sales.

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, Appels d'urgence, Confessions Intimes, 90' Enquêtes,* etc.) for the TF1 group's channels;
- the Entertainment, Games and Reality TV Department is responsible for entertainment programming (*Danse avec les Stars, Bachelor, Après le 20h c'est Canteloup*, etc.);
- the Drama Department develops and produces standalone 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, support creation by acquiring and developing format for the channel's of the Group, and TF1 in particular.

(1) *Sources: ONE 2012/2013, LNM 15+ Brand Regular.*

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).

1.3.2 CONSUMER SERVICES

TF1 VIDÉO

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

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

TELESHOPPING

Téléshopping is a leading home shopping player in France. The subsidiary pursues its two main activities – telesales and e-commerce – through programmes broadcast on TF1, catalogues and sales websites.

In parallel, Téléshopping owns shops and operates an infomercial activity under the Euroshopping brand on a number of freeview DTT, cable and satellite channels (RTL9, NT1, TMC, D8, Eurosport, etc.).

TF1 ENTREPRISES

TF1 Entreprises, a diversification, production and development subsidiary of the TF1 group, is responsible for publishing and distribution activities.

For over 20 years, TF1 Entreprises has promoted and marketed the brands of the Channel and the Group, along with the products to which it has directly acquired the rights. TF1 Entreprises works in five main areas: music, the performing arts, licences, board games and collections. It adapts continuously to new consumer uses and develops a broad range of entertainment across all categories for a wide audience. TF1 Entreprises aims to create new products, reveal new artists and back innovative and ambitious projects.

1.3.3 PAY TV

EUROSPORT GROUP

The Eurosport group is the leading multimedia sports platform in Europe and the number one in sports entertainment in Europe, having developed a broad channels offering:

- the leading pan-European television channel, Eurosport is available in 20 languages and received in 132.8 million households in 54 European countries. Eurosport HD is the High Definition simulcast of Eurosport;
- Eurosport 2 is received by 69.1 million households and programmes are available in 18 languages in 51 countries. Eurosport 2 HD is the High Definition simulcast of Eurosport 2;
- Eurosport Asia-Pacific, launched in 2006, covers 9.3 million households in 16 countries in the region in two languages;
- Eurosportnews is a sports news channel featuring all the latest sports news from around the world, received by 8.5 million households in 48 countries and in 3 languages.

Eurosport.com, Europe's leading online sports platform, attracts over 23 million unique visitors a month[(1)] through an international network of websites in 11 languages. The Eurosport.com free mobile app is available in 10 languages.

Eurosport Player, Eurosport's web TV service, broadcasts sports content live and on demand *via* the laptops of web users in 53 countries. The mobile player app is available in over 40 countries.

The Eurosport Events subsidiary is specialised in the organisation, management and promotion of international sports events.

THEME CHANNELS IN FRANCE[(2)]

LCI

LCI, launched in 1994, is the 24-hours news channel of the TF1 group. It covers all the main news events live, setting itself apart from the competition through a strong focus on explanation and analysis. It creates special-edition programmes for major current affairs events featuring its numerous specialists.

LCI is also present on the Internet through the Group's news website, MYTF1News, featuring its own content along with the best TF1 and LCI news with a powerful video offering.

The channel is received by 8.3 million households and has a global awareness rate of 72% and an awareness rate of 85% with the higher socio-professional demographic, making it the best known news channel in France with this target[(3)].

LCI is available on pay DTT, cable, satellite and the main internet service providers.

TV BREIZH

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

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

DECOUVERTE DIVISION

The *Découverte* Division comprises the TF1 group's pay-TV documentary channels.

Histoire broadcasts history documentaries and cultural debates examining current events.

Ushuaïa TV explores the planet and the wonders of nature. It has upgraded its programme offering on adventure and the peoples of the world. The channel is also available in High Definition.

Stylía is a channel dedicated to lifestyle and trends, with strong focuses on fashion, decoration and gastronomy.

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

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

SERIECLUB

Serieclub is increasingly focused on selecting high-performance series with an emphasis on new product, including series and seasons making their debut broadcast in France.

Co-owned 50/50 by TF1 and M6, Serieclub is broadcast *via* cable, satellite and the main independent networks. Most of the channel's programmes are available in multilingual versions.

TF6

The TF6 channel is dedicated to entertainment. Broadcasting new and generational US series, exclusive entertainment shows and films, TF6 is looking to reinforce its position as the number-one entertainment channel in the pay-TV sector.

Co-owned 50/50 by TF1 and M6, TF6 is broadcast *via* pay DTT, cable, satellite and the main independent networks.

(1) Source: comScore.

(2) Source: Médiamat'Thématik (January 25, 2013 – June 2013) Pay TV.

(3) Source: Observatory of supplementary channel awareness, 2013 survey, Institut CSA.

1.3.4 REAL ESTATE

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

Main buildings	Localisation	Surface area	Environmental label	Owned by TF1 group
TF1	1, quai du Point du Jour, 92100 Boulogne-Billancourt	27,852 Sqm	Ns	Yes
	54, avenue de la voie Lactée, 92100 Boulogne-Billancourt	7,315 Sqm	Ns	Yes
	6, place Abel Gance, 92100 Boulogne-Billancourt	20,200 Sqm	Ns	No
	4, quai du Point du Jour, 92100 Boulogne-Billancourt	6,451 Sqm*	HQE EXPLOITATION	No
Eurosport	3, rue Gaston et René Caudron, 92130 Issy-les-Moulineaux	10,593 Sqm	Ns	No

* *Surface area of 3,377 Sqm at September 30, 2013.*

1.4 TF1 GROUP HISTORY AND 2013 KEY EVENTS

1.4.1 TF1 GROUP HISTORY

1974

"Channel One" becomes TF1 following ORTF's split into six television companies and one radio company.

1987

The Bouygues group becomes the operator of the TF1 channel, which is privatised and floated on the market on 24 July. Francis Bouygues is the Chairman and CEO.

1988

Patrick Le Lay is named Chairman and CEO of TF1.

1989

The TF1 group develops by creating TF1 Entreprises (video, telematics, licences and merchandising).

1990

New blue, white and red TF1 logo.

TF1 creates Banco Production, which produces made-for-television films, and buys Protecrea.

1991

Eurosport, the first pan-European sports channel, joins the TF1 group.

1992

TF1 opens its new headquarters in Boulogne-Billancourt.

1993

The networks of Eurosport and The European Sport Network (operated by Canal+ and ESPN) join forces to produce and market a single sports channel in Europe: Eurosport.

1994

The Bouygues group increases its stake in TF1 from 25% to 34%.

The news channel LCI is launched on cable on 24 June.

1995

The TF1.fr website is launched – to instant success.

Eurosport becomes the leading pan-European channel, covering 66 million households and drawing nearly 15 million TV viewers a day.

1996

Creation and launch of TPS, short for "*Télévision Par Satellite*", in partnership with France Télévision, France Télécom, CLT, M6 and Lyonnaise des Eaux.

1999

The new site and mainstream portal, TF1.fr, is launched in May, while Eurosport creates its own website, Eurosport.com, and launches British Eurosport.

2001

In January, TF1 acquires 50% of Série Club and raises its stake in Eurosport to 100% by buying the shares of Canal+ and Havas.

2002

TPS is owned 66% by TF1 and 34% by M6 following the purchase of the shares held by France Télévisions Entreprise, France Télécom and Suez.

In September, TF1 takes a 34.3% share in Publications Metro France, publisher of the free daily *Metro*.

2004

TF1 raises its stake in TV Breizh to 67% in March and 71.1% in April.

The TF1 group finalises the acquisition of 100% of the capital of Histoire in late June.

2005

The Eurosport group launches a new channel, Eurosport 2, in January.

TF1 and Groupe AB finalise the takeover of TMC from the Pathé group in February. TF1 and Groupe AB each hold 40% of the channel, with the Principality of Monaco holding the remaining 20%.

Digital Terrestrial Television (DTT) arrives in France in March.

2006

Eurosport develops in Asia and Oceania.

2007

On 4 January, TF1, M6 and Vivendi sign a definitive agreement on the alliance of the French pay-TV businesses of the Canal+ group and TPS, as part of Canal+ France, a new entity controlled by Vivendi.

On 2 April, TF1 and Groupe AB finalise TF1's minority share acquisition of 33.5% in Groupe AB

Nonce Paolini is named CEO of TF1 on 22 May and Chairman and CEO on 31 July 2008.

2008

TF1 is now available in HD on DTT.

Focused on professional diversity and integration, the TF1 company foundation recruits its first class.

2009

TF1 and UGC sign an agreement on pooling the skills of the two groups in the acquisition of film rights, film distribution in French cinemas and the international sales of audiovisual rights.

2010

In June 2010, Groupe AB and TF1 finalise the transaction aimed at TF1's acquisition of the 100% stake in the NT1 channel and 40% stake in the TMC channel held by Groupe AB.

The Diversity Label is awarded to all TF1 group companies.

2011

TF1 launches its app for iPads and iPhones.

The TF1 group increases its stake in Metro France to 100%.

TF1 groups its digital offer around the unifying brand of MYTF1, available on all screens.

2012

TF1 Vidéo and Paramount Home Media Distribution France sign an agreement on DVD and Blu-ray™ sales in France.

In December, the TF1 group launches HD1, the Group's fourth free-to-air channel.

TF1 and the Discovery Communications group sign a strategic partnership in December aimed at creating value in the complementary activities of the two companies.

2013

TF1 launches its second-screen application, Connect.

TF1 is the leading television group in France with a 28.9% audience share.

1.4.2 KEY EVENTS OF 2013

JANUARY

January 9, 2013:
TF1 is a partner of the 24th Pièces Jaunes charity campaign (which raises money for sick children) between January 9 and February 16, 2013.

January 17, 2013:
MYTF1 unveils Connect, a new user experience that offers synchronised second-screen TV viewing *via* smartphone, tablet or PC. Launched on February 2 to coincide with the new season of *The Voice*, Connect marks a major new phase in TF1's digital development.

January 19, 2013:
Two films co-produced by TF1 Films Production – *Mariage à l'anglaise* and *La cage dorée* – receive awards at the 16th annual Alpe d'Huez Comedy Film Festival.

FEBRUARY

February 5, 2013:
At the 8th Globes de Cristal ceremony, held at the Paris Lido, the show *1789, les amants de la Bastille* is awarded the "*Globe de Cristal"* for best musical comedy of the year.

February 14, 2013:
In the 15th annual Qualiweb awards, organised by the Cocedal Conseil market research consultancy, TF1 wins first prize in the "News & Media" category for the second year running, for the quality of its relationship with TV viewers and internet users *via* the "*TF1&Vous*" platform.

February 18, 2013:
TF1 teams up with *Reporters d'espoirs*, a not-for-profit organisation, to bring viewers a series of reports about original, socially useful regional initiatives.

February 25, 2013:
The TF1 group's news site is rebranded as MYTF1News, reflecting a more distinctive positioning.

February 25, 2013:
The only media group to have been awarded the "Diversity" label (in December 2010), TF1 was subject to a diversity audit from November 26 to 30, 2012. In their report, the audit team from Afnor Certification highlighted the effectiveness of the Group's equality and anti-discrimination procedures.

MARCH

March 1, 2013:
TF1 Publicité draws on the data expertise of Weborama to offer its advertisers a behavioural targeting solution. Since mid-February 2013, advertisers wishing to communicate *via* catch-up on TF1, HD1, Eurosport and WAT.tv have been able to apply behavioural targeting as part of their "instream" campaigns.

March 4, 2013:
The Disneyland Paris theme park, and its advertising agency Optimedia, mark the park's anniversary with a special TV campaign devised by TF1 Publicité using the new Connect technology developed by MYTF1.

March 8, 2013:
eurosport.com achieves its best digital performance yet, averaging 5.7 million daily visitors in February. This new high combines 4.1 million daily internet visitors and 1.6 million daily mobile users. Another record was set in February for France, with over 600,000 daily mobile visitors.

March 22, 2013:
La Médiasphère, LCI's media show presented by Julien Arnaud, celebrated its 100th edition. To mark the occasion, the team visited Dallas to record a special one-off show at the famous Southfork ranch, the location for the 1980s cult series.

March 26, 2013:
As part of phase 2 of the rollout of the six new DTT channels, HD1 is now being screened in the Grand Ouest region of France. The channel is now potentially accessible to 47% of the French population.

March 26, 2013:
The multi-channel control room at Boulogne-Billancourt, which has been broadcasting HD1 since its launch, welcomes TV Breizh on board.

March 30, 2013:
Building on the success of the Téléshopping stores in Paris and Lyon, a third store opens for business at O'Parinor, the biggest shopping mall in the northern suburbs of Paris. This opening marks an important step forward in the multi-channel development of TF1's home shopping activities.

APRIL

April 22, 2013:
The three TF1 theme channels (Ushuaïa TV, Stylía and Histoire), which were previously transmitted from the Lorient site, are now being transmitted from Boulogne-Billancourt.

April 25, 2013:
Laurent-Éric Le Lay is appointed Chief Executive Officer of TF1 Publicité with effect from June 1.

April 29, 2013:
At its April 26 Meeting, the Board of Directors of the Eurosport group decide to appoint Philippe Denery as Chairman and Jean-Thierry Augustin as Chief Executive Officer of the Eurosport group. Philippe Denery also retains his role as Executive Vice President, Group Strategy, Purchasing and Finance.

MAY

May 12, 2013:
HD1 attracts its highest audience ever with the screening of the movie *Gladiator*, drawing 458,000 viewers.

May 22, 2013:
Connect, the synchronised second-screen TV experience, is extended to include news content. By clicking on the Connect tab in the MYTF1News app, online viewers can access in-depth coverage on some of the topics covered in the lunchtime and evening TV news bulletins.

May 29, 2013:
The Metro newspaper changes its name, and now provides an “all media” news offering under the Metronews banner.

May 30, 2013:
The TF1 Management Committee agrees a package of cost-cutting measures to be implemented on June 1 to July 1, 2013.

JUNE

June 3, 2013:
From June 3 to June 9, the news teams at TF1, LCI, MYTF1News and Metronews give a boost to the employment market with the launch of the 7th “Jobs Week” (*Une semaine pour l’emploi*). Since this initiative was first launched in 2009, it has helped more than 15,000 people find a job. Encouraged by these figures, the TF1 group has decided to continue this positive initiative.

June 10, 2013:
HD1 broadcasts its first original production, *Ma Meuf*, a short programme with 60 3-minute episodes produced by Calt.

June 13, 2013:
At the 2nd Social Media Awards in Paris, TF1 is named “best social TV channel” for its shows *NRJ Music Awards*, *The Voice*, *Les Enfoirés* and *Miss France*.

June 19, 2013:
MYTF1VOD organises the first-ever VoDAYS session at the TF1 auditorium, in the presence of 50 journalists and rights-holders, giving an opportunity for MYTF1VOD to present its new developments and outline its ambitions.

June 26, 2013:
At the Enfance Majuscule media awards, *Cécile et Kevin* wins the award for the best children’s programme. This mini-series was produced by Made in PM and TF1 in partnership with UNICEF, and uses humour to address the issue of prejudice against minority groups within schools.

June 28, 2013:
TMC enjoys its best-ever ratings for a football match, with 1.9 million viewers for the Spain/Italy FIFA Confederations Cup match. This competition was broadcast exclusively on TMC from June 15 to June 30.

JULY

July 8, 2013:
Kaptainmusic.com, the TF1 group’s music library set up by Une Musique/TF1 Entreprises, is launched.

July 11, 2013:
A public/private partnership agreement is signed between a consortium led by Bouygues and the General Council of the Hauts-de-Seine region to build and operate the future “*Cité musicale*” on the Île Séguin in Boulogne-Billancourt. TF1 Entreprises will be responsible for managing and operating the site.

AUGUST

August 19, 2013:
NT1 starts to broadcasts VDM, a humorous short programme based on real-life stories from the successful viedemerde.fr website.

SEPTEMBER

September 4, 2013:
Meltygroup (France’s leading youth-oriented web-based media group) combines with WAT.tv (the TF1 online video platform) to announce an alliance designed to create the most powerful and complete web-based media offering yet for the 15-34 age bracket.

September 5, 2013:
The Voice is awarded the *Grand “Prix des Médias*” prize by the CB News trade journal. This is the first time in 15 years that an individual programme has received this award, which usually goes to a media group. *The Voice* also won two other prizes: best unscripted TV entertainment show, and best multi-screen programme or vehicle.

September 5, 2013:
TF1 Publicité and Twitter sign a commercial partnership agreement, the first of its kind in France, involving Twitter Amplify. The deal allows advertisers to sponsor videos of TF1 programmes, thereby increasing their viral footprint on the social network *via* sponsored tweets. The arrangement enables TF1 Publicité and Twitter to offer brands the opportunity to strengthen their association with a programme while benefiting from its social resonance on Twitter.

September 14, 2013:
The jury at the 15th La Rochelle TV Drama Festival, chaired by the actor and director Alexandre Astier, awarded three prizes to TF1: best series for *Profilage*, best new series for *Falco*, and best music for *Nom de code Rose*.

September 26, 2013:
According to the One 2012/2013 survey, Metronews has 2,866,000 readers, up 2.2% on the One 2012 survey, representing the strongest growth in readership among news freesheets.

September 28, 2013:
Eurosport and Discovery Communications finalise their first programming agreement: Eurosport on Velocity, a new motor sports highlights show screened between 1 p.m. and 3 p.m. on Saturdays on Discovery’s Velocity channel, a leading US network targeting a high-end male audience.

OCTOBER

October 7, 2013:
For the third year running, both the lunchtime news fronted by Jean-Pierre Pernaut and MYTF1News put their programmes at the service of "*SOS Villages*" (which fights rural depopulation) over a two-week period.

NOVEMBER

November 6, 2013:
The TF1 group sells its 80% holding in Place des Tendances, an e-shopping website owned through its subsidiary Téléshopping, to Printemps Holding France SAS.

November 18, 2013:
The France-Ukraine football match attracts 13.6 million viewers, peaking at 18 million, the second best audience figure for 2013 (all channels combined). It is also a record night for MYTF1 Connect with 615,000 connections live and on social networks, and more than 1.2 million comments posted on Twitter.

November 20, 2013:
The TF1 and Discovery Communications groups indicate that they are starting discussions to decide whether Discovery will early exercise its Eurosport call option.

DECEMBER

December 10, 2013:
TF1 wins three prizes in the Social Media Awards organised by NPA Conseil, rewarding the Group's social TV strategy.

The 2012 winner Nikos Aliagas is again "Digital Personality of the year". The French "Strictly Come Dancing" (*Danse avec les Stars*) wins the prize for the best prime time digital footprint. "*The Voice* and Cacharel" wins the UDECAM prize for the best digital advertising.

December 14, 2013:
With more than 2.1 million tweets posted by viewers, the *NRJ Music Awards* record the highest ever number of tweets in France for a single programme.

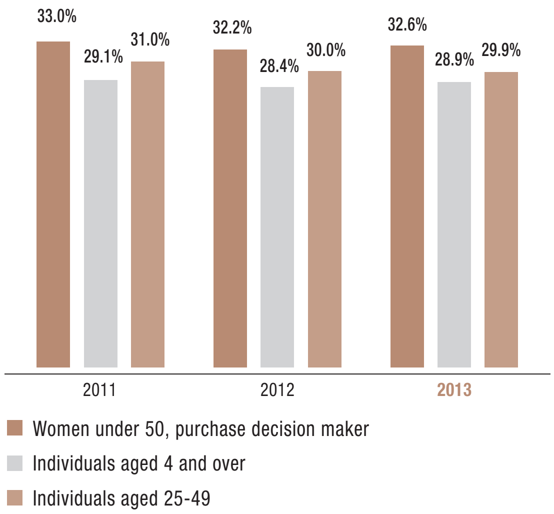
December 20, 2013:
TF1 Publicité and Discovery Communications sign an agreement formalising the takeover of Discovery Channel and Discovery Science channels advertising airtime sales in France by TF1 Publicité from January 1, 2014. These channels thereby become part of the portfolio of theme channels sold by TF1 Publicité.

December 23, 2013:
Following the UEFA invitation to submit offers, TF1 is named official broadcaster of French national football team matches from September 2014 until the 2018 FIFA World Cup. The channel will have exclusive rights to carry live coverage of all the team's friendlies and qualifiers – about ten matches per season.

1.5 GROUP INDICATORS

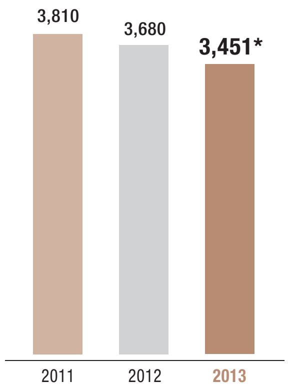
1.5.1 MANAGEMENT INDICATORS

TF1 GROUP AUDIENCE SHARE



Source: Médiamétrie Médiamat

NUMBER OF EMPLOYEES IN THE GROUP (OPEN-ENDED)

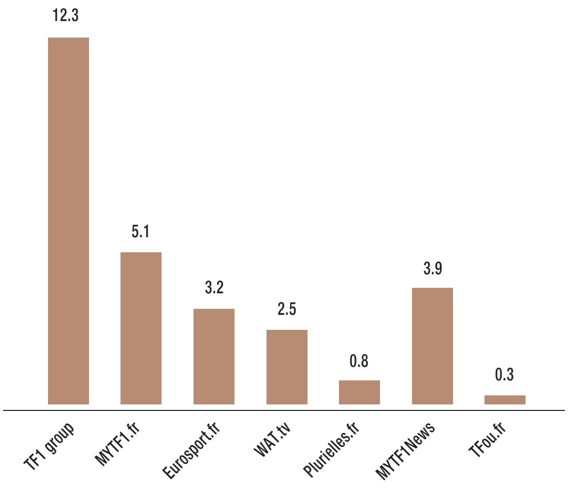


(*) including 687 employees of Eurosport International

ADVERTISING MARKET SHARE OF TF1 CHANNEL AMONG (*all tv*)

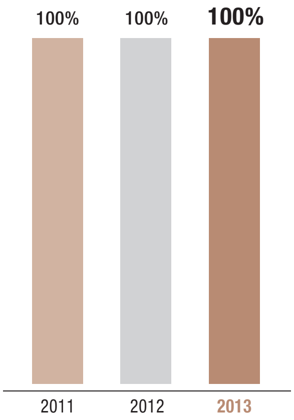
Source: gross data Kantar Média-France

PERFORMANCE OF TF1 GROUP WEBSITE (*million of unique visitors*)



Source: Panel NNR Médiamétrie-december 2013. The coding rules of the panel Médiamétrie NetRatings have changed compared to 2012. Although aggregates audience were modified, TF1 maintains its position as the leading TV media group.

PROPORTION OF SUB-TITLED PROGRAMMING HOURS ON TF1 CHANNEL

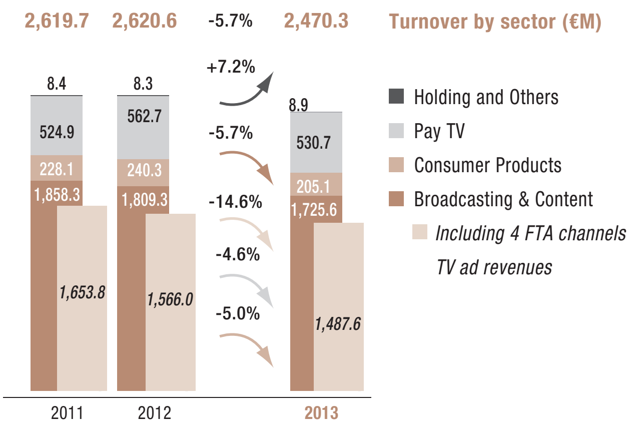


1.5.2 KEY FINANCIAL FIGURES

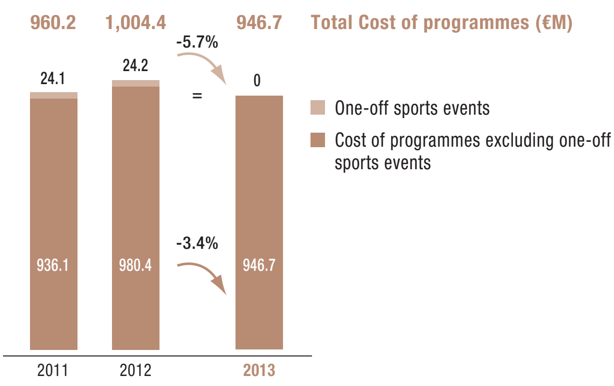
In accordance with IFRS 5, the 2013 financial statements present separately the contributions from Eurosport International, which is currently being sold. To ensure comparability with previous publications and given that the sale of Eurosport International did not take place during the year ended December 31, 2013, the full-year results are presented on the basis of financial data before the adjustments required by IFRS 5. Note 6 to the consolidated financial statements provides a reconciliation between the financial data used in this document and the financial results published by the Group.

These key figures are extracted from TF1 consolidated financial data, before the adjustments required by IFRS 5. They take into account the results from Eurosport International entities.

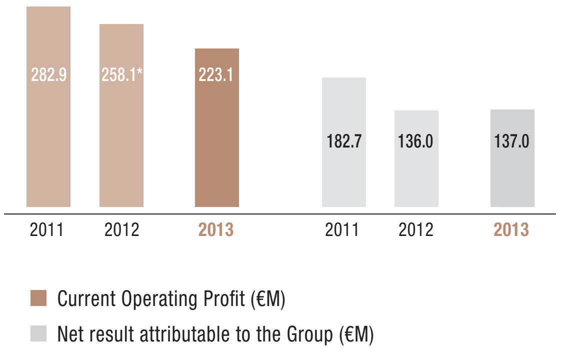
TURNOVER BY SECTOR



COST OF PROGRAMMES FOR THE 4 FREE-TO-AIR CHANNELS OF THE TF1 GROUP

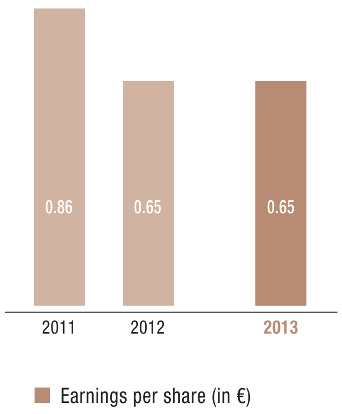


CURRENT OPERATING PROFIT
NET RESULT ATTRIBUTABLE TO THE GROUP

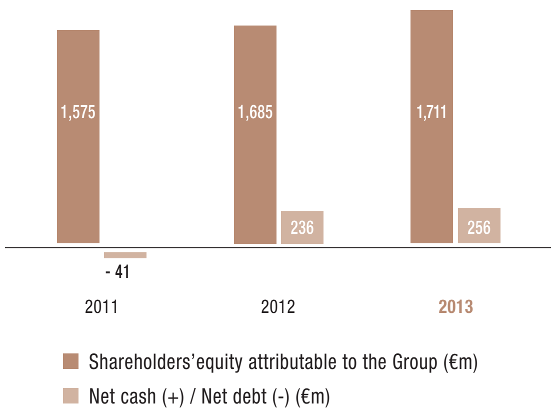


2012 current operationg profit includes a gain of €27.1m relating to a reimbursement of CNC tax. Operating profit for the Group in 2012 includes €47.7m of non-recurring expense which consists of the costs incurred of Phase II of the optimisation plan, and various other adaptation measures introduced during the year.

EARNINGS PER SHARE

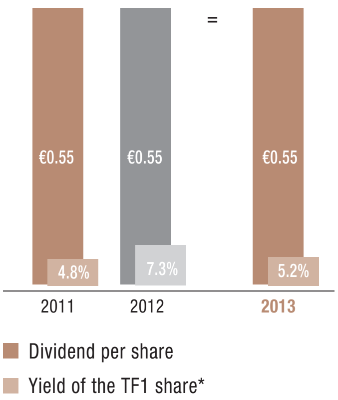


SHAREHOLDERS'EQUITY ATTRIBUTABLE TO THE GROUP
NET DEBT/NET CASH



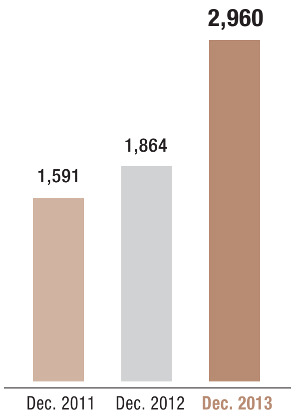
1.5.3 KEY TRADING FIGURES

DIVIDEND PER SHARE

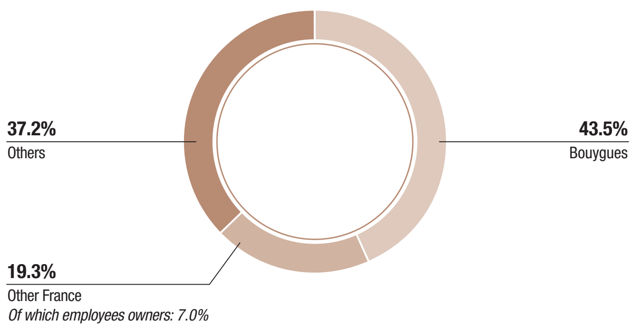


*Based on the average market price of TF1 shared on the year.

MARKET CAPITALISATION *(in million euros)*

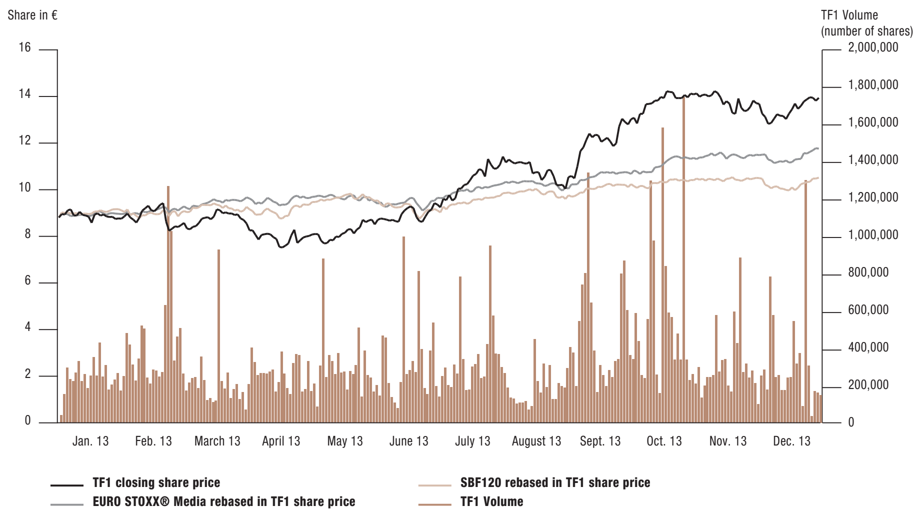


STOCK OWNERSHIP AS OF 31/12/2013(1)



(1) Euroclear estimates at 31/12/2013, including non-identified holders.

SHARE PRICE OF THE TF1 STOCK



(1) Euroclear estimates at 31/12/2013, including non-identified holders.

1.6 RESEARCH AND DEVELOPMENT EXPENDITURE

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

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

In 2013, the TF1 group spent a total €7.6 million on R&D.

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

R&D EXPENDITURE ON PROGRAMMES

Our activity 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 programmes concepts includes the following stages:

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

Consequently, R&D expenditure on programmes includes:

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

R&D EXPENDITURE ON TECHNOLOGICAL INNOVATION PROJECTS

2013 was an innovation-rich year for the Group's Digital Department, with the launch of Connect, the Group's increased presence in the social networks, and the continued multi-gba brands. The soundness of the Group's strategy was borne out by excellent audience ratings in 2013, with 512 million videos watched in catch-up on MYTF1.fr. In the social networks, TF1 accounted for 26 of the 30 most commented programmes in 2013.

CONNECT

On 2 February, for the launch of the new season of *The Voice*, MYTF1 launched a new experience in synchronised television with a second screen for smartphones, tablets and computers. Practically speaking, viewers click on the Connect tab in the MYTF1 app and interact with their programme in perfect synchronisation with the live broadcast.

Connect features bonus videos, access to discussions on a single screen and the possibility of choosing a video sequence and sharing it instantly in the social networks with Instant Replay.

For *The Voice*, viewers were encouraged to use Connect to play at being the fifth coach.

In news programming, viewers can access additional content, including visuals, maps, videos and photos, available *via* their second screen during the broadcast of news programmes.

SOCIAL TV

TF1 was the clear leader in terms of the most commented programmes in 2013. For example, in November 2013 *Danse avec les stars* generated 820,000 comments on Twitter (source: Mesagraph) as well as 639,000 Facebook interactions (source: Blogmeter), or a full 44% of social network activity. On 14 December a record 2.1 million tweets were posted by viewers for the broadcast of the *NRJ Music Awards* entertainment show.

In this promising context, TF1 Publicité continued to innovate, signing a commercial partnership agreement with Twitter in France *via* Twitter Amplify. Advertisers can sponsor videos of TF1 programmes and enjoy increased virality in the social networks *via* sponsored tweets. With the new development, TF1 Publicité and Twitter are bringing brands the ability to strengthen their connection with a programme and generate buzz on Twitter.

MULTI-SCREEN

TF1 continued to roll out its brands in the multi-screen universe in 2013. In February the TF1 group's news site was renamed MYTF1News and in August was launched in an enhanced version on Android and iOS tablets. The new app contains several innovations, including multi-tasking video (reading an article or looking at a slideshow while watching a video, thanks to an independent player), Connect and a timeline function for news, photos and videos.

In May 2013 WAT launched an innovative, new-look version of its site, with new ergonomics, a new architecture and new functionalities.

To enable viewers to take full advantage of 4G, MYTF1 and MYTF1News for smartphones and tablets have since October 2013 featured the following innovative functionalities:

- downloads: temporary downloads of programmes available in catch-up. This innovation allows viewers to watch TF1 programmes at any time, even without a connection;
- live control: the two apps enable viewers to go back to the start of a programme underway at any moment in the broadcast;
- instant high speed: 4G offers unprecedented viewing quality for a mobile device.

IN-HOUSE SOFTWARE DEVELOPMENT

In 2012 TF1 launched a multi-year programme to modernise its channel broadcasting tools. The plan consists in grouping the general-interest and theme channels at head office in Boulogne-Billancourt and pooling technical services while selecting the highest-performance technological solutions and optimising programme circulation workflows.

To that end, the technical facilities for the new HD1 channel, launched on December 12, 2012 on DTT, were developed by the broadcasting services of the TF1 channel, with an upgraded digital file format and redesigned workflows. The new architecture and workflows served as the basis for the construction in 2013, again at Boulogne-Billancourt, of a unified, multi-channel broadcasting centre for the TF1, HD1, TV Breizh, Ushuaïa, Histoire and Stylía channels and a pooled trailers activity.

Two key projects are to be launched in broadcasting in 2014: the finalisation of the technological harmonisation between the broadcasting centres in Boulogne-Billancourt (TF1, HD1, TV Breizh, Ushuaïa, Histoire, Stylía) and Monaco (TMC and NT1), and the introduction of digital file reception for programmes (with the discontinuation of the pre-broadcast use of cassettes). This technique, already majority used for advertising and commonly used for trailers, has to be adapted to be applied to programmes and the broad range of players contributing to programme production.

These initiatives will unlock strong synergies at Boulogne-Billancourt and Monaco and enhance the circulation of programmes between the different broadcasting departments.

TF1 developed advanced solutions in 2013 to support the new television consumption behaviour of viewers, and social television in particular. These included social network management, the synchronisation of broadcast flows and tablets used as "companion" screens, and synchronised interactive advertising.

Right from the launch of the national 4G mobile network, TF1 equipped its reporters with the resources to broadcast high-quality images in real time using compactly designed equipment.

After completing the first 4K shoot specifically for television in France in April 2012 for *The Voice*, TF1 continues to work on 4K technology, which will be rolled out gradually in the coming years. In 2013, TF1 continued to assess the advantages of the new technology and production conditions by organising 4K shoots for some episodes of *The Voice 2013*, *50' Inside* and news shows. In 2014, TF1 will keep assessing the different aspects of Ultra High Definition television in order to identify the ones that will impact most the image quality.

TF1 stepped up its policy on introducing mobile apps for laptops, smartphones and tablets. The main Advertising, Human Resources, News and Broadcasting apps are now available for mobile devices.

TF1 pursued its efforts on reducing energy use, by improving measurement quality, through the identification of consumption hubs with the company EmBIX, and by forging ahead with its policy on controlling the energy consumption of office equipment and servers.

2

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

2.1 COMPOSITION OF THE BOARD OF DIRECTORS AND BOARD COMMITTEES

2.1.1 COMPOSITION OF THE BOARD OF DIRECTORS AND BOARD COMMITTEES AT FEBRUARY 18, 2014

M. NONCE PAOLINI
Chairman and CEO

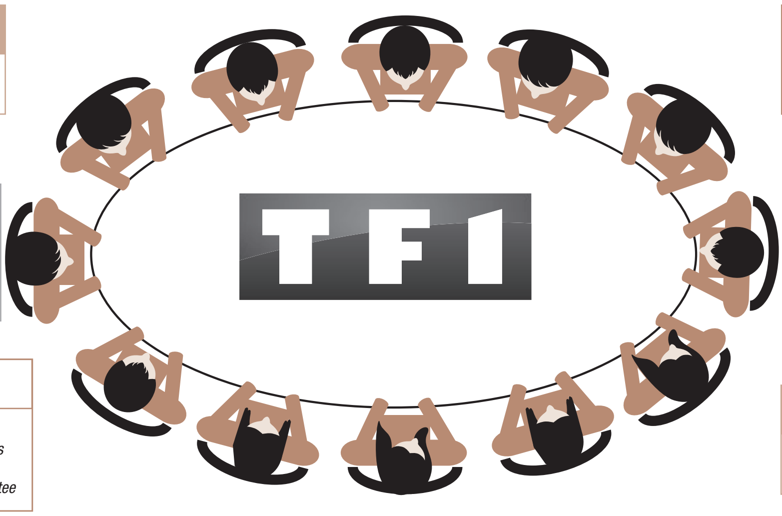
M. OLIVIER ROUSSAT
Director
Member of the Selection Committee

M. CLAUDE BERDA
Director

M. JEAN-PIERRE PERNAUT
Director

M. MARTIN BOUYGUES
Director
Chairman of the Selection Committee

M. GILLES PELISSON
Director
Chairman of Remuneration Committee
Member of the Audit Committee



M. OLIVIER BOUYGUES
Director

M. PHILIPPE MARIEN
Director
Standing representative of Bouygues
Member of the Audit Committee
Member of the Remuneration Committee

MME FANNY CHABIRAND
Director

MME JANINE LANGLOIS-GLANDIER
Director

MME LAURENCE DANON
Director
Chairwoman of the Audit Committee

MME CATHERINE DUSSART
Director

Director of TF1, representing the staff

Independant Director

2.1.2 PROPOSAL ON THE COMPOSITION OF THE BOARD SUBMITTED AT THE GENERAL MEETING OF APRIL 17, 2014

The improvement and the effectiveness of the governance of the Board is building in its composition, its diversity, skills and experience of its Directors, their availability, commitment of their full responsibility, the respect for the percentage of independence, the balance between Male and Female, as well as the most suitable choice in terms of organization and functioning of the Council.

To this end, the Board of Directors examined on 18 February 2014 the terms of office of members expiring at the next Annual General Meeting, taking into account both the expertise of the current directors and need to maintain the process of feminization of the Board.

Thus, the Board received the recommendations of the Selection Committee for the next Annual General Meeting.

DIRECTOR (NOT REPRESENTING THE STAFF)

Janine Langlois-Glandier's term of office as a Director expires at the end of the General Meeting of April 17, 2014 called to approve the 2013 financial statement. Following the recommendations of the Selection Committee, the Board will ask the shareholders to approve her reappointment for a two-year term, i.e. until the General Meeting called to approve the 2015 financial statements.

The Board, following the recommendation of the Selection Committee, believes that maintaining Janine Langlois-Glandier within the Board of Directors confirms the Board's expertise because of his thorough knowledge of French audiovisual world and because of the independence and feminization on the Board.

DIRECTORS REPRESENTING EMPLOYEES

The term of office of the two employees representing the staff on the Board, Fanny Chabirand and Jean-Pierre Pernaut, expire in 2014. As required by law, the employee representatives on the Board will be directly elected by TF1 employees before the next General Meeting. The elections will take place on April 3, 2014.

The General Meeting of April 17, 2014 will be informed of the names of the employee representatives elected for two years by the electoral colleges and will formally note their election and appointment as employee representatives on the Board.

COMPOSITION OF TF1 BOARD, AFTER THE GENERAL MEETING OF APRIL 17,2014, UNDER THE POLICY OF CORPORATE GOVERNANCE

	AFEP/MEDEF corporate governance independence criteria									
	Has been an employee or executive director of TF1 or Bouygues group during previous five years	Holds cross-directorships	Has significant business relationships	Is a close relative of a corporate officer	Has not been an auditor of the company during the previous five years	Has not been a director of the company for more than 12 years (date of 1st appointment)*	Is not a major shareholder (10% of capital/ voting rights)	Age**	Committees	End of term of office
Executive director										
Nonce Paolini *Reappointed at the 2013 AGM*	Yes	Yes	Yes	No	Applied	22/05/2007	Applied	65		2015
Independent directors										
Laurence Danon *Reappointed at the 2013 AGM*	No	No	No	No	Applied	22/07/2010	Applied	58	Chairwoman of the Audit Committee	2015
Catherine Dussart *Appointed at the 2013 AGM*	No	No	No	No	Applied	18/04/2013	Applied	60		2015
Janine Langlois-Glandier *Appointed at the 2012 AGM*	No	No	No	No	Applied	19/04/2012	Applied	74		2014
Gilles Pélisson *Reappointed at the 2013 AGM*	No	No	No	No	Applied	18/02/2009	Applied	56	Chairman of the Remuneration Committee Member of the Audit Committee	2015
Employee representatives										
Fanny Chabirand *Elected by the employees in 2012*	Yes	No	No	No	Applied	13/03/2012	Applied	37		2014
Jean-Pierre Pernaut *Re-elected by the employees in 2012*	Yes	No	No	No	Applied	23/02/1988	Applied	64		2014
Non-independent directors										
Claude Berda *Reappointed at the 2013 AGM*	No	Yes	Yes	No	Applied	17/02/2010	Applied	67		2015
Martin Bouygues *Reappointed at the 2013 AGM*	Yes	Yes	Yes	Yes	Applied	01/09/1987	Not applied	61	Chairman of the Selection Committee	2015
Olivier Bouygues *Reappointed at the 2013 AGM*	Yes	Yes	Yes	Yes	Applied	12/04/2005	Not applied	63		2015
Bouygues (represented by Philippe Marien) *Reappointed at the 2013 AGM*	Yes	No	Yes	No	Applied	20/02/2008	Not applied	57	Member of the Audit and Remuneration Committees	2015
Olivier Roussat *Appointed at the 2013 AGM*	Yes	No	Yes	No	Applied	09/04/2009	Not applied	49	Member of the Selection Committee	2015

* Average length of service = 8 years – **Average age = 60;

Percentage split between men/women = 30/70; percentage split between independent/non-independent directors = 40/60 (calculations exclude employees representative)

2.1.3 TERMS OF OFFICE AND FUNCTIONS OF THE BOARD MEMBERS AT FEBRUARY 18, 2014

Listed below are the terms of office and functions exercised by the Directors of TF1 in any company, in 2013 and over the past five years.

NONCE PAOLINI

Born April 1, 1949 – French citizenship

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 18, 2013, expiring 2015

Holds 4,050 shares in TF1

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

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

CURRENT APPOINTMENTS WITHIN THE TF1 GROUP

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

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

APPOINTMENTS HELD OUTSIDE THE TF1 GROUP

In France: Director of Groupe FNAC*, Bouygues* and Bouygues Telecom; Standing representative of TF1, member of the Board of Directors of l'École de la Cité, du cinéma et de la télévision (Association)

OTHER APPOINTMENTS HELD WITHIN THE LAST FIVE YEARS

2013 – President of NT1

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

2010 – Chairman of TF1 Publicité; Director of TF1 Thématiques

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

** Listed company*

CLAUDE BERDA

Born February 3, 1947 – French citizenship

Director of TF1 since February 17, 2010

Most recent renewal: April 18, 2013, expiring 2015

Holds 492,815 shares in TF1

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

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.

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); Chairman and non-Executive Director of Holding Omega Participations-HOP (formerly Groupe AB)

MARTIN BOUYGUES

Born May 3, 1952 – French citizenship

Director of TF1 since September 1, 1987

Most recent renewal: April 18, 2013, expiring 2015

Chairman of the Selection Committee of TF1

Holds 100 shares in TF1

Business address: 32, avenue Hoche – 75008 Paris

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.

APPOINTMENTS HELD OUTSIDE THE TF1 GROUP

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

OTHER APPOINTMENTS HELD WITHIN THE LAST FIVE YEARS

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

2009 – Representative of SCDM, Chairman of Investaq Énergie

OLIVIER BOUYGUES

Born September 14, 1950 – French citizenship

Director of TF1 since April 12, 2005

Most recent renewal: April 18, 2013 expiring in 2015

Holds 100 shares in TF1

Business address: 32, avenue Hoche – 75008 Paris

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

OTHER APPOINTMENTS WITHIN THE TF1 GROUP

In France: Director of Eurosport

OTHER APPOINTMENTS OUTSIDE THE TF1 GROUP

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

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

OTHER APPOINTMENTS HELD WITHIN THE LAST FIVE YEARS

2011 – Representative of SCDM, Chairman of SCDM Énergie

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

** Listed company*

FANNY CHABIRAND

Born September 14, 1976 – French citizenship

Staff representative Director of TF1 since March 13, 2012

Most recent renewal: March 13, 2012, expiring 2014

Holds 20 shares in TF1

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

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

APPOINTMENTS HELD OUTSIDE THE TF1 GROUP

None

OTHER APPOINTMENTS HELD WITHIN THE LAST FIVE YEARS

None

LAURENCE DANON

Born January 6, 1956 – French citizenship

Director of TF1 since July 22, 2010 – independent

Most recent renewal: April 18, 2013, expiring 2015

Chairwoman of the TF1 Audit Committee

Holds 100 shares in TF1

Business address: 32, rue de Lisbonne – 75008 Paris

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

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

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

Laurence Danon then joined Edmond de Rothschild Corporate Finance in 2007, as member of the Executive Committee, and then became Chairman of the Executive Committee until December 2012.

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

Laurence Danon also chaired the "Prospective" (outlook) commission of the MEDEF from 2005 to 2013.

APPOINTMENTS HELD OUTSIDE THE TF1 GROUP

In France: Co-Chair of the Board of Directors of Leonardo & Co;

Outside France: Director of Diageo plc (UK)

OTHER APPOINTMENTS HELD WITHIN THE LAST FIVE YEARS

2013 – Member of the Supervisory Board and Chairman of the Appointments and Remuneration Committee of BPCE (Banques Populaires – Caisse d'Épargne); Director of Banque Leonardo (Private Bank in France)

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

2011 – Director of Rhodia

2010 – Director of Plastic Omnium

2009 – Director of Experian

CATHERINE DUSSART

Born july 8, 1953 – French citizenship

Director of TF1 since April, 18, 2013 – independent

Next renewal: 2015

Holds 100 shares in TF1

Business address: 25, rue Gambetta – 92100 Boulogne-Billancourt

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

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

Her last production, *The missing picture* by Rithy Panh, recevied the top prize of "*Un Certain Regard*" in the French 2013 *Cannes Films Festival* and represented Cambodia in the competition for the Oscar for the Best Foreign Language Film.

APPOINTMENTS HELD OUTSIDE THE TF1 GROUP

In France: Manager of Catherine Dussart Production-CDP; member of the Board of Directors of Franco-Russian Academy of Cinema; member of the Commission to Help the Cinema of the World of the National Film Centre; Consultant for the European Film Workshop, member of the European Producers Society

OTHER APPOINTMENTS HELD WITHIN THE LAST FIVE YEARS

None

JANINE LANGLOIS-GLANDIER

Born May 16, 1939 – French citizenship

Director of TF1 since April 19, 2012 – independent

Next renewal: 2014

Holds 100 shares in TF1

Business address: 17, rue de l'Amiral Hamelin – 75016 Paris

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

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

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

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

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

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

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

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

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

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

She has chaired Forum des Médias Mobiles since 2005.

APPOINTMENTS HELD OUTSIDE THE TF1 GROUP

In France: Chair of Forum des Médias Mobiles; Director of Fransat; member of Conseil Culturel de la Monnaie de Paris

OTHER APPOINTMENTS HELD WITHIN THE LAST FIVE YEARS

2013 — Vice Chair of Fonds d'action de la Société des Auteurs Compositeurs et Éditeurs de Musique (SACEM)

PHILIPPE MARIEN

Born June 18, 1956 – French citizenship

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

Most recent renewal: April 18, 2013, expiring 2015

Member of the Audit Committee of TF1

Member of the Remuneration Committee of TF1

Business address: 32, avenue Hoche – 75008 Paris

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, function he exercised until April 18, 2013.

APPOINTMENTS HELD OUTSIDE THE TF1 GROUP

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

Outside France: Director of Bouygues Europe (Belgium)

OTHER APPOINTMENTS HELD WITHIN THE LAST FIVE YEARS

2013 – Chairman of the Board of Bouygues Telecom

2009 – Representative of Bouygues, Director of Bouygues Telecom

BOUYGUES

RCS Paris 572 015 246

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

Most recent renewal: April 18, 2013, expiring 2015

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 and Director of Organisme Gestionnaire du Centre Gustave Eiffel (Association Loi 1901 – not-for-profit organisation); Member of the Board of Directors of the Fondation Dauphine and of the EIG Registar

OTHER APPOINTMENTS HELD WITHIN THE LAST FIVE YEARS

None

** Listed company*

GILLES PÉLISSON

Born May 26, 1957 – French citizenship

Director of TF1 since February 18, 2009 – independent

Most recent renewal: April 18, 2013, expiring 2015

Chairman of the Remuneration Committee of TF1

Member of the Audit Committee of TF1

Holds 3,000 shares in TF1

Business address: avenue Molière 143, 1190 Brussels, Belgium

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 in June 2001, where he served as CEO before being appointed as Chairman and CEO in February 2004. He was appointed CEO of Accor in January 2006, then Chairman and CEO up to December 2010.

APPOINTMENTS HELD OUTSIDE THE TF1 GROUP

In France: Director of Groupe Lucien Barrière

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

OTHER APPOINTMENTS HELD WITHIN THE LAST FIVE YEARS

2013 – Director of BIC

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

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

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

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

** Listed company*

JEAN-PIERRE PERNAUT

Born April 8, 1950 – French citizenship

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

Most recent renewal: March 13, 2012, expiring 2014

Holds 49,402 shares in TF1

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

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

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

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

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

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

APPOINTMENTS HELD OUTSIDE THE TF1 GROUP

None

OTHER APPOINTMENTS HELD WITHIN THE LAST FIVE YEARS

None

OLIVIER ROUSSAT

Born October 13, 1964 – French citizenship

Director of TF1 since April 18, 2013

Next renewal: 2015

Holds 100 shares in TF1

Member of the Selection Committee of TF1

Business address: 37-39 rue Boissière – 75116 Paris

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

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

Olivier Roussat became Deputy Chief Executive Officer on February 20, 2007. He was appointed Chief Executive Officer on November 29, 2007 and then Chairman and CEO as of April 26, 2013.

APPOINTMENTS HELD OUTSIDE THE TF1 GROUP

In France: Chairman and CEO and Director of Bouygues Telecom; Director of Bouygues Energies & Services; Director of Fondation d'entreprise Bouygues Telecom

OTHER APPOINTMENTS HELD WITHIN THE LAST FIVE YEARS

2013 – Standing representative of Société Française de Participation et de Gestion (SFPG), Director of TF1

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

2.2 CHAIRMAN'S REPORT

In addition to the management report of the Board of Directors and in compliance with prevailing law and regulation, this report consists of a review by the Board Chairman, as approved by the Board at its February 18, 2014 Meeting, of the composition of the Board and the application of the principle of gender equality on the Board, the conditions in which the work of the TF1 Board is prepared and organised, the procedures concerning corporate governance, the principles and rules adopted by the Board to decide on the remuneration and benefits in kind granted to executives, the procedures concerning the participation of shareholders at the company's General Meetings, and the company's internal control and risk management procedures.

2.2.1 CHAIRMAN'S REPORT ON CORPORATE GOVERNANCE

STATE OF GOVERNANCE

CHANGES IN GOVERNANCE ARRANGEMENTS

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

The Directors deliberate the governance of the company while ensuring the requirements of equal treatment of shareholders and Board efficiency are met.

The directors are keen to continuously improve governance practices.

The following table sets out key milestones in TF1's governance.

1987	■ Privatisation; ■ Creating a Remuneration Committee; ■ Limiting the term of office for Directors and the Chairman and CEO to two years.
2003	■ 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 independent Directors.
2007	■ Taking into account of the recommendations on the remuneration of executives of listed companies issued on January 9, 2007 by MEDEF and AFEP in the internal rules of procedures of the Board and those of the Selection Committee.
2008	■ Reworking the internal rules of procedures: ■ 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.
2010	■ Reworking the rules of procedure relating to the Audit Committee; ■ Harmonization of its black-out schedule for insiders to comply with the recommendations published by the AMF on November 3, 2010 in its "Guide to preventing insider misconduct by senior executives of listed companies". Black-out periods begin 30 calendar days before the publication of annual, half-yearly and quarterly accounts and run until the day of publication.
2011	■ Reworking the rules of procedure by taking account of the most recent provisions on equal opportunities and pay, and 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; ■ Approbation by the Board of the Code of Ethics text, included in the appendix of the rules of procedure of the Board of Directors; ■ Appointement by the Board of Sébastien Frapier, Group Legal and Business Affairs Director and Board Secretary, as compliance officer.

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

2012-2013 REVIEW

Given its commitment to improving governance, in 2012 and 2013 the Board continued to make adjustments to bring it into line with AMF recommendations and emerging best practice, particularly in the following areas:

Improving Board independence: at 40%, the proportion of independent directors is higher than the threshold of one third of Board members required for controlled companies.

Increasing independence within Board committees: Gilles Pelisson, independent director, was appointed Chairman of the Remuneration Committee and member of the Audit Committee alongside Laurence Danon, independent director, appointed Chairman of the committee.

Continuing to increase gender equality and diversity within the Board: with the 2013 appointment of film producer Catherine Dussart as an independent director, TF1's Board now has three women, or 30% of Board members. The Board has committed to reach the 40% threshold within the stipulated deadline.

Adopting the new June 2013 AFEP/MEDEF corporate governance code, which embraces stricter interpretations of the "comply or explain" principle and the limit on multiple directorships for executive directors, and introduces an annual advisory vote by shareholders on the various components of individual remuneration paid to executive directors..

Introducing a year-end Board meeting, dedicated specifically to presenting the three-year plan with a focus on the strategic context, risk mapping and the Group's taxes and obligations.

IMPROVEMENTS IN 2014.

Introduction of the "say on pay" principle: in accordance with the new wording in the AFEP/MEDEF corporate governance code published on 16 June 2013, TF1 has introduced an annual shareholder advisory vote on the components of remuneration due or allotted to the executive director for the year ended.

Increase in the variable component of attendance fees allotted to directors and members of Board committees, depending on attendance: increased from 50% to 70% with effect from 1 January 2014.

Planned adoption of fraud prevention measures and compliance with ethical rules: keen to give concrete expression to its commitment to the most stringent standards on the conduct of business, the TF1 Group plans to introduce its own code of ethics in 2014.

APPLICATION OF THE AFEP/MEDEF CODE.

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

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

Internal procedures of the TF1 group are available at the following adress: http://www.groupe-tf1.fr/en/finance/governance/memorandum-articles-association/memorandum-articles-association-internal-procedure-6057934-843.html

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

It should be noted that none of TF1's independent directors is affected by the independence criterion linked to holding a directorship for more than 12 years. More than half of all directors (seven) have joined the Board in the past five years, and three more have served for less than ten years.

The following table lists those provisions of the AFEP/MEDEF corporate governance code that the company has chosen not to apply and explains why these provisions have been set aside.

AFEP/MEDEF Code provisions set aside	Reason
Article 9.2: The assessment shall in particular measure the effective contribution of each Director to the work of the Board through his or her skills and involvement in debate.	All the directors demonstrate a high level of commitment throughout the year at both Board and Board committee level. Each director's actual contribution to the work of the Board is discussed when directors and committee members are put forward for reappointment. Given the collegial nature of the Board, an aspect on which TF1 places great importance, the assessment questionnaire focuses on the collective contribution of the directors to the work of the Board.
Article 12: Directorships shall be staggered so as to avoid the change of an excessive number of Directors at the same time and to foster the harmonious renewal of Directors.	The company has thus far been in favour of the frequent appointment of Directors for a set two-year term and is reviewing the principle of the harmonious renewal of Directors.
Article 15.1 (referring to Article 16.1): The Selection Committee shall be composed as a majority of independent Directors.	The composition of the committee takes account of the fact that under the privatisation law Bouygues became the main player in the privatisation of TF1 and as such is responsible for respecting the requirements undertaken by the group of investors, in particular the requirement concerning business continuity.

COMPOSITION OF THE BOARD OF DIRECTORS AND BOARD COMMITTEES

GENERAL RULES ON THE 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.

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

The term of office of Board members is two years.

REVIEW OF DIRECTORS' INDEPENDENCE, SKILLS AND EXPERTISES

Director independence

The Board of Directors reviews annually and on an individual basis, following the opinion of its Selection Committee, the situation of each Director in respect of all the independence rules of the AFEP/MEDEF Code. This review can be found in the summary table on page 28 of this registration document and annual financial report.

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

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

The Board of Directors, following the opinion of the Selection Committee, proposes the appointment and/or renewal of Directors at the Shareholders' Annual Meeting.

Under Article 9.3 of AFEP/MEDEF Code, the Board of Directors may consider that a Director not fulfilling all the independence criteria in the Code may nevertheless be independent, given his or her particular situation or that of his or her company, in respect of its shareholders, or for any other reason.

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

Apart from Nonce Paolini, the non-independent Directors are Martin Bouygues, Olivier Bouygues, Philippe Marien, a standing representative of Bouygues, and Olivier Roussat.

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

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

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

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

Similarly, the appointment of Catherine Dussart as a director at the General Meeting of 18 April 2013 strengthened the Board's independence and gender equality. In accordance with the principles laid down in the AFEP/MEDEF Code, the Selection Committee observed that Catherine Dussart was indeed independent.

The independent Directors are Laurence Danon, Catherine Dussart, Janine Langlois-Glandier and Gilles Pélisson.

Directors' skills and expertise

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 that of the three committees that assist it: the Audit Committee, the Remuneration Committee and the Selection Committee.

Seven directors work in the French audiovisual or telecommunications sectors. The other five have very good knowledge of the audiovisual industry. Details of the directors' careers are set out in the biographical information on pages 29 to 38 of this registration document.

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

The Board has not appointed any non-voting directors.

BOARD MEMBERS WHO ARE EMPLOYEE REPRESENTATIVES

Since privatisation, TF1's employees have been represented by two Board members. Under Article 66 of Act 86-1067 of 30 September 1986, these members are elected by employees. One is elected from among colleges of managers and journalists and the other from among colleges administrative and technical staff and supervisors. All employees with an employment contract of at least three months at the election date are entitled to vote. All employees with an employment contract of at least two years at the date of the elections are eligible to stand for election.

Board members who are employee representatives have the same powers and responsibilities as those who are not employee representatives. Board members who are employee representatives serve for the same term of office as those who are not employee representatives (two years). The duties of Board members who are employee representatives terminate upon the announcement of votes by the electoral colleges appointing employee representatives; this appointment must normally take place within the two weeks preceding the General Meeting during which the Board member's term of office expires. If one or both seats held by Board members who are employee representatives become vacant as a result of death, resignation, dismissal or termination of employment, the vacant seat is filled by the designated alternate member.

Board members who are employee representatives are required to hold a minimum number of shares in the company throughout their term of office, though this minimum is lower than that required of members who are not employee representatives (10 versus 100).

Note that TF1 falls outside the scope of the Employment Security Act of 14 June 2013. However, serving Board members who are employee representatives serve under the same conditions as those laid down in the Act of 14 June 2013, which introduced into the Commercial Code compulsory employee representation rules for boards of directors of public limited companies above a certain size.

COMPOSITION OF COMMITTEES

Audit Committee

In accordance with the AFEP/MEDEF code, two thirds of the committee's members are independent and none of its members are executive directors. Ever since the Audit Committee was formed on 24 February 2003, its members have been chosen for their expertise in finance or accounting.

At 18 February 2014, the committee's members were **Laurence Danon,** Chair (independent director), **Gilles Pelisson** (independent director) and **Philippe Marien.** Through their careers, the members have gained a wealth of experience in corporate management as well as in economics and finance. Their biographies can be found in section 2.1.3 of this registration document and annual financial report.

Remuneration Committee

In accordance with the AFEP/MEDEF code, the Remuneration Committee is chaired by an independent director and none of its members are executive directors. The Remuneration Committee was formed in 1989.

At 18 February 2014, the committee's members were **Gilles Pelisson,** Chair (independent director) and **Philippe Marien.** Their biographies can be found in section 2.1.3 of this registration document and annual financial report.

Selection Committee

The Selection Committee was formed on 24 February 2003. Since 19 April 2012, its members have been **Martin Bouygues,** Chair, and **Olivier Roussat** (non-independent directors). Their biographies can be found in section 2.1.3 of this registration document and annual financial report.

EXECUTIVE MANAGEMENT

The TF1 Group helps ensure good governance by maintaining an appropriate balance of powers between the Board of Directors and executive management.

Organisation

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

At its meeting on July 31, 2008, the Board put an end to the separation of the functions of Chair of the Board and Chief Executive Officer and appointed Nonce Paolini as Chairman and Chief Executive Officer. The Board has since confirmed this decision not to separate the functions of Chairman and Chief Executive at its meeting on 18 April 2013.

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

Limits on the powers of the Chief Executive Officer

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

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

Internal procedures of the TF1 group are available at the following adress: http://www.groupe-tf1.fr/en/finance/governance/memorandum-articles-association/memorandum-articles-association-internal-procedure-6057934-843.html

In 2013 the Board of Directors approved the company's strategic investment projects and all transactions, including in particular acquisitions and disposals, likely to materially affect the Group's earnings, balance sheet structure or risk profile.

At its meeting of 19 February 2013, the Board of Directors authorised the Chief Executive Officer, for a period of one year, to issue guarantees, endorsements and warranties in the name of the company up to a total of €50 million. At that same meeting, the Board authorised the Chief Executive Officer, for a period of one year, to issue unlimited guarantees, endorsements and warranties in the name of the company to tax and customs authorities.

FUNCTIONING AND MISSIONS OF THE BOARD COMMITTEES

ORGANISATION OF THE BOARD OF DIRECTORS AND OF THE BOARD COMMITTEES

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

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

Internal procedures of the TF1 group are available at the following adress: http://www.groupe-tf1.fr/en/finance/governance/memorandum-articles-association/memorandum-articles-association-internal-procedure-6057934-843.html

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

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

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

The Board has three specialised committees: the Audit Committee, the Compensation Committee and the Selection Committee.

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 Committees. The Directors consider that these provisions guarantee the committees' independence and efficiency. The committees are chaired by persons who are not members of the company's management bodies and who have a casting vote, and, in the case of the Audit Committee and the Remuneration Committee, by independent directors.

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.

The Board of Directors may from time to time decide to form one or more ad hoc committees tasked specifically with reviewing matters pertaining to acquisitions or development. In particular, the independent directors assess the appropriateness of forming such committees and familiarise themselves with their minutes.

TRAINING

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

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

DIRECTORS' CONDUCT AND OTHER INFORMATION

Board rules of procedure and Directors' Charter

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

Since then, the rules of procedure have regularly been amended to take into account best practice in relation to governance. In particular, the latest version of the AFEP/MEDEF corporate governance code (dated June 2013) has been appended to the rules of procedure.

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

The rules of procedure and the Directors' Charter are available from the company's website: http://www.groupe-tf1.fr/en/finance/governance/memorandum-articles-association/memorandum-articles-association-internal-procedure-6057934-843.html

Conflicts of interest, regulated agreements and convictions

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

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

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

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

Directors are regularly reminded of the obligation placed upon them to declare any dealings in TF1 shares undertaken by themselves or by persons with close personal ties to them. Such dealings must be reported within five days of the trade in accordance with Article 223-22 of the General Regulation of the French securities regulator, *Autorité des Marchés Financiers* (AMF). TF1 reports this information, which includes the individual's name, to the AMF and makes it public in a press release. Directors wishing to trade in TF1 shares have the option of using a regulated trading agreement, under which they have the benefit of a rebuttable presumption that they have not engaged in insider dealing, or consulting the compliance officer to check that they are not engaging in insider dealing. Under the Board rules of procedure, such consultation is mandatory for executive directors and staff representative directors.

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

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

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

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

The Statutory Auditors' special report dealing with regulated agreements and undertakings (see page 202 of this registration document and annual financial report) assesses the agreements and undertakings submitted to the approval of the Board and concerning which the Directors refrained from voting for given the existence of real or potential conflicts of interest.

BOARD ASSESSMENT

Each year, in accordance with the AFEP/MEDEF Code and the Internal rules of the Board, the Directors scrutinise Board and committees 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. To date, this assessment has not been conducted with the assistance of external consultants.

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

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

As a whole, the Directors' responses expressed a positive or very positive assessment of the composition, organisation and operation of the Board and his committees. One director suggested that it might be appropriate to strengthen the Board's independence by appointing an additional independent director.

The information received on most issues was judged satisfactory to very satisfactory, including in sensitive or economically complex circumstances. Some directors feel that information could be further improved in the areas of competition, research and development and off balance sheet commitments.

The assessment served to verify that important issues are correctly prepared for and debated and that the Directors are efficient and dedicated. The Directors appreciate having the opportunity to bring together the Board's ad hoc committees to discuss acquisition and development topics. It has been suggested that a formal strategy committee should meet each year.

The quality of dialogue both within the Board of Directors and with the executive team is greatly appreciated. Of particular note are the remarkable efforts made to familiarise new Board members with the company in detail and in a transparent fashion.

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

The Directors' remuneration system through Directors' fees was deemed satisfactory. Some directors felt that the amount of attendance fees was towards the lower end of the range relative to other SBF 120 companies.

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

ROLES AND ACTIVITIES OF THE BOARD OF DIRECTORS AND BOARD COMMITTEES IN 2013

BOARD MISSION

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

The mission of the Board of Directors is thus to:

- determine the strategy and policies of the company and the Group;
- decide on significant transactions, internal restructuring and major investments, including in particular acquisitions and disposals likely to materially affect the Group's earnings, balance sheet structure or risk profile;
- monitor execution of the above operations;

- report to shareholders and financial markets;
- carry out any checks and verifications that it considers appropriate;
- set the remuneration of corporate officers.

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

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

ROLE OF COMMITTEES

Audit Committee

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

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

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

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

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

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

Remuneration Committee

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

The committee's remit is to:

- propose to the Board of Directors the compensation for corporate officers and the benefits of whatever kind made available to them;
- examine stock option plans for corporate officers and employees;
- make proposals for remuneration and incentive systems for Group executives;
- submit to the Board of Directors the draft report required under the French Commercial Code on:
  - compensation and benefits of all kinds granted to the corporate officers by the company and controlled companies,
  - stock options granted to and exercised by the corporate officers and the ten company employees receiving the highest grants,
  - options granted to and exercised by employees of companies that are majority controlled by TF1.

Selection Committee

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

The committee's remit is to:

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

INFORMATION

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

Each Director has one vote. In the case of a tie, the Chairman of the Meeting has the casting vote. The employee representatives designated by the Works Council, the General Counsel, the Executive Vice President, Group Strategy, Purchasing and Finance, the Director of Human Resources and organization, the Chief Executive, Broadcasting, Programmes and Production, TF1 group, the Chairman of TF1 Publicité 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.

WORK OF THE BOARD IN 2013

In principle, the Board meets quarterly. Additional meetings may be held for special presentations or to address exceptional issues.

TF1's Board of Directors met seven times in 2013. The average length of each meeting was around 2 hours and 30 minutes. Furthermore, the Board formed a special ad hoc committee in November.

The quality of the Board's work is ensured by the high level of involvement of its members and the role of the three permanent Board committees and any ad hoc committees that may be formed from time to time.

The Board regularly discusses the following:

- **Day-to-day management of the Group,** including conducting in-depth quarterly reviews of the activities and outlook of TF1 and its key subsidiaries; analysing changes in the competitive environment; signing off the statutory and consolidated annual financial statements and reviewing the quarterly and interim financial statements with the statutory auditors; reviewing the Group's results; reviewing the Group's financial position, including hedges against financial risk and financial commitments (bonds and guarantees); regularly reviewing disclosures on the Group's internal control and risk management systems and reviewing the Group's risks in light of the work of the Audit Committee, including risk mapping; monitoring legislative and regulatory changes and the progress of litigation; making decisions concerning, in particular, investments required for the Group's development; reviewing, at each meeting, reports on acquisitions, disposals and major current issues; and matters relating to employees, including in particular company policy on professional and pay equality.
- **Key aspects of the Group's strategic direction:** the Board of Directors has been more involved in defining the Group's strategy and reviewing and implementing its strategic plan. Board discussions cover purchase of broadcasting rights, development strategy, Group growth drivers and planned acquisitions.
- **Corporate governance:** issues addressed include changes in governance rules and best practice, Board composition and changes in the composition of Board committees, particularly as regards gender equality and Board independence and diversity of membership and skills, self-assessment of the Board of Directors, and the annual update on the operation of the Board; preparations for the Annual General Meeting (agenda, draft resolutions, annual management report and other Board reports); reviewing the amount of attendance fees paid to directors; decisions on the terms of remuneration paid to the Chairman and Chief Executive at the proposal of the Remuneration Committee; setting annual objectives for the coming year and checking that they have been achieved for the previous year; and authorising regulated agreements.

The following table sets out key Board decisions and attendance rates for 2013.

Board meeting	Key Board decisions	Attendance
19 February*	Reviewed 2012 activity and 2013 outlook; signed off statutory and consolidated 2012 annual financial statements, proposed appropriation of income and proposed dividend to be put to the vote at the Annual General Meeting; signed off accounting documents and forecasts; reviewed mapping of the Group's major risks; reviewed current issues, including in particular legislative and regulatory changes affecting the audiovisual sector and litigation in progress; reviewed the minutes of the Selection Committee and the Remuneration Committee; proposed the appointment of Catherine Dussart and Olivier Roussat and the reappointment of seven directors; reviewed resolutions on the renewal of financial authorisations; decided to amend the company's Articles of Association to set the statutory age limit for the Chairman of the Board of Directors at 67 and introduce a statutory age limit of 67 for the Chief Executive Officer and Deputy Chief Executive Officer; signed off reports and resolutions to be presented at the Annual General Meeting; and noted an increase in the share capital via the issuance of TF1 shares purchased through share option plans, share buyback programmes and the cancellation of treasury shares.	100%
18 April Before AGM	Reviewed current issues; authorised agreement of a new voluntary profit-sharing plan for TF1 employees.	100%
18 April After AGM	Elected the Chairman and Chief Executive and members of Board committees.	100%
7 May*	Reviewed activity and the consolidated financial statements for Q1 2013; updated the plan; reviewed risk mapping; reviewed the legal environment, including the audiovisual bill, the Assises de l'Audiovisuel conference and the formation of a Senate working group on relations between publishers and producers; and reviewed current issues and the Group's broadcasting sites, including the move from the Lorient site.	92%
24 July*	Reviewed activity for H1 2013; updated accounting documents and forecasts, outlook and strategic priorities; reviewed the legislative and regulatory environment and current issues including the contract to operate the future music park at Ile Seguin won by the TF1 Group, litigation and the Act of 28 June 2013 removing the freeze on compulsory and voluntary employee profit-sharing on an exceptional basis; reviewed the performance criteria attached to share options allotted to the executive director; and adopted the new provisions contained in the AFEP/MEDEF code appended to the Board's rules of procedure.	75%
7 November*	Reviewed activity and the financial statements for Q3 2013, outlook, legislative and regulatory environment, the company's current work schedule, and broadcasting rights, including in particular the formation of an ad hoc committee on television broadcasting rights for the French national team's football matches; reviewed litigation in progress and the disposal of Place des Tendances; discussed Group policy on professional and pay equality; assessed the work of the Board; amended the variable component of directors' attendance fees and the associated payment rules; noted an increase in the share capital via the issuance of TF1 shares purchased through share option plans, share buyback programmes and the cancellation of treasury shares; and authorised regulated agreements.	92%
17 December	Discussed an update on the partnership with Discovery Communications and on the distribution of pay TV channels (TV Breizh, Histoire, Ushuaïa TV and Stylía) and the development of production activities in France; analysed activity and estimated results for 2013; and reviewed the three-year plan, major risks, development and strategy.	83%

* *The Board reviewed the report by the Audit Committee.*

The average directors' attendance rate in 2013 was 92%, up from 80% in 2012.

For major projects, the Board may ask some of its members to form an ad hoc committee to approve projects and assess their impact on the Group's financial statements and financial position.

An ad hoc Board committee was thus formed in connection with the call for tenders by CAA Eleven to determine the terms of the Group's bid for television broadcasting rights for the French national team's football matches for the period 2014-2018 and the matches of other national teams, for a four-year period (Euro 2016 and 2018 World Cup qualifying matches). The committee met on 7 November 2013 and consisted of Nonce Paolini, Philippe Marien and Gilles Pelisson together with relevant operational and functional heads from within the TF1 Group.

WORK OF BOARD COMMITTEES IN 2013

Audit Committee

The Audit Committee met four times in 2013 and once in the first two months of 2014. Each meeting was attended by the Executive Vice President, Group Strategy, Finance and Purchasing, the Director of Accounting, Tax and Finance Information Systems, the head of Financing, Treasury and Investor Relations, the head of Internal Audit, the head of Internal Control, and the Statutory Auditors. The attendance rate was 92 %. Minutes were taken of each meeting and subsequently sent to the directors.

When examining the accounts, the Statutory Auditors provide the committee with a memo underlining key aspects of the company's consolidation scope, results and adopted accounting options. The Executive Vice President, Group Strategy, Finance and Purchasing also submits a memo describing risk exposure and the company's major off balance sheet commitments. The main recommendations of the Statutory Auditors give rise to an action plan and a monitoring procedure.

In particular, the Audit Committee monitored progress against the 2012 and 2013 Audit Plan, analysed the year-on-year change in the share price, reviewed key lawsuits and financial and legal risks, and recommended that Mazars be reappointed as Statutory Auditor and Thierry Colin as alternate Auditor for a term of six years each.

Remuneration Committee

The Remuneration Committee met twice in 2013 and once during the first two months of 2014. The attendance rate was 100%. The Committee provided the Board with an opinion on the terms of remuneration of TF1's executive director. It also met to examine the conditions of exercise by the Chairman of TF1 share options allotted to him under the share option plan 11 in light of an analysis of performance criteria. Minutes were taken of each meeting and sent to the directors.

Selection Committee

The Selection Committee met once in 2013 and once during the first two months of 2014. The status of independent director was debated by the Selection Committee and reviewed by the Board of Directors prior to publication of the annual report. The attendance rate was 100%. In particular, the committee gave its position on the composition of the Board and recommended the appointment of Catherine Dussart, replacing Patricia Barbizet, who had not requested reappointment, and that of Olivier Roussat, Chief Executive Officer of Bouygues Telecom, hitherto standing representative of Société Française de Participation et de Gestion/SFPG, which had not requested reappointment. Minutes were taken of each meeting and subsequently sent to the directors.

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 282 of this registration document and annual financial report.

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

Matters likely to have an impact in the event of a public offer are addressed in chapter 6.1.9 on page 218 of this document.

2.2.2 CHAIRMAN'S REPORT ON INTERNAL CONTROL PROCEDURES

INTRODUCTION

BACKGROUND

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

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

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

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

INTERNAL CONTROL OBJECTIVES AND PRINCIPLES

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

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

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

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

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

ENVIRONMENT AND 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. In this he is supported by the Executive Committee, which comprises the eight senior executives of the TF1 group and meets weekly, as well as by the Senior Management Committee, which brings together the Directors of each Group division and function and meets monthly. These committees enable the CEO to pass along the key internal control policies and to make executives accountable for implementing and monitoring the internal control systems in their area of responsibility.

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

Objectives

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

As such, this plan is also a key element of the internal control environment. It is aligned with the business model development objectives identified and defined by the Group with the agreement of the shareholders. 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 forms part of a structured approach aimed at ensuring that the group's objectives are appropriate. The approach is organised by the TF1 Strategic Planning and Internal Control Division. The plans from the various TF1 group entities and companies are subject to a validation process chaired by the Finance Division (DGASFA).

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

Rules and principles

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

TF1 has decided to put in place its own Code of Ethics, under the responsibility of its General Counsel, with the aim of encouraging managers and staff to adopt a common set of values. The Code, which includes strict conduct of business rules, will be submitted to the Board of Directors in 2014. It also includes a whistleblowing mechanism to enable employees to point out irregularities in certain predefined areas, of which they have become aware in the course of their duties.

Similarly, in 2006, TF1 joined the United Nations' Global Compact, demonstrating its determination to adopt and promote respect for the principles and values of human rights, environmental protection, working standards and the fight against corruption. In 2010 TF1 became the first media Group to be awarded the Diversity label, an accreditation given to companies that take affirmative action to promote diversity and prevent discrimination. The award, which is based on stringent criteria and regularly monitored, constitutes formal recognition by an independent body – AFNOR Certification – that TF1's equality-promotion and anti-discrimination procedures are compliant and effective in the fields of hiring, career management, training, communication and relations with customers and service providers. TF1 published its third Diversity Annual Report in 2013, addressing trade unions, staff representatives and employees and assessing the effectiveness of Group efforts with indicators on four key priorities: disability, seniors, gender equality and ethnic diversity. In late 2012, an audit of compliance with Diversity label specifications confirmed that TF1 had met its commitments. TF1 intends to retain its Diversity label, and will submit to a further AFNOR audit at end 2014 with the aim of securing its renewal.

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.

Group-wide system and standards

Aside from the various control processes in place, the Group makes a constant effort to continuously improve its internal control system, maintaining close alignment with its goals. Since 2007 the TF1 group has followed an approach initiated by Bouygues for its main business lines, including TF1. The purpose is to build an internal control system based on the AMF reference framework and incorporating the best practices which, for the past several years, the Group has committed itself to follow in each of its businesses. This effort culminated in identifying and determining simple, measurable principles covering the company's key businesses.

The system is based around two main components:

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

This approach also involved establishing a structured organisation that enables representatives from each business line to meet regularly to organise the monitoring of the system and to adapt it in response to regulatory requirements or when significant complementary principles emerge from assessment campaigns. This common system is regularly supplemented with internal control principles specific to TF1's business and changes in its business model, strategic goals and operating environment. As such, the 2013 Internal Control assessment campaign incorporated a range of best practice relating to the acquisition, use and management of broadcasting rights acquired by the Group.

Work to create and apply a common set of Internal Control principles is closely linked to work on risk mapping, with the two processes reinforcing each other.

Assessing progress

The internal control system is assessed every year across a broad spectrum that fully represents the TF1 group in terms of revenue and the issues and risks inherent in its activities.

The assessment campaigns are based on a rigorous and uniform self-assessment methodology. Within each entity, the person responsible for day-to-day application of the process being tested establishes and produces supporting arguments for his or her assessment of the application of internal control principles, and then submits it for approval by a person in a position to provide a critical perspective on the outcome (a line manager and/or business unit manager).

The assessment has several components, including a numerical four-tier scale, a description of operating procedures and a commentary on any discrepancies between operating procedures and best practice. The assessment is supplemented by proposed action plans to ensure that the annual assessment campaigns result in tangible improvements in the management and security of processes.

The Chief Executive Officer and the Finance Director of each assessed entity draw up a summary of the level of internal control within their entity. The consolidated results of these campaigns are distilled into an aggregate summary by topic and business area that serves to alert senior management if a deficiency is detected in certain processes and to guide and prioritise action plans. The results are also regularly presented to the TF1 Audit Committee, which reports in turn to the Board.

The method, which is based on self-assessment, entails a decentralised organisation involving many participants who assess the application of the principles within their specific areas of expertise. This method facilitates a streamlined central organisation that consolidates and distils the results, monitors action plans, disseminates the methodology and coordinates the approach.

The aim of the assessment campaigns is to assess progress in the application of internal control principles over time and limit the subjectivity of self-assessments. For this reason, the decision on the annual scope of campaigns takes into account not only criteria relating to the representative/business critical nature of entities (with assessments weighted according to the genuine challenges facing each entity), but also a recurrence criterion. Thus, an entity that is covered by a campaign will be assessed over at least three years to ensure a dynamic perspective.

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

In 2013, the assessment campaign covered all internal control principles across a scope of representative and business-critical entities. This scope encompassed a substantial proportion of the Group's revenue and expenses. The participation rate in the 2013 campaign was very satisfactory and higher than in 2012, pointing to the natural and progressive spread of the process at every level.

The Group's internal control principles have been made available to Finance Division staff *via* a business portal, as well as to all employees contacted in the context of the assessment campaigns.

Since 2012, TF1 has been using a system to manage internal control campaigns and monitor action plans. This system enables the Group to secure and systematise its approach as well as maintaining a history of all campaigns and associated plans. The system is used by all companies forming part of the Bouygues group.

INTERNAL DISSEMINATION OF INFORMATION

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

In addition, an intranet portal, *Déclic*, helps employees understand the environment in which they and the Group operate. It enables them to obtain information on the Group (organisation, programmes, etc.) and material about the audiovisual sector published in the press, and also find out about opportunities for promotion and training, common operating procedures, and the intranet sites of the other companies in the Group or the parent company. It also features portals for each function (Legal, Human Resources, Finance, etc.) designed 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 strategy pertaining to all or part of the Group are one-off conventions and seminars for staff within a given business area or subsidiary and Meetings of the Group's 150 senior executives following each quarterly Meeting of the TF1 group's Board of Directors.

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

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

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

RISK IDENTIFICATION AND MANAGEMENT

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

Since 2009, this initiative has resulted in the development of a risk ranking system and an operational overview of the principal risks to which the TF1 group is exposed.

Risk identification

Based on the work of the operational committees that meet regularly within the Group's various entities, the Group risk map lists the main events that could have an adverse impact on the achievement of objectives over the plan's timeframe.

These risks are regularly monitored through half-yearly committees involving each group entity and quarterly functional committees. The purpose of these committees is to identify emerging risks relating to the Group's mid- and long-term goals approved by its Board of Directors, to systematically review all risks identified during previous years, to update residual risks and to remove any risks that no longer apply.

All of these risks are described and scenarios are prepared by their business owners, who also assess their likelihood of occurrence. Potential financial impacts are assessed so that risks can be prioritised, and specific risk mitigation measures are identified. These measures are reported separately according to whether they are designed to lessen the likelihood of a risk occurring or to mitigate its impact, and according to their progress.

Risk Committees also monitor progress in relation to resources put in place to mitigate risk and propose additional action plans as necessary.

These committees are decentralised to ensure that responsibility for action plans lies as close as possible to the risks in question. The Strategic Planning and Internal Control Division coordinates the committees and ensures that a uniform methodology is applied and all risks are covered.

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 Note 5.2 page 193 to the consolidated financial statements of the present registration document and annual financial report.

Risk management

The risk management system has four main components:

- **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 systematic approach to managing operational and functional risks** identified and regularly updated under the Group risk mapping process, as it applies to each entity. Entities are responsible for describing, owning and coordinating risk mitigation measures and action plans in relation to internal control and risk mapping;
- **a business continuity approach** initiated in 2004. This approach is specifically aimed at identifying major risks that could affect day-to-day business. The goal is to develop a decision-making system for crisis management purposes and to define the required processes. The initial work on this programme led to the creation of the *Réagir* programme, which seeks to devise and regularly update plans for restoring business-critical processes after an incident. In 2009-2010, in addition to conducting regular tests of processes and back-up tools, the *Réagir* plan was updated to include an H_1N_1 flu scenario. In 2010 a business continuity audit identified measures for improving the system, which were implemented during the year. Particular attention was paid to extending the processes covered by the back-up site and broadening the scope of risk analysis to cover the activities of TMC/NT1 and TMC Broadcasting. In 2012, steps were taken to provide the back-up site with simple news production tools consistent with those of head office (PNS2) and to enhance the back-up system for Eurosport channels, which is divided between the London location and the TF1 back-up facility;
- **an information systems security approach**. For the past several years, the IT Division has been working to formalise a Data Security Policy to lay 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. In 2013, security efforts focused more specifically on the information system supporting the sale of radio advertising and the online ordering process used by Téléshopping.

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

Purchasing processes

Standardised purchasing 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 have appropriate insurance cover.

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

Sports rights are acquired by the department responsible for sports, usually through calls for tender initiated by the rights-holders (federations, rights agencies, etc.). These consultations, which are generally open to all broadcasters, are governed by European and domestic regulations (the French Sports Code). The most significant projects are submitted for review to an *ad hoc* committee appointed by the Group's Board of Directors.

TF1 Acquisition de droits, the EIG which encompasses all of the Group's channels, and the DGAAN, which is responsible for acquiring rights and optimising their circulation within the Group, buy rights to feature films and series and sell unused rights to third parties in order to optimise inventory management.

Each channel submits firm purchasing requests to its representative within TF1 Acquisition de droits and to senior management. A committee, made up of representatives of channels that are members of TF1 Acquisition de droits, is tasked with securing approval from all members of the overall breakdown of requested rights. This committee then forwards the requests and the overall breakdown to the DGAAN so it can acquire the programmes in question.

The Group calls on a broad range of producers. Acquisition decisions are based on the artistic quality of programmes and on the editorial policy of the Group's channels, in accordance with principles of pluralism laid down in the Group's Diversity Charter.

Acquisitions are signed off by *ad hoc* committees that bring together all the decision-makers, on the basis of predefined objective criteria:

- the DGAAN presents the key characteristics of each project: unit price, number of broadcasts, rights conversion procedures, programming slots within the requesting channel's schedule, period of use and duration of rights, any sublicenses, geographical scope of rights, secondary use and payment terms;
- the Artistic Department checks that the programme complies with editorial policy;
- the Programming Department checks that the rights are aligned with the programming schedules of the Group's various channels, as well as with each channel's audience and inventory management targets;

- purchasing and Finance Division (DGASFA) approves inclusion of the acquisition within the forecast programming cost and investment budget of the Programme Unit, the forecast profitability of the acquisition and the level of inventory, and checks that the purchase price is in line with market prices and prices laid down in the plan.

Commitments are ultimately signed off by either the Group Chairman and CEO or the Chief Executive Officer of the ordering channel, in accordance with delegations of power in place.

Control of programme and advertising compliance

Programmes broadcast by the Group's free-to-air channels are subject to control by the CSA under agreements signed by the channels. Consequently, TF1 has set up a Programme Compliance Department which controls programmes before they are aired on these channels. 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 intended for the premium and HD1 channels 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).

TMC Régie controls advertising spots for the TMC and NT1 channels using a similar procedure.

Control of broadcasting and activities

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

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

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

The *Réagir* Committee monitors and prevents major risks associated with the Group's key processes. It maintains and upgrades procedures based on the principle of continuous improvement in 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 broadcasting programmes, producing TV newscasts (TF1) and organising advertising slots for the TF1 channel.

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

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

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

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

CONTROL ACTIVITIES

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

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

Strategy, Purchasing and Finance Division (DGASFA)

The DGASFA brings together the Group's Finance Departments and plays a supervisory role through the cross-functional procedures, methods and principles it disseminates Group-wide. The DGASFA is organised in such a way as to enhance medium-term visibility in relation to the Group's businesses, notably by distinguishing the process of medium- and long-term strategic planning from the short-term running of the company.

Central Strategic Planning and Internal Control Division (DPSCI)

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

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

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

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

Once the strategic priorities are signed off in July every year and Group senior management has aligned itself with these priorities, strategic guidance memos are prepared and sent to all Group entities, which use them to develop their three-year plans.

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

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

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

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

Accounting, Tax and IS Finance Division (DCFSIF)

The DCFSIF is responsible for applying the Group's accounting principles. It ensures that the processes used to collate and process financial information are reliable and that accounting methods are appropriate and stable.

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

The DCFSIF includes the TF1 SA Accounting Department, shared accounting departments (including in particular supplier accounting) and the Consolidation Department. It also provides functional supervision to the subsidiaries' accounting departments.

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

Project Management Finance and Purchasing Division and Data Management Unit

The DGASFA has cross-functional structures in place to coordinate its Financial Information System, which mainly consists of the financial modules of the SAP package:

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

Finance, Treasury and Investor Relations Division

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

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

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

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

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

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

- internal security (two signatures for payments);
- external security (secure cheques, payment by promissory note);
- liquidity (confirmed credit lines, cash investment);
- quality of counterparties;
- legal documentation on credit agreements;
- assessment and hedging, where appropriate, of interest rate and currency risks.

Through press releases, press conferences, news published on the Group's website (www.groupe-tf1.fr) and regular Meetings with financial analysts, the Investor Relations Department ensures that the market and the financial community are kept continuously and comprehensively abreast of the company's latest news and financial position. This department is always listening to shareholders, investors and analysts.

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

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

Starting in 2013, the two departments making up Finance, Treasury and Investor Relations prepare a dossier every year for Standard and Poor's, the credit rating agency that rates the TF1 group. This dossier contains market information and data about the medium-term financial performances of Group entities as validated in the three-year plan and updated based on the year-end financial statement.

Management Control Division

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

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

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

  Each quarter, the Management Control Division and the Accounting, Tax and IS Finance Division jointly make sure that all income and expense items for the period are properly attributed, either by having teams share information or during Meetings on the closing options;
- two updates to adjust estimates of year-end results and to re-orient action plans in line with the objectives set;
- rolling forecasting to make monthly updates of the impact that events and ongoing projects will have on end-of-year financial statements;
- monthly operational indicators reflecting short-term management objectives for the various businesses and designed to support action plans. This set of indicators constitutes the Group's management "cockpit", used to measure performance; these visual indicators are regularly presented to the TF1 group's senior management. This approach promotes a common and shared understanding of challenges and circumstances and the development of cross-cutting solutions. It has been introduced in most subsidiaries. These indicators can be used to track all existing dimensions of performance at all levels of operational responsibility;
- a weekly dashboard analysing TF1's actual and forecast programming margin.

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). In this regard, in January 2012 the TF1 group committed to comply with the Responsible Supplier Relations Charter drawn up under the aegis of the national intercompany mediation service, with the accreditation from the latter in January 2014. TF1 also factors Diversity label criteria into its purchases and includes clauses on sustainable development and diversity in most of its purchasing contracts;
- ethics: the Purchasing policy is secure and TF1 is mindful of any conflicts of interest that may arise during calls for tender. Particular attention is paid to the reciprocal respect of contractual commitments with our suppliers; also, in January 2012, the TF1 group signed the charter on Inter-Company Relations, which is supervised by the government ombudsman;
- the implementation of framework contracts at TF1 group level, notably through the formation of technical partnerships with strategic suppliers;
- securing supply, assessing economic dependency risks and social risks, and validating the respect of prevailing regulations, insurance policies, etc.

Human Resources and Internal Communication Division

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

It monitors compliance with the French Labour Code and changes in labour policy in conjunction with the various employee representative bodies. It also coordinates the Group's professional training, which has the objective of developing the technical, interpersonal and managerial skills required in the exercise of each employee's responsibilities. TF1 cares about developing the skills of its staff and encourages job mobility between Group companies and divisions. In 2013, more than half of all positions were 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. Replacement tables for the top 60 executives are regularly updated. Any request to hire or promote a permanent employee is subject to a formal approval procedure.

To disseminate best practices in the field of diversity to all TF1 group companies and employees, two training programmes have been launched. The first, introduced in 2010, is aimed at the 400 top managers; the other, which was started in 2011, is for 400 journalists, technicians and programme advisers who contribute to ensuring that diversity is well represented on-screen. These two programmes were completed in 2012, with a total of more than a thousand employees receiving training. Both new hires and promoted staff now have the benefit of these programmes. Finally, the second three-year disability agreement (2011-2013), accredited by DIRRECTE, included the ambitious target of recruiting 27 employees with disabilities onto either permanent contracts or fixed-term contracts of more than six months. This target was exceeded and a third agreement is being drawn up.

General Secretariat and Legal Affairs Division

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

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

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

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

MONITORING SYSTEMS

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

Audit Committee

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

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

Further to the publication of the Decree implementing Article 225 of the Grenelle 2 Act, since 2012 the Audit Committee has been informed of the findings of the independent third party organisation in relation to CSR data. In addition, it notes the findings of internal audits and signs off the Internal Audit annual work plan.

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

The Audit Committee is also advised of information pertaining to the perception of the Group by the financial markets. This information is provided to the committee in the form of a summary of investors' expectations towards the Group, a description of the TF1 group's share price performance and the average level of revenue and profit expected by financial analysts for the current quarter and year.

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

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

Internal Audit

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

All internal audits follow an annual audit plan signed off by senior management and the Group's Audit Committee. A progress report on the plan, along with its main findings and recommendations, is presented to the quarterly Audit Committee Meetings.

Audits are carried out in accordance with a rigorous methodology that aims to comply with standards laid down by IFACI (the French institute for audit and internal control). Each audit results in a report containing recommendations, which systematically give rise to action plans that are implemented by the audited entities. The Internal Audit Department monitors this process.

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

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

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

PUBLISHED ACCOUNTING AND FINANCIAL INFORMATION CONTROL PROCESSES

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

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

FINANCIAL INFORMATION SYSTEMS

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

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

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

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

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

At the end of 2008, TF1 launched an important project called SIGMA aimed at facilitating and streamlining the preparation of information while optimising processes in the areas of human resources, finance, and purchasing. The project includes the replacement by SAP of some or all of the applications formerly dedicated to these three functions and the new Finance/Purchasing solution has been successfully deployed throughout the Group. The Human Resources module was rolled out to all TF1 group companies in January 2010.

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

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

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

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

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

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

PROCESS OF PREPARING AND CONSOLIDATING ACCOUNTS

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

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

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

Process for quarterly closing of TF1's accounts

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

The SAP package has a fully integrated data management system that enables user entities to track performance at any time. The system draws in particular on information on accounts receivable, accounts payable and inventory that is either fed in by operational systems higher up the processing chain or input directly into SAP by operational staff. As part of the procedure for closing the TF1 accounts, book entries are jointly analysed and validated by the accounting and management control departments. Management data used for reporting are periodically compared with accounting system data.

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

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

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

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

Consolidation process

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

The TF1 group financial statements are prepared in accordance with IFRS, as adopted by the European Union. Depending on local standards and tax regulations, a parallel treatment of certain transactions is provided in the solo accounts of certain Group subsidiaries.

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

PROCESS FOR VALIDATING THE ACCOUNTS

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

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

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

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

PROCESS FOR MANAGING FINANCIAL DISCLOSURES

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

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

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

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

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

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

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

Corporate social responsibility information contained in the document is also reviewed by an independent third party organisation, which issues a limited assurance report.

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

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

- information for an outside audience, once published, is put on line on the www.groupe-tf1.fr website. Anyone desiring this information can also request it from the Investor Relations Department and obtain it free of charge;
- financial press releases are published in a national business daily, on a mainstream financial website and on the AMF website. As of January 2007 TF1 complies with the European Union's Transparency Directive covering new reporting obligations;

- meetings with analysts are broadcast live and in full on the Internet or by telephone, with no access restrictions. A recording of these Meetings is posted on the Group's website;
- two people from the TF1 group attend Meetings held abroad and talks with market participants to ensure that accurate information is delivered with strictly equal access. The documents presented at these Meetings are published promptly on the www.groupe-tf1.fr website.

CONCLUSION AND OUTLOOK

Throughout 2013, the TF1 group continued to reorganise its processes to make them more efficient and flexible and achieve greater cross-functionality among the Group's entities.

The Group conducted a new campaign in 2013 to assess the application of internal control procedures across a broadened representative scope. The participation rate was very satisfactory, and the campaign confirmed that there were no major internal control shortcomings or problems. The Group also continued the drive to update and enhance its internal control system by identifying best practice for its various businesses and proprietary risks.

TF1 also pursued its risk mapping activities in 2013 by updating, reassessing and prioritising the risks identified in previous years. New risks that could potentially affect the Group's ability to achieve its medium-term strategic goals were taken on board, and the management of action plans was incorporated into the company's management cycle.

The Audit Committee was regularly informed of these activities.

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

2.3 REPORT ON REMUNERATION

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

This chapter contains the reports required by the French Commercial Code as well as the tables recommended in the Code of Corporate Governance issued by AFEP/MEDEF, revised in June 2013, and in the AMF Recommendation of December 22, 2008, amended on December 10, 2009, on the information related to the remuneration of Directors of listed companies to be included in their registration document.

2.3.1 REMUNERATION OF EXECUTIVE AND NON-EXECUTIVE DIRECTORS

REMUNERATION OF THE EXECUTIVE DIRECTOR FOR 2013

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 2013, which has been stable since 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 2013 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 2013 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:
  - the trend in consolidated net profit attributable to the Bouygues group,
  - the trend, compared to the business plan, in consolidated net profit attributable to the TF1 group,
  - the 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.

Nonce Paolini's variable remuneration for 2013 amounted to €1,024,512 (111% of the theoretical cap).

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.

No annual deferred or multi-year variable remuneration is attributed to Nonce Paolini.

Acting on the opinion of the Remuneration Committee, in 2010 the Board decided to give more importance to these qualitative criteria, since the performance of Directors during an exceptional period of crisis should include areas other than the financial results alone.

In 2013, the Remuneration Committee decided to include a qualitative criterion relative to Corporate Social Responsability on maintaining TF1 in at least three extra-financial market indices in 2014.

OTHER INFORMATION CONCERNING REMUNERATION AND SUPPLEMENTARY PENSION

Nonce Paolini

Nonce Paolini's fixed and variable remuneration is set by 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 decided by the Board of Directors reflects the wider interests of the corporation. Remuneration is assessed in relation to the Group's different business lines and to the remuneration of other Directors in the sector and the market. Moreover, the Board considered that this remuneration should reflect the work accomplished and the results achieved over more than five years in a highly complex economic, regulatory and competitive environment.

The remuneration is paid to Nonce Paolini by Bouygues, his employer, 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, which is currently set at €300,384.

Entitlement to this supplementary pension is only acquired after ten years of service within the Bouygues group, on condition that the beneficiary is still employed by the Group when he retires. Furthermore, the Bouygues is not required to set aside provisions for this supplementary pension, which is an insurance policy with an insurer from outside the Group. This annual supplementary pension is governed by the procedure on related party agreements.

Bouygues re-invoices the supplementary pension to TF1 in accordance with the related party 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.

No exceptional remuneration was attributed to Nonce Paolini in respect of 2013.

Nonce Paolini's total remuneration takes into account the existence of a capped supplementary pension and the fact that no entitlement to severance pay has been granted.

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 TF1 and Bouygues groups.

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

Paolini Nonce – Chairman and CEO since 01/08/2008 *(in euros)*	2013	2012
Remuneration paid for the year (details in Table 2)	2,005,549	1,441,037
Value of options awarded during the year (details in Table 4)	81,192	44,465
Value of performance shares awarded during the year (details in Table 6)	-	-
TOTAL	**2,086,741**	**1,485,502**
Change	+40.5%	-27.7%

TABLE 2 – REMUNERATION OF THE EXECUTIVE DIRECTOR

Paolini Nonce – Chairman and CEO since 01/08/2008 *(in euros)*	2013		2012	
	Amounts due gross before tax	Amount paid gross before tax	Amounts due gross before tax	Amount paid gross before tax
Fixed remuneration	920,000	920,000	920,000	920,000
Change	=	=	=	=
Variable remuneration(1)	1,024,512	460,000	460,000	936,284
Change	+123%		-51%	
% Variable/Fixed	111%		50%	
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	**2,005,549**	**1,441,037**	**1,441,037**	**1,917,321**

(1) The variable remuneration to be paid in March 2014 to Nonce Paolini for his service as CEO in 2013 is €1,024,512, or 111% of fixed remuneration, reflecting the performance of the company.
The variable remuneration paid in March 2013 to Nonce Paolini for his service as CEO in 2012 was €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 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 2013 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 2014

The Board of Directors Meeting of February 18, 2014 decided that no increase in fixed remuneration would be granted.

The theoretical level or the variable share have not been changed. The Remuneration Committee decided to include a qualitative criterion relative to Corporate Social Responsability on maintaining TF1 in at least three extra-financial market indices in 2014.

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 2013 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: €3,000 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 2013.

Directors' fees totalling €269,190 (gross amount before tax) 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	Gross amounts before tax due for 2013	Gross amounts before tax due for 2012
Barbizet Patricia	9,422	31,295
Berda Claude	16,958	15,801
Bouygues Martin	23,900	21,587
Bouygues Olivier	15,801	16,958
Chabirand Fanny(1)(2) (staff representative)	16,958	-
Danon Laurence	28,958	28,208
Dussart Catherine	13,427	-
Langlois-Glandier Janine(3)	18,500	13,417
Marien Philippe	35,900	35,150
Pélisson Gilles	30,008	15,417
Pernaut Jean-Pierre(1) (staff representative)	16,958	14,645
Petton Céline(2) (staff representative)	-	18,500
Pouyat Alain(4)	-	6,626
Roussat Olivier	23,900	18,501
TOTAL	**250,690**	**236,105**

(1) Directors' fees due to staff representatives were paid to two trade unions: CFTC (€16,958) and FO (€16,958).
(2) Fanny Chabirand replaced Céline Petton as staff representative Director on April 19, 2012.
(3) Appointed as a Director on the recommendation of the Board of Directors on February 15, 2012.
(4) Director whose term expired on April 19, 2012.

No other remuneration was paid to the non-Executive Directors in consideration of their corporate office in TF1 group.

The only remuneration paid by TF1 to Martin Bouygues and Olivier Bouygues were TF1 Directors' fees.

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

	Gross amounts before tax due for 2013	Gross amounts before tax due for 2012
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 REPORT ON STOCK OPTIONS AND PERFORMANCE SHARES

Disclosure required by Articles L. 225-184 and L. 225-197-4 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, revised in June 2013, and in the AMF Recommendation of December 22, 2008, amended on December 10, 2009, on the information related to the remuneration of Directors of listed companies to be included in their registration document.

The Board of Directors did not award any stock options or bonus shares (performance shares) in 2013.

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. The renewal of those authorisations, ended June 14, 2014, is submitted to the Combined Annual General Meeting on April 17, 2014.

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, as well as the performance criteria applicable to them.

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 and 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;
- around 150 corporate officers or employees of TF1 or Group companies who sit on any of the three management bodies have benefited from the 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 high-potential managers;

- no discount is applied to grants of options;
- the managers benefitting from these plans are informed about insider trading;
- all TF1 option plans include a lock-up requirement, whereby options that have been allotted cannot be exercised and option shares cannot be sold in the period prior to the release of the financial statements. Further to an AMF recommendation, the lock-up period is thirty calendar days leading up to release of the quarterly, half-year and full-year financial statements of TF1, or the day of this release.

Exercise of the options under plans 12 or 13 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.

Under plan 12, 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 2013 for the respective fiscal years of 2011, 2012 and 2013. Under plan 13, 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 reviews the fulfilment of performance criteria on which the exercising of options depends.

The Remuneration Committee informed the Board of Directors that it had examined how the beneficiaries of plan no. 12 had exercised their options, based on its analysis of the detailed data needed to calculate the performance criteria for these options, and that 100% of the options had been fully granted and were exercisable before the expiry date of June 10, 2018.

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 AND CHARACTERISTICS OF STOCK OPTIONS

- Lock-up period:
  - plans 10 and 11: three years following the date the options are granted (negotiable from fourth anniversary),
  - plans 12 and 13: four years following the date the options are granted.
- Exercise period: four years 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 2013

SUBSCRIPTION OPTIONS GRANTED TO OR EXERCISED BY THE BENEFICIARIES DURING THE YEAR

No option to subscribe for shares was granted in 2013.

In 2013, 1,004,376 options were exercised to subscribe for TF1 shares under plan 11. The exercise price was €5.98. No discount was applied.

On February 18, 2014, the only TF1 subscription options that could be exercised were those granted under plan 11 (which are no longer under lock-up and whose exercise price was lower than the market price on that date), representing a total of 672,013 options in circulation (0.3% of the authorised capital).

STOCK OPTIONS GRANTED TO THE EXECUTIVE DIRECTOR BY THE ISSUER AND BY ANY GROUP COMPANY OR EXERCISED BY THE EXECUTIVE DIRECTOR DURING THE YEAR

Nonce Paolini did not benefit from TF1 subscription options in 2011 or 2012. As such, he received no option subscription in plans 12 and 13.

Nonce Paolini did not benefit from TF1 purchase or subscription options in 2013.

As part of his position at Bouygues, in the 2013 fiscal year, he received options entitling him to subscribe new Bouygues shares, granted, effective on March 28, 2013, by the Board of Directors of the Bouygues company at a Meeting on February 26, 2013.

TABLE 4 – OPTIONS GRANTED TO THE EXECUTIVE DIRECTOR IN 2013

Name of Executive Director	Plan number and date	Type 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
Nonce Paolini	Bouygues plan Board Meeting date: 26/02/2013 Grant date: 28/03/2013	Subscription	€1.0149	80,000	€22.28	March 28, 2017 to September 28, 2020
TOTAL			**€81,192**	**€80,000**		

The exercise price was calculated on the basis of the average of the opening prices quoted on the 20 trading days prior to March 28, 2013, with no discount.

TABLE 5 – OPTIONS EXERCISED BY THE EXECUTIVE DIRECTOR OF TF1 IN 2013

The Executive Director, Nonce Paolini, exercised 50,000 subscription options granted under plan 11.

In light of the retention obligation, Nonce Paolini asked for 25% of the shares issued from the exercise of his options (after selling the number of shares necessary to cover the cost of option exercise and paying related taxes and social charges) to be kept as registered shares until his term of office expires.

The Board of Directors indicates that the Remuneration Committee had examined the conditions governing the Chairman's exercise of plan 11 options, in light of the associated performance criteria.

Name of Executive Director	Plan number and date	Number of options exercised during the year	Exercise price
Nonce Paolini	Plan 11 Board Meeting date: 18/02/2009 Grant date: 20/03/2009	50,000	€5.98
TOTAL		**50,000**	

STOCK OPTIONS GRANTED TO EMPLOYEE DIRECTORS BY THE ISSUER AND BY ANY GROUP COMPANY OR EXERCISED BY EMPLOYEE DIRECTORS DURING THE YEAR

No employee Directors benefited from TF1 purchase or subscription options or exercised subscription options in 2013.

PERFORMANCE SHARES

There is no current performance share plan and none has been granted.

TABLE 6 – PERFORMANCE SHARES GRANTED TO THE EXECUTIVE DIRECTOR

No performance shares were granted by the company in 2013.

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

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

STOCK OPTION ALLOCATION HISTORY AND OTHER INFORMATION

TABLE 8 – STOCK OPTION ALLOCATION HISTORY

	Plan 10	Plan 11	Plan 12	Plan 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 et 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 subscription 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 at 31/12/2013	0	1,018,487	0	0
Total number of subscription and purchase options for cancelled, unallocated or forfeited shares	289,500	275,000	125,600	71,600
Subscription and purchase options outstanding at 31/12/2013	1,710,500	706,513	1,374,400	1,365,600

The above options are currently the only instruments issued by TF1 that have a potentially dilutive effect. In view of the average price of TF1 shares in 2013, a dilutive impact was taken into account in plans 11, 12 and 13.

The change in the number of currently valid options is presented in note 31 of the notes to the consolidated financial statements of TF1 at December 31, 2013. The cost of option subscription plans granted by TF1 is presented in note 19.1 of the same notes. The value of the options on the grant date, calculated according to the Black-Scholes model, was: €1.49 (plan 10), €0.86 (plan 11), €1.18 (plan 12) and €0.70 (plan 13).

Earlier matured plans: plan 1 lapsed on October 10, 2002, plan 2 lapsed on April 8, 2004, plan 3 lapsed on March 18, 2005, plan 4 lapsed on September 20, 2006, plan 5 lapsed on December 6, 2007, plan 6 lapsed on December 11, 2008, plan 7 lapsed on March 12, 2010 and plan 8 lapsed on September 16, 2011. Plan 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 2013

	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.	-	-	-	-
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.	259,200	€5.98	20/03/2016	11

2.3.3 OTHER INFORMATION ABOUT THE EXECUTIVE DIRECTOR

TABLE 10 – OTHER INFORMATION ABOUT THE EXECUTIVE DIRECTOR

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

(1) Nonce Paolini has an employment contract with Bouygues SA, not with TF1 SA.
(2) See § 2.3.1 – "Other information concerning remuneration and supplementary pension". The annual supplementary pension entitlement, i.e. 0.92% of the reference salary (average of three best years) for each year of scheme membership, is capped at eight times the annual upper limit for social security contributions (currently €300,384). 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. The Board of Directors of TF1 has recorded the fact that any severance pay would be re-invoiced to TF1 on a prorata basis for the number of years of service as an employee or Director of the TF1 group. No commitment or promise to award severance pay has been made for salaried Directors.

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

2.4 RISK FACTORS

In a constantly changing competitive, technological and regulatory environment, the TF1 group is exposed to risks that could have a negative effect on its business, financial situation and assets.

The risk factors presented in this chapter are the following:

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

The TF1 group leads a general and specific policy on managing these risks, and also has an Internal Control system that serves to control activities, make operations efficient and put the company's resources to effective use. Yet this kind of system does not provide an absolute guarantee concerning the realisation of objectives and the global management of the risks with which the Group may be confronted.

2.4.1 OPERATIONAL RISKS

RISK OF LOSING KEY PROGRAMMES

RISK

TF1 performance relies in part on the company's ability to bring viewers the best programmes so as to maintain its ratings leadership. The loss of key programmes could lead to a decrease in ratings and, in pay TV, to problems with channel distributors in a rights market that is increasingly focused around a few key players.

RISK MANAGEMENT

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. The Group secures this supply through multi-year contracts with the biggest producers, considerably reducing the risk of losing key programmes in the medium and long term.

Similarly, TF1 pays particularly close attention to the arrival of new players in sports events rights acquisition that are liable to change the current balance in the rights markets for different media.

RISKS RELATED TO THE ECONOMIC CRISIS

RISK

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

RISK MANAGEMENT

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

OPERATIONAL 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 2.2.1, page 39 of this document.

With regard to operational risk, the TF1 group carries:

- civil liability insurance covering the consequences of TF1 or its current or future subsidiaries in France and abroad, wherever the TF1 group conducts activities, being found liable for damages caused to third parties. The amount of coverage is based on the risks incurred;
- property damage insurance covering the TF1. 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

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

RISK

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

- radio waves in freeview standard definition (R6 multiplexer) 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 (R5 multiplexer) DTT *via* the 124 main transmission sites and 1,179 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/HD digital in the packages offered by CanalSatellite (SES Astra 1) and AB (Eutelsat AB3);
- ADSL and fibre-optic cable in SD digital *via* all internet access providers: Orange, Free, SFR and Bouygues Telecom;
- cable, satellite, and ADSL in HD digital simulcast *via* a growing number of networks.

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

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

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, compensation demanded by advertisers, and loss of merchandising rights).

Lastly, since there are no back-up measures for TF1's HD signal transmission and since the signal is transmitted *via* TDF's TMS terrestrial network, disruptions in multiplex transmission to groups of broadcasting sites are possible and happen periodically. The TMS network is currently fully deployed, but continuity disruptions do persist, sometimes with a major impact over 1 million viewers). Furthermore, the current labour climate brings a risk of malicious actions that could have an impact on TF1's broadcasting. There have been several minor service interruptions at transmission sites in the past.

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

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

RISK MANAGEMENT

Multi-platform radio wave transmission (SD DTT and HD DTT) and the variety of alternative networks (satellite, cable, ADSL and fibre) are gradually reducing 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.

To limit interruptions in multiplex transmissions at broadcast sites, the introduction of back-up transmission arrangements for TF1 HD will be reviewed ahead of the discontinuation of TF1 DTT SD broadcasting. MR5 has made a satellite back-up commitment with the CSA that will start up in late 2014/early 2015.

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

Source: Médiamétrie.

RISK

The TF1 group operates in a constantly evolving competitive environment in which changes have been accelerated since 2005 by:

- the development of Digital Terrestrial Television (DTT) since 2005, including the launch of six new channels at end-2012, which has served to fragment the audiences of incumbent channels;
- the gradual evolution in entertainment consumption behaviour owing to the development of freeview channels in the basic packages of internet service providers, the development of web media, and the rise in non-linear television viewing, including through the growth of web TV and the legal and illegal online posting of content on the Internet. These new offers could erode media and non-media advertising budgets and the share of time formerly devoted to pay-TV activities (films and series);
- the growth of connected television, which, with its new access mode, is contributing to the rise of non-linear programme broadcastings, with the potential arrival of powerful players such as Apple, Google and Netflix.

In addition to audience fragmentation, the increase in the number of channels could lead to certain pressures on the rights market, particularly for powerful and attractive content such as series.

The impact of these changes, certainly in a context of economic crisis, could be further amplified if the major incumbent channels were to be faced with more aggressive sales policies. As such, TF1, through its editorial performance, is pursuing its objective to maintain its lead over the competition, both in term of viewer figures and sales performance.

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

With the growth in freeview television offerings, it was normal to see TF1’s audience share decline. However, the channel’s audience has shown some resistance: while multi-channel offerings have increased by a factor of four in eight years, TF1’s audience share for people four years of age or older declined from 31.8% in 2004 to 22.8% at end-December 2013. TF1 had 99 of the 100 most-watched programmes in 2013. At the same time, DTT’s aggregate audience share rose from 5.8% in 2007 to 24.3% in December 2013, an 18.5-point increase.

RISK MANAGEMENT

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

In this context, the Group is consolidating TF1’s leadership position by:

- building a consistent overall offering through its free channels and powerful programmes;
- becoming a major DTT player through its holding in TMC (the DTT leader and number-five channel in France in 2012) and NT1, and the launch of the HD1 channel;
- optimising the acquisition of programmes for the premium and DTT channels through a cross-cutting organisation that ensures the best possible fit between the needs of the channels and purchasing, and the circulation of acquired rights in accordance with commitments;
- improving the Group’s control of the value chain through the internal production of part of its programming through the production subsidiary (TF1 Production);
- adapting its sales policy to the new competitive environment, in particular through the sale of its powerful slots;
- establishing MYTF1 as a leading French media website.

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

RISKS RELATED TO RADIO SPECTRUM DEVELOPMENTS

RISK

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

Currently, the creation of R7 and R8 multiplexers is being accompanied by changes in frequencies for all other multiplexers in each of the 13 ramp-up phases.

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

Further out, the possible release of a second digital dividend could lead to sweeping changes in the terrestrial audiovisual sector. The release would necessarily lead to the shutdown of several DTT multiplexers. To maintain the offer of the channels currently available on DTT, technical upgrades will be required, including:

- the replacement of MPEG-2 encryption on unscrambled SD channels by MPEG-4, which uses less bandwidth. With this change, TF1 will no longer have to broadcast both the SD and HD version;
- the potential end of the DVB-T standard, replaced by DVB-T2, which consumes fewer terrestrial frequencies.

The financing of mass-public communication campaigns on the changes described above, as well as any withdrawal costs stemming from a multiplexer shutdown, could embody a risk for TF1 while no framework has been established.

RISK MANAGEMENT

The continuity of reception for television viewers is a priority for TF1, which has achieved substantial work with the CSA on addressing these changes. Generally speaking, TF1 maintains an ongoing institutional relationship with the regulatory and legal bodies in an effort to limit the impact of these changes.

INDUSTRIAL AND ENVIRONMENTAL RISK MANAGEMENT POLICY

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

A secure external back-up site set up in 2007 is operational for programme transmission, the production of newscasts (TF1 and LCI), and the preparation of advertising spots for the TF1 channel. The company's vital functions are included in the security plan through an alert and activity-resumption process. Besides real-time security, numerous systems benefit from a security mode in varying degrees, such as accounting, treasury, payroll, and the operation of IT 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 2013 several exercises were carried out to check that the system functioned correctly. They provided an opportunity to update the back-up systems, particularly for news production (PNS2) and to check on the execution of improvements requested, either after Internal Audits or as part of the extension of IT back-up arrangements.

No broadcasting incident necessitated the use of the back-up site in 2013.

Réagir 1 Violence, introduced in 2011, is a preventive system activated whenever necessary, notably in periods of increased risk for the company (building work, demonstrations, live broadcasts, the launch of services, software upgrades). While fostering vigilance on the part of the teams, it increases responsiveness to and takes better account of incidents before they become accidents. In 2013, 71 *Réagir 1 Vigilance* emails were sent to the departments concerned.

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

2.4.3 LEGAL RISKS

At the present time, there are no administrative, 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.

AUTHORISATION TO TRANSMIT AND CSA SANCTIONING POWER

RISK

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 was 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.

RISK MANAGEMENT

TF1's respect for these obligations is strictly monitored. As such, it has created the Programme Compliance Department to ensure that its channels respect the regulation in this area.

RISKS RELATED TO PUBLIC PRESSURE ON ADVERTISING AND PROGRAMMES

RISK

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

TF1 endeavours to acquire the best programmes from its French and international partners and broadcasts programmes that target a wide audience.

RISK MANAGEMENT

The programming, viewing and compliance teams pay close attention to programming for younger audiences to minimise this risk. A team from TF1 Publicité previews all advertising spots after obtaining the opinion of the ARPP, and TF1 Publicité also checks to make sure that commercials comply with the regulations and editorial policy.

RISKS RELATED TO ADDITIONAL TAXATION AND LEGAL DEVELOPMENTS

RISK

The Act of November 15, 2013 on the independence of the public audiovisual sector confirmed the continuation of advertising between 6 am and 8 pm on the channels of France Télévisions, despite the fact that the legislative body in 2011 called for a complete end to advertising on France Télévisions by 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 advertising revenues.

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

In addition, 2014 may bring a new Bill on creation, some of whose provisions could modify the Freedom of Communication Act of September 30, 1986. At this stage, it is impossible to measure the positive and negative impacts of this new legislation.

RISK MANAGEMENT

Generally speaking, TF1 maintains an ongoing institutional relationship with the regulatory and legal bodies in an effort to limit the impact of these changes.

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)

RISK

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.

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

In contrast, in a ruling issued on September 13, 2012, the same court found that the TF1 group had partial grounds to take action and had well founded claims against Dailymotion, which, as the host that continued to be used by the platform, was accused of failing to promptly withdraw content that had been placed there unlawfully and over which the TF1 group held rights. Dailymotion was ordered to pay the TF1 group €270,000 including legal costs. It was also served an injunction to remove from its search engine keywords referring to TF1 and LCI.

However, as the companies of the TF1 group were not deemed admissible to act for much of the content reported and thus not having gained a successful outcome, an appeal was also made against the judgement of the Paris crown court of September 13, 2012 with a view to obtaining compensation for all damages. The appeal will be heard by the Paris appeals court in October 2014.

RISK MANAGEMENT

To prevent the risk of privacy of its programmes, the TF1 group is implementing a policy aimed at:

- creating a fingerprint for its programmes (fingerprinting with YouTube *via* Content ID and Dailymotion *via* INA Signature) preventing, within the limits of the technology, the downloading of content pirated on the abovementioned platforms;
- setting up a watch system tasked with identifying as much as possible TF1 content pirated on streaming platforms and de-referencing;
- working with a service provider to de-reference TF1 content pirated on direct download sites.

RISKS RELATED TO CERTAIN REALITY TV SHOWS

RISK

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 *L'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 a ruling handed down on June 3, 2009 relative to three participants in the abovementioned programme, the Court of Cassation held that there had indeed been a work contract but rejected the appeals court's finding that there was concealed employment.

The industrial tribunal of Boulogne-Billancourt has also heard further suits brought by contestants in other seasons of *L'Île de la Tentation*, as well as suits targeting other programmes for which TF1 has acquired the rights from external producers, such as *Koh Lanta.*

While a few decisions subject to appeal were favourable to the position held by TF1 Production, the conversion of the participation contract into a work contract has always been confirmed in the end by the appeals court, for *L'Île de la Tentation* by a ruling on April 24, 2013 and also for *Koh Lanta*, by a ruling of June 25, 2013.

However, the appeals court refused to acknowledge the status of "actor" for participants in *L'Île de la Tentation* through a decision handed down on April 24, 2013, and the lower courts have never considered TF1 as a co-employer.

The financial compensation granted to the participants by the lower courts was limited to €2,000 for contestants whose employee suit was not time-barred (damage and interest & Article 700) and €8,500 for contestants whose suit was not time-barred. The latest rulings on the matter (handed down by the Versailles appeals court on April 23, 2013) considerably reduced the amounts granted to the plaintiffs, in terms both of salary and in the damages and interest awarded, totalling €4,500 for contestants whose suit was not time-barred.

The case of the contestants of the last season (the seventh) of *L'Île de la Tentation* merits particular mention. By a ruling of the Versailles appeals court on December 11, 2012, in addition to the standard amounts subsequent to the conversion of the participation contract into a work contract, these contestants were awarded supplementary compensation (of €11,000 by participants) on the basis of concealed employment, insofar as the court considered that at the time when the programme was filmed (first-half 2008), TF1 Production knew about the ruling issued by the Paris appeals court on February 12, 2008 and therefore intentionally maintained the participation contracts instead of work contracts. TF1 Production has appealed against these rulings. The appeals will be heard in the near future by the appeals court. On 2014, February 5th, the Court of Cassation quashed the judgements of the Court of Appeal of Versailles on December 11, 2012, under which TF1 Production was convicted on the basis of "concealed work" for the participants of the 7th season of *L'île de la tentation*.

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

RISK MANAGEMENT

Although the financial impact of these cases is not non-existent, it remains relatively controlled with regard to the most recent decisions. The opinion expressed by the Versailles appeals court in its December 2012 rulings, if it were to be taken into consideration, concerns only contestants from the last season of the programme produced by TF1 Production. The claims made by the contestants are for the most part very large (around €300,000 to €500,000 per person). The rulings handed down to date, irrespective of the court, are thus very different in scale from these claims, and as such have not called into question the analysis made concerning the financial impact for the structure in this type of dispute. Taking into account the suits currently underway and the limited number of new suits filed in the last two years, the provisions set aside for litigation are consistent with the recent rulings.

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

RISKS RELATED TO COMPETITION RIGHTS

RISK

On 2013, December 20th, the CSA sent a questionnaire to TF1 concerning a complaint filed by Groupe Canal+ before the French Competition Authority on 2013 June 12th, concerning an alleged abuse of dominant position on the advertising market. This questionnaire is relating to the advisory opinions asked by the Rapporteur of the Competition Authority to the CSA. However, this complaint has not been the subject of grievances by the Authority to TF1 up till now.

RISK MANAGEMENT

More broadly, to protect against the risk of law suits for misconduct vis-à-vis the law of competition (unlawful agreements, abuse of a dominant position), the General Secretariat of the TF1 group has a Regulatory and Competition Department and legal specialists in competition law in each entity. Employees attend training on these issues and are required, in the event of any doubt as to the legality of a situation or a practice they intend to implement, to first check with their hierarchy and the Legal Department.

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

RISK

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".

As part of the transaction, TF1 made a substantial number of commitments to the Competition Authority.

The commitments were made for a five-year period as from the date of the Authority's 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) also approved the transaction, with respect to the modification of the authorisations of the TMC and NT1 channels in exchange for TF1 commitments aimed at ensuring 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.

The commitments made by the TF1 group to the two oversight authorities do not diminish the economic or operational benefits of these acquisitions.

RISK MANAGEMENT

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

The report drafted by the independent agents designated by the Competition Authority with regard to the monitoring of the commitments made by TF1 for 2012 concludes that "as in 2010 and 2011, the TF1 group respected all the commitments in the 2012" (Report filed with the Competition Authority).

POLICY ON THE MANAGEMENT OF LEGAL RISKS

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 RISKS RELATED TO CORPORATE SOCIAL RESPONSIBILITY

Labour risks are addressed in chapter 7, page 245 of this document.

Social risks are addressed in chapter 7, page 266 of this document.

Environmental risks are addressed in point 2.4.2 above and in chapter 7, page 258 of this document.

2.4.5 CREDIT AND/OR COUNTERPARTY RISK

Credit and/or counterparty risks are addressed in chapter 4, note 30, on pages 157 to 164 of this document.

2.4.6 FINANCIAL RISKS

Financial risks, namely liquidity and market risks, are addressed in chapter 4, note 30, on pages 157 to 164 of this document.

3

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

Ladies and Gentlemen, Dear Shareholders,

We are assembled here today at the Ordinary General Meeting, as required by French law and by our Articles of Incorporation, to report to you on our management during the past business year, submit the accounts for the 2013 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 2013 are presented for both the TF1 group (consolidated accounts) and for the parent company, Télévision Française 1.

The consolidated accounts have been prepared in accordance with IFRS standards, as adopted by the European Union (EU), while the accounts for TF1 SA have been prepared according to accounting rules and principles applicable in France (French GAAP). The change made to the format of the financial statement is indicated on pages 119 and 179.

These financial statements were approved by the Board of Directors of TF1 SA on February 18, 2014.

Post balance sheet events are disclosed in this chapter.

3.1 2013 MARKET TRENDS

3.1.1 TELEVISION

Television remained a very attractive medium for the French population in 2013, both on a daily basis and for major events. The development of new technologies is opening up more possibilities, with a continuous improvement in TV set image quality, an ever-increasing choice of channels, and additional services alongside live viewing *via* the web and companion screens.

HIGH PENETRATION OF TV SETS ENCOURAGES CONSUMPTION(1)

Almost every French home now has a TV set: 98% have at least one, and of these, 50% have more than one.

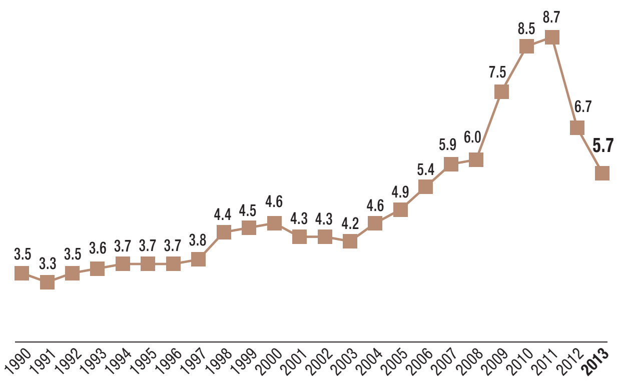
After setting an all-time sales record of 8.7 million units in 2011 with the completion of the transition to all-digital, TV set sales have gradually return to their earlier level, with 5.7 million sales for 2013.

Television technology in French households continues to become more modern. Now 84% have a 16/9 set (up 3 points in one year), and 83% a high-definition (HD) set (also up 3 points).

While the attractiveness of video equipment continues to rise, growth in audio equipment is relatively flat. As for home cinema systems, 15% of households now have one.

SALES OF TELEVISION SETS, VOLUME

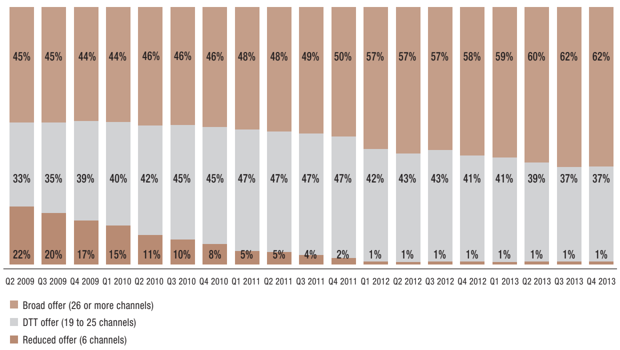
(millions of units)(2)



MULTI-CHANNEL ACCESS NOW THE NORM(1)

In fourth-quarter 2013, apart from the 1% of households receiving television exclusively *via* analogue cable, all French households received at least the 19 freeview DTT channels. 67% of them also received all or some of the six HD channels launched in 2012, and 62% a broader channel offer *via* satellite, cable, ADSL or pay TV. This huge shift in the French broadcasting landscape has happened relatively quickly: at end-2006, only 39% of homes with TV sets could access multi-channel offerings.

TREND IN MULTI-CHANNEL OFFERS IN HOUSEHOLDS WITH TV SETS



DTT is the most popular way of receiving television, with 58% of homes having a DTT connection (*i.e.* an external or internal decoder combined with a Yagi aerial). Since the end of the switch to all-digital, this TV reception mode has declined slightly (by 2 points in one year), while high-definition reception (HD DTT) has stabilised (45% of households).

ADSL/fibre optic ranks second, with 41% of homes connected. It is the fastest-growing reception mode (up 4 points in one year).

Satellite, the longest-standing reception mode, has stabilised at 25% of households, with pay subscriptions accounting for 13% and free satellite (DTT and Fransat) for 12%.

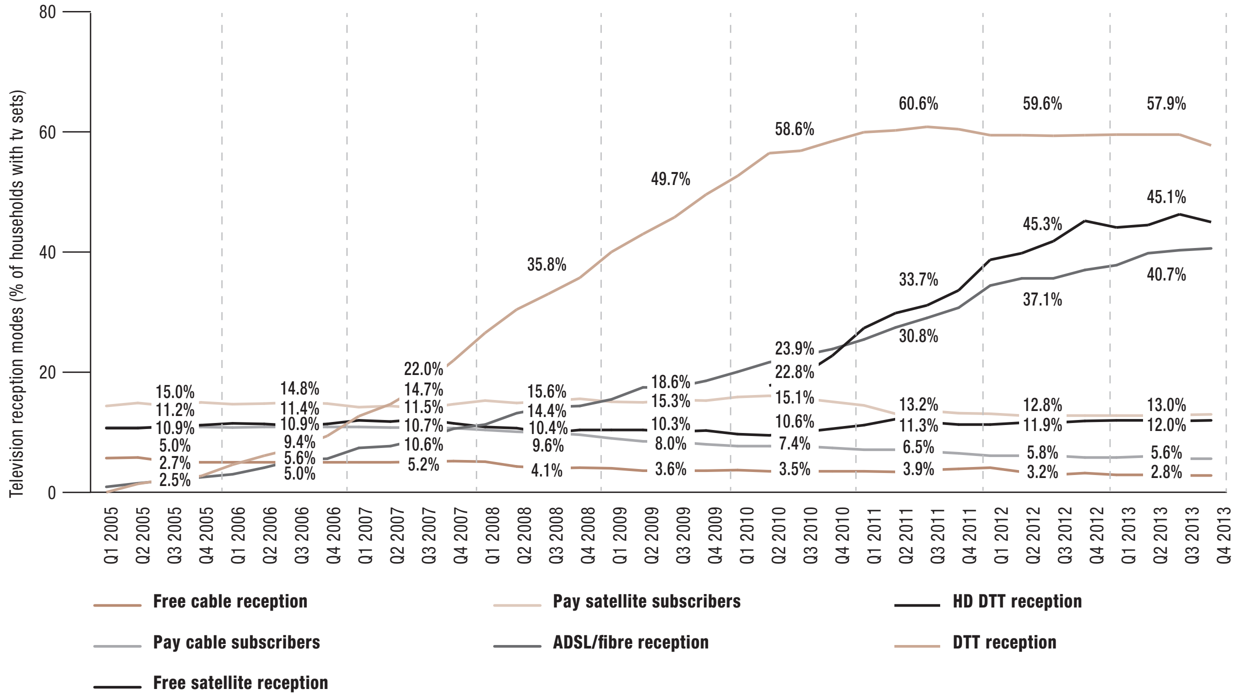
Cable continues to decline (8%, down 1 point in one year), both for pay offers (6%) and free offers (3%).

(1) Médiamétrie/GfK – Référence des Équipements Multimédias – 4th quarter 2013 – Base: households with TV sets.

(2) GfK Retail & Technology – Annual sales (1990-2013).

TELEVISION RECEPTION MODES

(% of households with TV sets)(1)



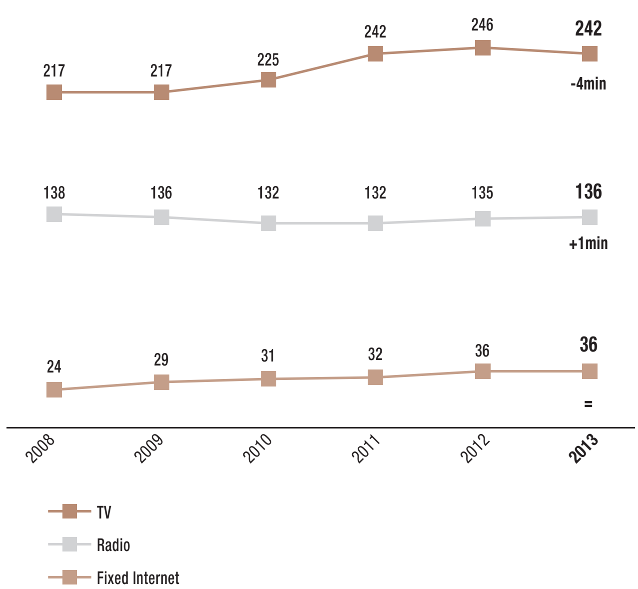
TELEVISION – THE TOP MEDIA CHOICE(2)

Television has the broadest coverage of all media: 80% of French people (users aged 15 and over) have at least one contact a day with television, compared with 78% for radio and 45% for fixed internet (*via* a computer).

Television also ranked highest in terms of time spent on media consumption by French people during 2013. French people aged 15 and over spent an average of 4 hours and 2 minutes a day watching TV (down 4 minutes in one year), compared with 2 hours and 16 minutes listening to the radio (up 1 minute in one year), and 36 minutes of fixed internet surfing (stable in one year).

DAILY MEDIA CONSUMPTION

(in minutes, per french individual)



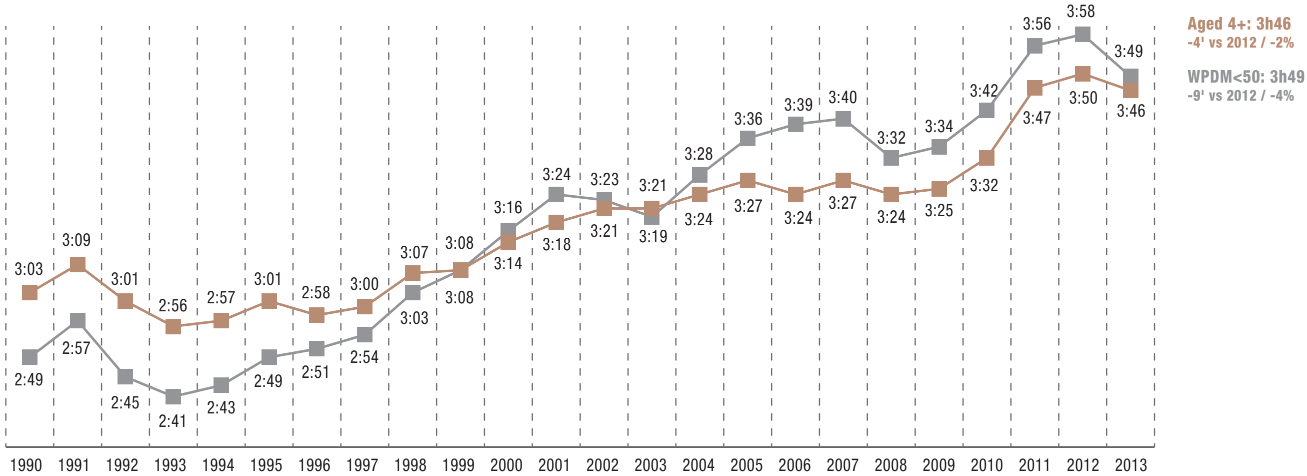
(1) *Médiamétrie/GfK – Référence des Équipements Multimédias – 4th quarter 2013 – Base: households with TV sets.*

(2) *Médiamétrie – Médiamat/126.000 Radio/NetRatings – Cumulative for 2013.*

Television consumption declined 2% in one year, but still remained very high.

TRENDS IN TELEVISION CONSUMPTION(1)

Individual viewing times for "Individuals aged 4 and over" and "Women under 50 purchasing decision-makers".



TV CONSUMPTION METHODS: CHANGING, BUT SLOWLY(2)

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

Only 1 minute a day was spent watching live TV outside the home ("anywhere" viewing), equivalent to just 0.4% of live viewing, as measured by the Médiamat. This figure excludes viewing at relatives' or friends', which is already included in Médiamat statistics.

For non-TV set devices (computers, smartphones or touchscreen tablets – "any device" viewing) the average live viewing time was 2 minutes a day, or 0.8% of live TV consumption.

In terms of non-live, or "anytime", viewing, a distinction is made between watching catch-up TV on sets, computers, smartphones and tablets, which amounts to 3 minutes a day, or 1.1% of live TV consumption, and viewing recordings made at home (timeshift viewing), which has been included in Médiamat statistics since January 3, 2011. Timeshift viewing boosted audience ratings by 2.0% (an extra 4 minutes and 42 seconds per day for French people aged 15+). Over 44% of timeshift viewing is VOSDAL (View on Same Day as Live).

In 2013, the vast majority of DTT channels were included in the Médiamat national viewing statistics, the only exceptions being LCP, BFM TV, i<Télé, France Ô and the six new freeview channels launched on December 12, 2012.

A CHANGING TELEVISION LANDSCAPE IN FRANCE

The television landscape in France has changed considerably over the past several years. The number of freeview channels went from six in 2005 to 19 at end-2011 with the first wave of the DTT rollout. In December 2012, six more HD channels were added to the freeview line-up, bringing the total number in France to 25.

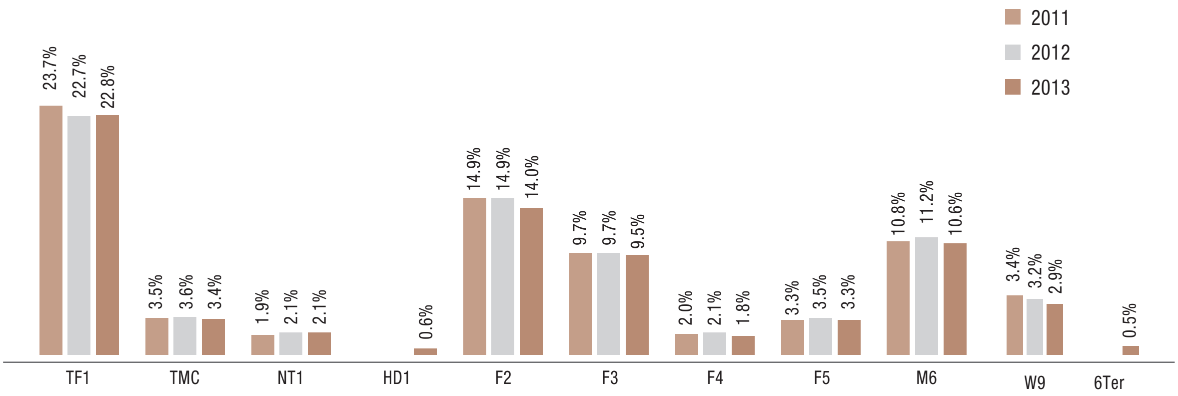
This growth has meant several things. First, new freeview television operators emerged in France (AB Group, Nextradio, NRJ group, Bolloré, Canal+, and Lagardère). The resulting market fragmentation has shrunk the audiences of the incumbent channels. The incumbent groups have sought to maintain their positions by acquiring more channels, either by bidding for spectrum offered by the French broadcasting regulatory authority (CSA) or buying channels from new entrants.

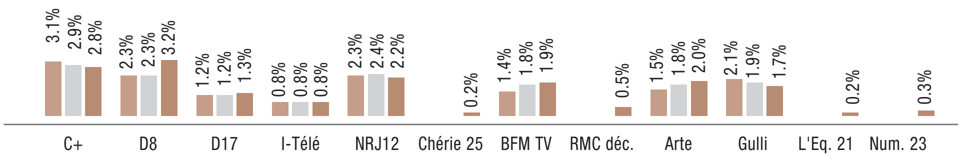
(1) Médiamétrie – Médiamat – Cumulative for the year.

(2) Médiamétrie – Global TV – October/November 2012; Médiamétrie – Médiamat – Cumulative for 2013.

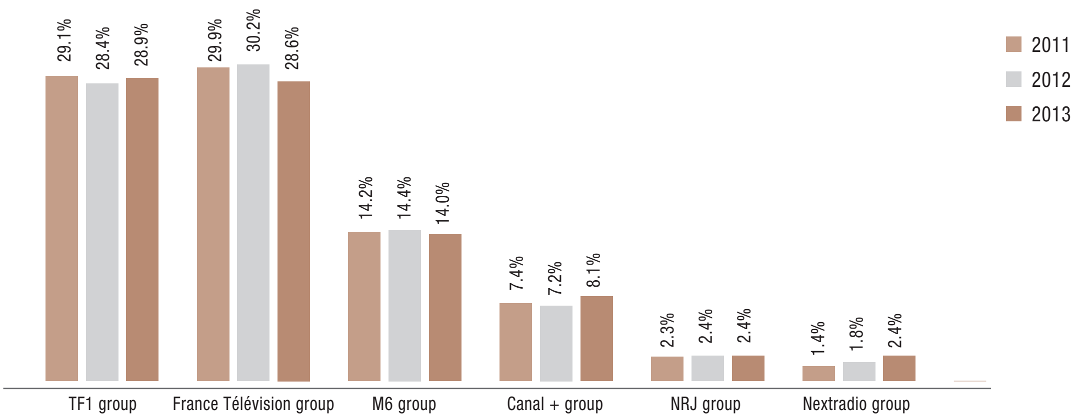
As a result of the larger channel offering and the altered television landscape, the channels' audience shares have evolved as shown in the graphs below.

AUDIENCE SHARE OF INDIVIDUALS AGED 4 AND OVER[(1)]



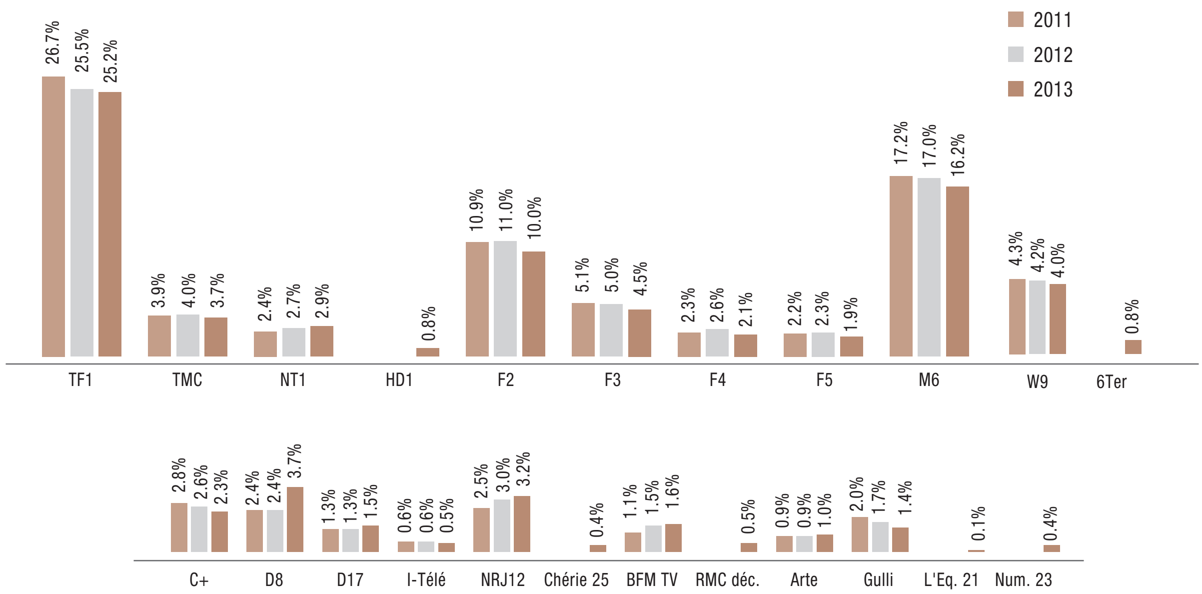


GROUP AUDIENCE SHARE OF INDIVIDUALS AGED 4 AND OVER[(1)]

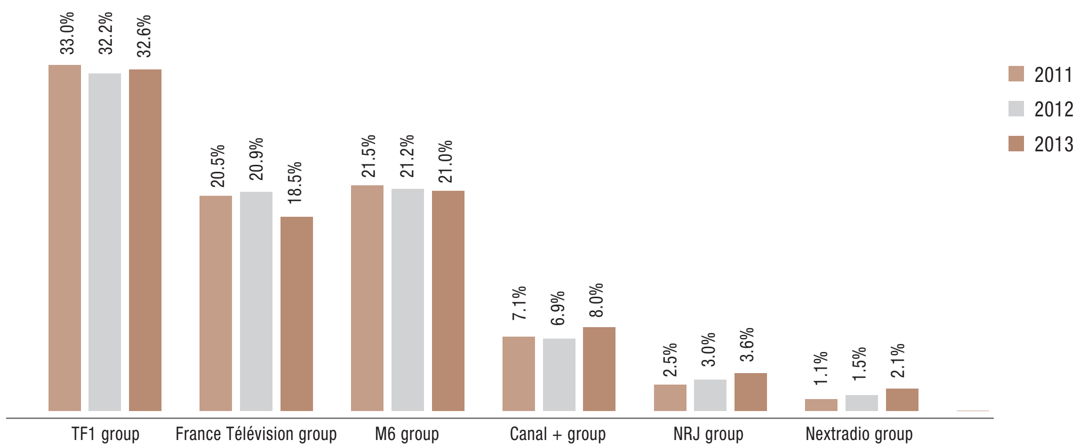


(1) Médiamétrie – Médiamat – 2013.

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



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



FUTURE TV-SET TRENDS: IS UHD NEXT(2)?

CONNECTED TV SETS

Some 1.6 million connectable TV sets or smart TV were sold in France in 2013, a decline of 6% (compared with a 15% decrease for all TV sets). Connectable TV sets accounted for 27% of units sold in 2013 (up from 25% in 2012), they are expected to continue gaining in popularity and to account for almost all TV set sales in five years.

Smart TV user interfaces (pointer, voice and gesture control) have improved and now deliver a very different experience from tablets and PCs. More and better quality applications are available in stores. The channels' HbbTV (Hybrid broadcast broadband TV) service has improved, too (the user interface is now commonly displayed at the bottom of the screen), and TF1 has launched an experimental service, MYTF1VOD, on the brands of TV partners. So far, however, Smart TV has not radically altered viewing habits and is not boosting manufacturers' sales.

3D AND UHD (ULTRA HD)

While 3D seems to have permanently passed from the scene, the first consumer models of 4K TV or UHD have debuted with relative success. Offered only with large screens (a minimum of 55") and a high-end finish, these TV sets sell for between €5,000 and €9,000. According to the manufacturers, (Samsung, SONY, and LG), several tens of thousands of units have been bought. GFK announced sales of 10,000 units in 2013.

The resolution of these screens termed "4K" (referring to the 4,000 pixels per line) or UHD (Ultra High Definition) is double that of HD, *i.e.* there are four times as many pixels. However, it is still too early to predict the future of 4K or UHD. Several obstacles lie in their path. First, the manufacturing and broadcasting capabilities are not ready.

(1) Médiamétrie – Médiamat – 2013.

(2) Source: GFK.

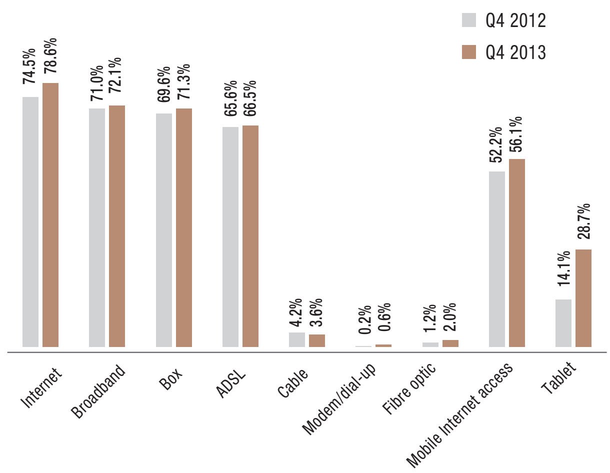
3.1.2 THE INTERNET AND NON-LIVE VIEWING: FOUR ACCESS OPTIONS

PENETRATION OF INTERNET ACCESS AMONG FRENCH HOUSEHOLDS(1)

An ever-growing number of French people have broadband internet access: 20 million households are connected to the Internet *via* ADSL or cable (a penetration rate of 72%, up 1 point on the fourth quarter of 2012), and ultra-high-speed services are now on the market, with nearly 4% of households connected *via* a fibre optic network. In all, 21.5 million homes have an internet connection (a penetration rate of 77%, up 3 points in one year).

TYPE OF INTERNET ACCESS

(Basis: 27.6 million French households)



Source: Observatoires Médiamétrie. REM. Q4 2013

INTERNET USE IN FRANCE(2)

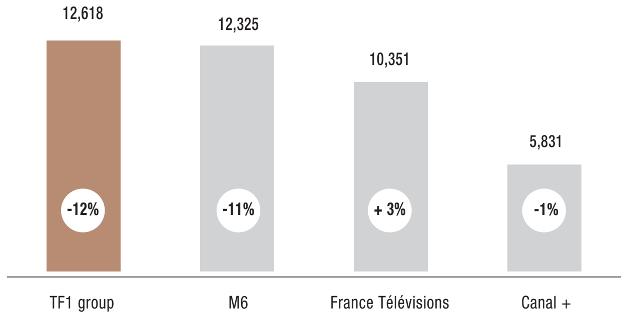
Some 44 million people in France connect to the Internet from their computer (up 1 million in one year), or 72% of the population (up 2 points). However, those people are spending less time on the web (down 2 hours and 24 minutes). This trend is explained in large part by the increased use of mobile devices to connect to the Internet.

The TF1 group ranks 19th among all groups on the Internet in France (computer access) thanks to the performance of sites associated with the TF1 channel (MYTF1 and MYTF1News), other media holdings (Eurosport and Metronews), and pure player sites such as WAT and Plurielles.fr.

MYTF1 is the number one TV channel on the Internet, with over 9 million unique visitors (UV). Eurosport.com ranks second in the Sports category, with 2.9 million UV.

TF1 held onto its No. 1 internet ranking ahead of the M6 group throughout 2013.

INTERNET COMPETITION AMONG TELEVISION GROUPS (ONE-YEAR TREND)



TV ON THE MOVE: COMPANION SCREENS AS TV SCREEN EXTENSIONS(3)

Smartphones and tablets are now common devices with very high penetration rates. Nearly 30 million people in France have a mobile phone enabling them to connect to the Internet (a 56% penetration rate in the fourth quarter of 2013), and nearly 8 million households now have one or more tablets (close to 30% penetration in the third quarter of 2013).

There are 24 million mobile internet users in France (up 2.5 million in one year), with a penetration rate of 47% (up 4.5 points). They go online an average of 183 times a month, up 56% from a year ago.

In the mobile internet market, the TF1 group ranks 15th, with over 4.2 million mobile visitors (up 14% in one year) and 17.6% coverage (up 0.5 points).

The Group's four leading sites for mobile internet use are: TF1 (1.6 million visitors), Eurosport (1.5 million), WAT (1.4 million) and Metronews (1.1 million).

(1) *Source: Observatoires Médiamétrie, REM, Q4 2013. Basis: French households.*

(2) *Sources: Panel Médiamétrie NetRatings, November 2013, all connection sites, users aged 2 and over, Observatoires Médiamétrie REM, TSM, Q4 2013.*

(3) *Sources: Panel Médiamétrie mobile, November 2013, all connection sites, mobile internet users aged 15 and over. Observatoires Médiamétrie REM, TSM, Q4 2013.*

In numbers of mobile internet visitors, TF1 is the leading television channel, Eurosport is second in the sports segment, WAT fourth in video, and Metronews seventh among news outlets.

The TF1 group is introducing innovative online products in step with these new usages.

In 2013, TF1 continued to develop its brands in the multi-screen universe: in February, the TF1 group's new site became MYTF1News, with the launch in July of an enhanced version for Android and iOS tablets. One new feature is video multitasking, which allows users to continue reading an article while watching a video.

With the launch of 4G, MYTF1 and MYTF1News for smartphones and tablets began offering new, innovative functionalities in October 2013 such as downloading of some programmes for replay, the possibility of returning to the start of the programme at any time during the broadcast, and visual display quality never before achieved on mobile devices.

Connect functions on television channel applications also made their debut in 2013. Observing that TV viewers frequently use a second screen (tablet, smartphone, the web) while watching television, the channels are offering synchronised services related to the TV program to enhance the viewing experience. These include:

- additional information (infographics, statistics, exclusive videos, etc. related to newscasts or soccer matches);
- real-time game modules (*Le 5e coach* on *The Voice*, *le Défi live* on the French soccer team's matches, etc.);
- instant replays, to share an excerpt of the programme being shown on TF1.

With the launch of *Connect* in February 2013, TF1 remains the leader in this functionality and lays claim to the term that will be used by the rest of the industry.

And since more and more viewers are communicating with one another over social networks while they watch the same show, TF1 has joined with Twitter to become the first channel to launch the Amplify programme in France, first for *Dancing with the Stars,* then for *Masterchef*, the French team's soccer matches, and the *NRJ Music Awards*. TF1 is the only French television channel to offer advertisers this innovation, with allows them to benefit from the social networking echo effect on Twitter.

VIDEO USAGES – REPLAY[1]

In November 2013, the time spent online by a web user in France was four hours[2], almost one hour less than a year earlier. An important factor in the decline is increased video viewing on mobile phones and tablets. The number of web users in France is now 36.4 million (up 2 million in one year).

In November 2013, the TF1 group ranked second in the Internet video market in France, with over 11 million hours viewed.

RANKING OF THE PLAYERS

Ranking	Player	Total time spent *(thousands of hours)*
1	Google	81,991
2	TF1 group	11,168
3	Dailymotion	8,595
4	Vivendi	5,230
5	France Télévisions	5,224
6	6Play	5,103
7	Youwatch.org	4,629
8	Play Media	4,136
9	PureVID	3,173
10	RuTube	2,684

Source: Médiamétrie NetRatings – November 2013.

THE MAINSTAYS OF THE TF1 GROUP: REPLAY, LIVE AND VIDEO PRO

On average, 80% of TF1's programming is available on MYTF1 in live and replay versions as well as through exclusive content.

Live and non-live viewing of the programmes of the TF1 group's channels is increasingly done on multiple screens, with usages differing between screens.

While web viewing has fallen below 2012 levels, strong growth is observed for mobile screens, tablets and IPTV.

Usages vary from one screen to another, too: on tablets and mobile phones, the bonuses and excerpts account for a larger sharing of the viewing, while on IPTV, replays are the most popular content.

(1) Source: Video panel, Player rankings, Médiamétrie/NetRatings, November 2013.
(2) For the time being, videos viewed on Facebook are not counted for technical reasons.

Live viewing is also benefiting from multiple technical and product innovations:

- direct control (on the 4G version of the app), with the possibility of going back to the beginning of the program being shown;
- live online commentary: during *Danse avec les stars* in September 2013, live, behind-the-scenes reporting was done during the broadcast.

Innovation has played a key role in the new version of WAT.tv, the TF1 group's premium online video site, which was launched in May. The product has been rethought and adapted to satisfy web users' new expectations (*e.g.* a new video player and a wall for the most-watched videos on Facebook and Twitter).

SOCIAL MEDIA TRENDS: SOCIAL TV[1]

How social networks are used has changed greatly over the past two years, with mobile phones and tablets becoming the main devices that their members rely on to communicate with one another.

Three of the leading social networks indicate that about 50% of their total traffic comes from mobile devices: Twitter (55%), Facebook (48%) and YouTube (41%).

The social networks are continuing to grow, and new ones are starting up.

Facebook says it has over 1.1 billion users, while Google+ has now reached 1 billion and Twitter more than 500 million. The majority of Facebook users are active, while for Google+, the figure is 35% and for Twitter, 40%.

In 2013, new networks with enormous appeal for young people – Instagram, Pinterest, and Snapchat – joined the ranks of the social media. The main loser in this trend was Facebook, which saw young members shift their interest to these new networks.

In France, the number of Facebook users declined on the web to 29.2 million (down 2.5 million, or 8%, in one year) and on mobile devices to 14.7 million (down 1 million), while Instagram added 1 million mobile users (up 71%), while fixed internet users remained stable at 2 million.

The TF1 group now has 20 million fans and about 40 fan pages, mainly on Facebook and Twitter.

By actively capitalising on social media in conjunction with the channel's leading programmes (*The Voice, Danse avec les Stars, NRJ Music Awards*), TF1 has become the channel generating the most exchanges on the social networks.

For example, almost 35 million tweets were posted concerning TF1's programmes.

By launching Connect with *The Voice* and then being the first channel to use the Amplify programme on Twitter, which it introduced with *Danse avec les stars*, TF1 demonstrated in 2013 its capacity to carry out a compelling and effective second-screen strategy.

3.1.3 ADVERTISING

The slowdown in advertising observed in 2012 continued in 2013. Net plurimedia advertising revenues fell by 5.7%[2] in first-half 2013 (excluding Search). The advertising market was expected to shrink by a lesser amount in the second half, though the data are not yet available.

Gross spend increased by 2.3%[3] year on year.

The following data are gross values. As such, they should be treated with caution owing to the strong pressure on prices in 2013, and hence the differing scope for price negotiations in the various media.

TRENDS IN PLURIMEDIA ADVERTISING SPEND IN 2013[2][3]

Plurimedia advertising spend rose overall in 2013, after declining in 2012, but individual results varied. There was a sharp upturn during the year, with a modest gain of 0.5% in the first half, followed by 4.0% in the second half.

The uneven performance was observed across all media.

Television (excluding sponsorship) was more than ever the top medium, accounting for 35.1% of gross plurimedia spending (up 1.4 points). Gross revenues for television rose 6.6% to €9.6 billion in 2013.

Within the TV category, the positive trend for incumbent channels continued, with a 4.3% increase in gross spend to €5.6 billion. The other freeview DTT channels also turned in strong performances once again,

(1) Source: editors.
Panel Médiamétrie NetRatings, November 2013, all connection sites, internet users aged 2 and over.
Panel Médiamétrie mobile, November 2013, all connection sites, internet users aged 15 and over.
TV Tweet, 2013.

(2) Net advertising spend – source: IREP – H1 2013 compared with 2012 – National radio.

(3) Gross advertising spend – source: Kantar Média – Excluding self-promotion and subscriptions – 2013.
Constant internet advertising scope: 01 Régie, 20 minutes, 3W régie, Adverline, Amaury Medias, Boursorama, Caradisiac publicité, Conde Nast, Deezer Media, Espaces Libération, Express Roularta Services, Figaromédias, Francetélévisions Pub, Groupe Industrie Serv Inf, Hi Media, Horyzon Media, Interpsycho, Lagardère Publicité, Le Point MultiMedia, Leboncoin, M Publicite, M6 Publicité, NRJ Global, Orange Advert Network, Prisma Pub, Rue Du Commerce, TF1 Publicité, Yahoo.

with spend up 15.3% to €3.2 billion, due in part to the contribution from the six new HD DTT channels, which alone generated €290 million in gross revenues. Excluding the HD DTT channels, advertising spend was up 4.9%. CabSat spend was down 7.1% to €794 million.

Gross advertising spend in television (excluding sponsorship) increased by 2.5% in the first half, while the net spend was down 6.8%, compared with the first half of 2012.

In terms of gross spend, print media remained the second-ranked market with €7.5 billion, despite a 1.1% contraction in revenues. The market share of print media was down 0.9 points to 27.3%.

A downward trend in gross spend was already visible in the first half, with a decline of 1.6%. Net spend, however, fell a much sharper 8.5%, compared with the first half of 2012.

Gross spend in radio was up 7.5% to €4.6 billion. Market share also rose, by 0.8 points to 16.9%. Also noteworthy was the strong performance of local stations, whose gross revenues went up 9%.

In the first half of 2013, net spend on national radio was down slightly, by 1.4%, compared with the year earlier period, in contrast to gross spend, which rose 6.5%.

Gross spend on internet (display) came to €2.5 billion, down 0.4%. Internet accounted for 9.2% of advertising spend, down 0.3 points from 2012.

Gross advertising revenues were down 1.7% in the first half of 2013, while net revenues rose 1.0% (excluding mobile).

It was another difficult year for outdoor advertising, with gross spend down 8.2%. Its market share was 9.9%, down 1.1 points.

In first-half 2013, outdoor spend declined in gross value by 7.3%, though the net value slipped a much smaller 1.3%.

Cinema is the most dynamic media, with gross spend up 10.3%. Its market share rose 0.1 points to 1.5%. Gross revenues increased by 6.0%, while net revenues plunged 22.4%.

TRENDS IN GROSS PLURIMEDIA ADVERTISING SPEND(1)

	Gross revenues	Change in revenues	Market share
	Jan-Dec 2013	Jan-Dec 2013/ Jan-Dec 2012	Jan-Dec 2013
Press	**€7,457.3m**	**-1.1%**	**27.3%**
Radio	**€4,627.5m**	**+7.5%**	**16.9%**
Television	**€9,593.7m**	**+6.6%**	**35.1%**
Freeview	€8,799.8m	+8.0%	32.2%
o/w incumbent	*€5,644.1m*	*+4.3%*	*20.7%*
o/w DTT	*€3,155.6m*	*+15.3%*	*11.6%*
TV CAB/SAT	€793.9m	-7.1%	2.9%
Internet	**€2,516.8m**	**-0.4%**	**9.2%**
Outdoor advertising	**€2,693.2m**	**-8.2%**	**9.9%**
Cinema	**€420.0m**	**+10.3%**	**1.5%**
TOTAL	**€27,308.5M**	**+2.3%**	**100.0%**

(1) Gross advertising spend – source: Kantar Média (January-December 2013) – excluding TV sponsorship, excluding self-promotion and subscriptions.

TELEVISION IN 2013[1]

TF1 was the leading channel in 2013, with gross revenues of €3.4 billion, up 2.6% on 2012. Its market share (excluding sponsorship) was 35.1%, down 1.4 points from 2012. M6 was the number-two channel over the same period, with gross revenues of €1.7 billion (up 10.2%) and a market share of 17.4% (up 0.5 points).

TF1 Publicité was the number-one advertising airtime sales agency, with a market share of 38.5% in 2013, down 0.3 points. This places it ahead of M6 Publicité (a 23.6% market share, up 0.9 points), and the Canal+ agency (a 12.5% market share, down 0.2 points).

GROSS MARKET SHARE OF TV CHANNELS – ALL TV UNIVERSE[1]

	2013	2012	2011
TOTAL MEDIA TELEVISION	**100.0%**	**100.0%**	**100.0%**
Incumbent TV	**58.8%**	**60.1%**	**62.0%**
TF1	35.1%	36.5%	37.2%
M6	17.4%	16.9%	17.1%
France 2	2.6%	2.9%	3.6%
Canal+	1.9%	1.9%	2.0%
France 3	1.4%	1.5%	1.8%
France 5	0.3%	0.3%	0.4%
Other DTT	**32.9%**	**30.5%**	**28.0%**
CabSat	**8.3%**	**9.4%**	**10.0%**

GROSS MARKET SHARE OF FREEVIEW DTT CHANNELS – ALL TV UNIVERSE[1]

	2013	2012	2011
Other DTT	**32.9%**	**30.5%**	**28.0%**
DTT 2005	**29.8%**	**30.5%**	**28.0%**
W9	4.7%	4.7%	4.1%
TMC	4.5%	4.9%	4.3%
NRJ 12	3.6%	3.9%	3.7%
BFM TV	3.5%	3.3%	2.6%
I Télé	3.1%	3.5%	3.7%
NT1	3.1%	3.2%	2.6%
D8	3.1%	2.9%	2.9%
Gulli	2.0%	2.2%	2.2%
D17	2.0%	1.4%	1.4%
France 4	0.3%	0.3%	0.3%
HD DTT	**3.1%**		
HD1	1.1%		
RMC Découverte	0.5%		
6TER	0.5%		
Équipe 21	0.4%		
Chérie 25	0.3%		
Numéro 23	0.3%		

(1) Gross advertising spend – source: Kantar Média (January-December 2013) – excluding TV sponsorship, excluding self-promotion and subscriptions.

DIGITAL MEDIA IN 2013[1]

According to the SRI group of advertising sales agencies, revenues in the Internet display advertising market (excluding search) totalled €753 million, an increase of 2%.

Growth in display advertising was driven primarily by three trends: a dynamic video segment, the development of real-time bidding (RTB), and accelerating growth in the mobile display advertising market.

Video (instream) continued to rise sharply (up 32%), generating revenues of €136 million in 2013. The strong momentum comes from high demand from advertisers as well as from growth in premium offers and video related to TV programming (catch-up TV, second screen, IPTV, etc.). TF1 Publicité has a strong position in this segment with MYTF1, which covers practically all TF1 programming between 6pm and midnight (excluding cinema) and is available on four digital screens (web, mobile, tablets and connected TVs).

Real-time bidding (RTB) exchanges generated €117 million in net revenues in 2013, a strong gain of 125% over 2012. They account for a substantial 16% of display revenues, and this trend is expected to accelerate. The International Data Conseil (IDC) is forecasting that RTB, which is commonly used in the ad exchanges, will grow annually by 51% worldwide and 39% in Europe by 2017[2].

France is one of the leading countries in this segment, owing notably to the development of premium ad exchanges like LaPlaceMedia. By joining with Amaury Médias, FigaroMedias and Lagardère to create LaPlaceMedia, TF1 Publicité gains a strategic position in this segment, where it auctions advertising space for "editorialised" content on websites. Nearly 30,000 advertisers bought online space through this exchange in 2013.

Mobile display advertising (including tablets) was very dynamic in 2013, with net revenues of €79 million (up 55%). In this segment, TF1 Publicité consolidated its leadership in the "second-screen" market by making it a strategic priority. Innovative offerings such as MYTF1 Connect and the partnership with Shazam were developed to further exploit screen interaction and synchronisation.

TF1 Publicité is also positioned in the fast-growing social TV segment, notably through its partnership with Twitter (the Connect & Amplify offer). TF1 group programmes demonstrated their viral potential in 2013 by accounting for 26 of the 30 most referenced shows on social networks (Twitter, Facebook, Instagram)[3].

TF1 Publicité is taking advantage of the specific features of digital screens (fixed web, mobile, tablet, connected TV) by launching special operations in this still-growing segment.

The number of households with a connected TV set increased by 35% in one year[4]. Connected TV is thus another strategic opportunity for TF1 Publicité, which is already offering innovative advertising and editorial services such as a "brand corner" and a channel dedicated to an advertiser.

OUTLOOK FOR 2014

The economic context in 2014 should be fairly similar to 2013, with no signs of consumption recovery, households' purchasing power still under pressure due to high unemployment and increased fiscal pressure [5].

In France, a recovery in advertising spend seems quite uncertain, as reflected in agencies forecasts, a majority of which assume the market will remain stable; ZenithOptimedia anticipates a 0.3% plurimedia investment growth for whereas OMG is building on a 0.6% growth forecast[6][7] for 2014.

Against a backdrop of weak market and increased competition, TF1 Publicité keeps on implementing new ways of commercialisation for its offers, so as to answer market needs as fully as possible (Modulo, Events screens) and gain fluidity.

In an increasingly fragmented market, TF1 Publicité's strength relies on a relevant and efficient offer, rolled out on 3 complementary segments of the market:

- mass media (TF1);
- intermediate segment (HD1, N23, Les Indés Radios…);
- targeted segment (Metronews, thematic channels, digital offer).

Efficient coordination of these contact segments allows TF1 Publicité to respond effectively to all of our customers' communication needs.

Innovation is also a major asset, and remains a priority, with a two-fold strategy: TV-Digital convergence (interaction and synchronization of screens) and connected-TVs.

(1) SRI net data - year 2013.
(2) IDC study: RTB global forecast 2013-2017
(3) Bilan Social TV NPA Conseil - December 2013.
(4) Médiamétrie – Référence des Equipements Multimédias – October-December 2013 vs 2012.
(5) Xerfi Previsis – December 2013-January 2014.
(6) Zentih Optimedia – December 2013.
(7) OMG – October 2013.

3.1.4 REGULATION

COMPENSATORY CHANNELS

Article 103 of Act 2007-309 of March 5, 2007, amending the Act of 30 September 30, 1986, and establishing that on the complete shut-down of analogue television, an additional channel, called a “compensatory channel”, would be awarded to the three analogue private channels (TF1, M6, Canal+) was repealed by the Act of November 15, 2013, regarding public television independence. This Act was passed after the European Commission, in response to a complaint, 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 known as the “Telecoms Package” because it would represent a special and exclusive right, which in prohibited and would penalise competitors. 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 repealed Article 103 of the Act of March 5, 2007, as well as Article 104, which stipulated the three analogue private channels could not claim any other kind of compensation.

IMPACT OF THE INDEPENDENCE OF PUBLIC BROADCASTING ACT OF NOVEMBER 15, 2013

The Independence of Public Broadcasting Act was enacted on November 15, 2013, and published in the *Journal officiel* on November 16, 2013. This law amends several provisions of the Act of September 30, 1986, concerning the freedom of communication. The changes include the following:

- the Conseil Supérieur de l’Audiovisuel (CSA) will henceforth have seven instead of nine members. Only the Chairman will continue to be appointed by the President of the Republic, three members will be selected by the speaker of the Assemblée national and three by the speaker of the Sénat. The six members designated by the speakers will be appointed upon approval by the standing committee in charge of cultural affairs at a three-fifths majority of votes cast;
- a new sanctions procedure modelled on the Competition Authority’s strictly separates the legal and investigative functions from the imposition of sanctions. The CSA continues to have the authority to impose sanctions, but only after referral of a matter by the rapporteur, who is independent from the CSA and the broadcasting sector. (The rapporteur is appointed by the Vice President of the Council of State, on the CSA’s recommendation, from among the members of administrative jurisdictions for a four-year term, renewable once);
- the CSA may decide not launch a call for bids if a prior impact study or public consultation reveals that economic conditions in the market are unsuitable. The CSA may postpone call for a two-year period, renewable once;
- advertising will continue to be shown during the day on France Télévisions after 2015;
- compensatory channels cannot be granted;
- the CSA may give approval for a pay DTT channel to become freeview and vice versa. Approval requires a reasoned decision, a public impact study, and a hearing of all parties who request it. The stability of the advertising market must also be taken into consideration;
- the channels may have an equity interest in the works they co-finance with regards to independent production. A decree will specify how they may do this, *i.e.* the amount of financing by a channel that authorises an equity interest in the coproduction and the secondary rights the channel may hold (mandate, the term of the rights, secondary rights).

3.2 2013 ACTIVITY AND RESULTS

In accordance with IFRS 5, the 2013 financial statements present separately the contributions from Eurosport International, which is currently being sold. To ensure comparability with previous publications and given that the sale of Eurosport International did not take place during the year ended December 31, 2013, the full-year results are presented on the basis of financial data before the adjustments required by IFRS 5. Note 6 to the consolidated financial statements provides a reconciliation between the financial data used in this document and the financial results published by the Group.

CHANGES IN PRESENTATION

TF1 changed the way it presents its segment information during 2013 (cf. notes 1, 2 and 6 to the financial statements).

3.2.1 THE GROUP

CONSOLIDATED INDICATORS

These key figures are extracted from TF1 consolidated financial data, before the adjustments required by IFRS 5. It takes into account the results from Eurosport International entities.

(€m)	2013	2012
CONSOLIDATED REVENUE	**2,470.3**	**2,620.6**
Group advertising revenue	1,670.9	1,775.5
Revenue from other activities	791.3	845.1
CURRENT OPERATING PROFIT	**223.1**	**253.1** (1)
OPERATING PROFIT	**223.1**	**210.4** (1)(2)
NET PROFIT ATTRIBUTABLE TO THE GROUP	**137.0**	**136.0**

(1) Includes a gain of €27.1m relating to a reimbursement of CNC tax.
(2) Includes non-recurring costs of €47.7m relating to phase II of the optimisation plan and to the TF1 Vidéo job protection plan.

REVENUE

For the year ended December 31, 2013, consolidated revenue amounted to €2,470.3 million, a year-on-year fall of €150.3 million (down 5.7%).

Advertising revenue was €1,679.0 million, 5.4% less than in 2012.

It comprised:

- €1,487.6 million for the Group's 4 free-to-air channels (down 5.0%). This docline reflecting very tough economic conditions and price erosion due to intense competitive pressure. However, the Group successfully adapted its commercial policy during the course of the year. That revenue for the 4 free-to-air channels – which fell by 8.8% in the first half of 2013 (13.0% in the first quarter and 4.9% in the second quarter) – fell by only 1.1% in the second half (stable in the third quarter of 2013 and down 1.8% in the fourth quarter);
- €83.7 million for other Broadcasting and Content segment media, flat year-on-year. Dynamic performances from internet advertising (e-TF1) and from TF1 Publicité's third-party airtime sales (especially the radio business) offset lower advertising revenue at Metro France;
- €107.7 million for Pay-TV segment media, 14.4% lower than in 2012. This drop was due partly to lower advertising revenue at the French pay-TV channels in tough economic conditions, and partly to a reduction in advertising revenue at the Eurosport group due to different seasonal advertising patterns in 2013 versus 2012 (when the Olympic Games and the UEFA Euro 2012 football tournament were shown).

Non-advertising revenue for the year to December 31, 2013 was €791.3 million, a drop of 6.4% versus 2012 (down €53.8 million). The Consumer Products Division saw revenue fall by €35.2 million. Higher revenue at TF1 Entreprises only partially offset the slippage at TF1 Vidéo (high comparative base owing to the success of *Intouchables* in 2012) and Home Shopping. Eurosport's non-advertising revenue was 3.7% lower, while Content revenue was down 1.1%.

COST OF PROGRAMMES AND OTHER OPERATING INCOME AND EXPENSES

Phase II of the optimisation plan, launched in 2012, generated €41 million of recurring savings in 2013, including €22 million on the cost of TF1 programmes, €10 million on overheads and €9 million in productivity gains. These savings, added to the €15 million generated in 2012, add up to €56 million of recurring savings achieved since the optimisation plan began, out of the €85 million TF1 is committed to achieve by the end of 2014. The Group has already committed to cutting overheads by a further €17 million, and needs to generate savings of €29 million in 2014, of which €10 million will come from the cost of programmes at TF1 and €19 million from productivity savings.

The cost of programmes for the TF1 group's 4 free-to-air channels reached €946.7 million for the year to December 31, 2013, against €1,004.4 million a year earlier, a fall of €57.7 million year-on-year. Excluding major sporting events, the cost of programmes fell by €33.5 million, reflecting the fact that TF1 screened 9 matches from the UEFA Euro 2012 football tournament in 2012 at a cost of €24.2 million. These figures show that the TF1 channel made substantial savings, since the cost of programmes for 2013 includes HD1 (launched at the end of December 2012) and the strengthening of TMC and NT1 programme schedules in response to increased competition in Digital Terrestrial Television.

Other expenses and depreciation, amortisation, provisions and impairment were €57.6 million lower in 2013 than in 2012. Bear in mind that in 2012 the figure included a gain of €27.1 million from reimbursement of CNC (National Centre for Cinematography) taxes booked in the first quarter. The 2013 figure includes the gain from the sale of Place des Tendances, and a provision relating to the sale of some of the 2014 FIFA World Cup rights, booked in the fourth quarter of 2013.

CURRENT OPERATING PROFIT

The TF1 group made a current operating profit of €223.1 million in 2013, versus €258.1 million for the previous year. Although this represents a €35.0 million year-on-year drop, bear in mind that revenue fell by €150.3 million over the same period. The 2013 figure includes the gain from the sale of Place des Tendances, and a provision relating to the sale of some of the 2014 FIFA World Cup rights, booked in the fourth quarter of 2013.

OPERATING PROFIT

The Group posted a €223.1 million operating profit for the year to December 31, 2013, up €12.7 million on 2012. Operating margin was 9.0%, versus 8.0% a year earlier.

Bear in mind that 2012 operating profit included non-recurring costs of €47.7 million related to phase II of the optimisation plan and to the TF1 Vidéo job protection plan.

NET PROFIT

Cost of net debt for the year to December 31, 2013 was positive at €0.4 million.

Other financial income and expenses showed net income of €0.8 million in 2013, versus €5.8 million a year earlier. Bear in mind that the 2012 second-quarter figure included the fair value remeasurement of the call option over TF1's 33.5% equity interest in Groupe AB granted to Claude Berda in June 2010.

Income tax expense amounted to €73.4 million in 2013, versus €70.5 million in 2012. Associates contributed net income of €0.8 million, up €7.2 million, thanks to a better performance from Groupe AB and the Q1 2013 sale of WBTV, which was loss-making in 2012.

Net profit attributable to non-controlling interests was €14.7 million in the year to December 31, 2013, versus €3.3 million a year earlier. This rise was due mainly to the Discovery Communications group having acquired an equity interest in Eurosport and a number of French pay-TV channels in December 2012.

Overall, the Group's net profit for the year to December 31, 2013 reached €137.0 million, versus €136.0 million a year earlier.

FINANCIAL POSITION

Shareholders' equity attributable to the Group as of December 31, 2013 was €1,711.4 million, out of a balance sheet total of €3,529.8 million. The net cash surplus at end December 2013 was €255.5 million, compared with €236.3 million at December 31, 2012.

The Group had confirmed bilateral credit facilities totalling €1,025.0 million with various banks. None of these facilities was drawn down at the end of the period. The facilities are renewed regularly as they expire, so that the Group has sufficient liquidity at all times.

Consequently, the financial position of the TF1 group remains very healthy.

INCOME STATEMENT CONTRIBUTIONS BY SEGMENT

The figures below are extracted from TF1 consolidated financial data, before the adjustments required by IFRS 5 (detailed in note 4 of the notes to the financial statement). They take into account the results from Eurosport International entities.

	Revenue		Current operating profit/(loss)	
(€m)	**2013**	**2012**	**2013**	**2012**
Broadcasting and Content	**1,725.6**	**1,809,3**	**101.6**	**160.1***
Broadcasting	1,654.9	1,737.8	92.8	154.9*
Content	70.7	71.5	8.8	5.2
Consumer Products	**205.1**	**240.3**	**25.3**	**18.0**
TF1 Vidéo	58.0	84.1	0.8	0.3
Home Shopping	85.5	99.3	14.2	6.8
TF1 Entreprises	61.6	56.9	10.3	10.9
Pay-TV	**530.7**	**562.7**	**79.5**	**64.3**
Eurosport group	452.9	475.1	81.8	63.6
Theme channels France	77.8	87.6	(2.3)	0.7
Holding company & other	**8.9**	**8.3**	**16.7**	**15.7**
TOTAL	**2,470.3**	**2,620.6**	**223.1**	**258.1***

* *Includes a gain of €27.1 million relating to reimbursement of CNC taxes.*

The figures below are extracted from TF1 consolidated financial data, after the adjustments required by IFRS 5 (detailed in note 4 of the notes to the financial statement).

	Revenue		Current operating profit/(loss)	
(€m)	**2013**	**2012**	**2013**	**2012**
Broadcasting and Content	**1,726.2**	**1,809.9**	**101.6**	**160.1***
Broadcasting	1,655.4	1,738.3	92.8	154.9*
Content	70.8	71.6	8.8	5.2
Consumer Products	**205.1**	**240.3**	**25.3**	**18.0**
TF1 Vidéo	58.0	84.1	0.8	0.3
Home Shopping	85.5	99.3	14.2	6.8
TF1 Entreprises	61.6	56.9	10.3	10.9
Pay-TV	**144.9**	**156.7**	**2.9**	**6.5**
Eurosport group	67.1	69.1	5.2	5.8
Theme channels France	77.8	87.6	(2.3)	0.7
Holding company & other	**8.9**	**8.3**	**16.7**	**15.7**
TOTAL	**2,085.1**	**2,215.2**	**146.5**	**200.3***

* *Includes a gain of €27.1 million relating to reimbursement of CNC taxes.*

QUARTERLY REVENUE AND CURRENT OPERATING PROFIT

The figures below are extracted from TF1 consolidated financial data, before the adjustments required by IFRS 5 (detailed in note 4 of the notes to the financial statement). They take into account the results from Eurosport International entities.

(€m)	Q1 2013	Q1 2012	Q2 2013	Q2 2012	Q3 2013	Q3 2012	Q4 2013	Q4 2012
Broadcasting and Content	**386.1**	**435.8**	**458.1**	**471.9**	**346.7**	**346.0**	**534.7**	**555.6**
Broadcasting	374.4	420.1	439.7	458.0	331.8	335.5	509.0	524.2
Content	11.7	15.7	18.4	13.9	14.9	10.5	25.7	31.4
Consumer Products	**54.2**	**67.2**	**46.4**	**52.7**	**47.7**	**47.4**	**56.8**	**73.0**
TF1 Vidéo	16.5	29.2	13.4	16.8	13.3	15.8	14.8	22.3
Home Shopping	28.1	30.5	20.3	26.0	18.5	18.3	18.6	24.5
TF1 Entreprises	9.6	7.5	12.7	9.9	15.9	13.3	23.4	26.2
Pay-TV	**123.1**	**123.5**	**135.7**	**145.8**	**141.4**	**156.1**	**130.5**	**137.3**
Eurosport group	103.7	101.9	115.8	123.1	123.0	135.8	110.4	114.3
Theme channels France	19.4	21.6	19.9	22.7	18.4	20.3	20.1	23.0
Holding company & other	**2.2**	**2.1**	**2.2**	**2.2**	**2.2**	**2.2**	**2.3**	**1.8**
CONSOLIDATED REVENUE	**565.6**	**628.6**	**642.4**	**672.6**	**538.0**	**551.7**	**724.3**	**767.7**
Broadcasting and Content	**(25.9)**	**38.3***	**54.5**	**52.0**	**2.7**	**(7.6)**	**70.3**	**77.4**
Broadcasting	(26.6)	35.0*	52.5	53.8	(1.6)	(10.3)	68.5	76.4
Content	0.7	3.3	2.0	(1.8)	4.3	2.7	1.8	1.0
Consumer Products	**2.9**	**10.4**	**1.9**	**(0.5)**	**1.9**	**3.6**	**18.6**	**4.5**
TF1 Vidéo	1.4	7.8	1.3	(6.5)	(0.8)	1.1	(1.1)	(2.1)
Home Shopping	0.9	2.2	(0.5)	4.8	(1.1)	(0.6)	14.9	0.4
TF1 Entreprises	0.6	0.4	1.1	1.2	3.8	3.1	4.8	6.2
Pay-TV	**3.0**	**3.5**	**26.1**	**22.2**	**24.7**	**21.0**	**25.7**	**17.6**
Eurosport group	3.1	4.2	27.6	22.6	24.0	19.7	27.1	17.1
Theme channels France	(0.1)	(0.7)	(1.5)	(0.4)	0.7	1.3	(1.4)	0.5
Holding company & other	**4.3**	**3.8**	**4.0**	**4.2**	**4.2**	**3.3**	**4.2**	**4.4**
CURRENT OPERATING PROFIT	**(15.7)**	**56.0***	**86.5**	**77.9**	**33.5**	**20.3**	**118.8**	**103.9**

* *Includes a gain of €27.1 million relating to reimbursement of CNC taxes.*

BROADCASTING AND CONTENT

Revenue (€m)	2013	2012	Chg. %
Broadcasting	**1,654.9**	**1,737.8**	**-4.8%**
Advertising – TV	1,487.6	1,566.0	-5.0%
Advertising – other media	83.7	83.7	=
Other revenue	83.6	88.1	-5.1%
Content	**70.7**	**71.5**	**-1.1%**
BROADCASTING & CONTENT	**1,725.6**	**1,809.3**	**-4.6%**

Current operating profit (€m)	2013	2012	Chg. (€m)
Broadcasting	**92.8**	**154.9**	**(62.1)**
Content	**8.8**	**5.2**	**+3.6**
BROADCASTING & CONTENT	**101.6**	**160.1**	**(58.5)**

The Broadcasting & Content segment posted revenue of €1,725.6 million, down 4.6% (€83.7 million) year-on-year.

The segment made a current operating profit of €101.6 million, versus €160.1 million in the year to December 31, 2012 (down €58.5 million), though the 2012 figure included a gain of €27.1 million from reimbursement of CNC taxes. The 2013 figure includes a provision for the sale of some of the rights to the FIFA World Cup, booked in the fourth quarter of 2013.

BROADCASTING

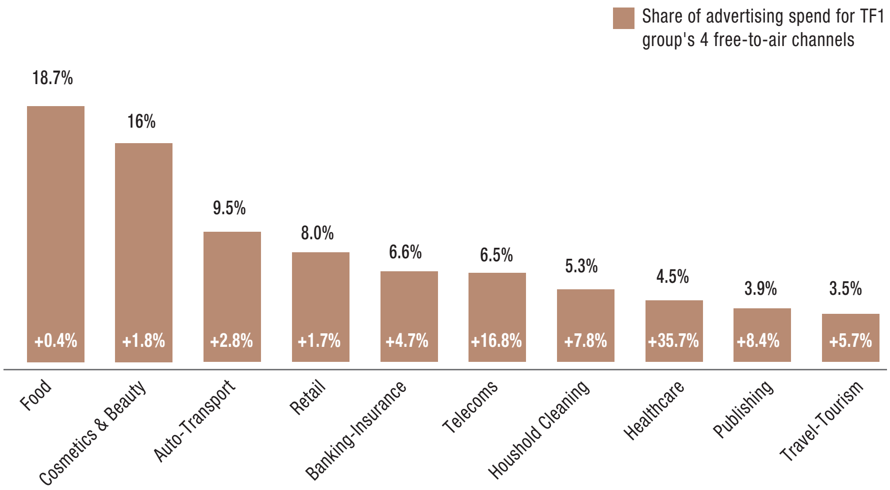
Broadcasting revenue to end 2013 declined by 4.8% (down €82.9 million) to €1,654.9 million. The figure comprises advertising revenues of €1,487.6 million for the Group's 4 free-to-air channels (down 5.0%) and €83.7 million for other media (stable year-on-year), and non-advertising revenue of €83.6 million (down 5.1%).

Current operating profit was €92.8 million, down €62.1 million on 2012, when a €27.1 million gain on reimbursement of CNC taxes was booked. The 2013 figure includes a provision for the sale of some of the rights to the FIFA World Cup, booked in the fourth quarter of 2013.

ADVERTISING REVENUE(1)

The figures for plurimedia advertising spend in 2013 are detailed in chapter 3.1.3 page 88 of the present registration document and annual financial report.

SPLIT OF GROSS ADVERTISING SPEND BY SECTOR FOR TF1 GROUP'S 4 FREE-TO-AIR CHANNELS, AND 2013 VS 2012 GROWTH



Source: Kantar Média - January-December 2013.

Net advertising revenue for the Group's 4 free-to-air channels fell by 5.0% in 2013, but advertising revenue from other media was stable, thanks to growth in digital advertising and in TF1 Publicité third-party advertising airtime sales, offsetting lower revenue for Metro France.

After two quarters of declining advertising revenue for the Group's 4 free-to-air channels (down 13.0% and 4.9% respectively), the picture stabilised at zero growth in the third quarter and only a 1.8% fall in the fourth quarter.

Gross advertising market share in 2013 was 35.1%, down 1.4 points on 2012 for TF1 channel.

Advertising revenue from other media fell by 4.6% in the final quarter of 2013, after rising by 2.4% in the first nine months of the year, hit by lower revenue at Metro France.

Free-to-air broadcasting

Market

Sales of televisions beat all records on completion of the transition to full digital in 2011, with 8.7 million units sold. Sales are now gradually returning to their previous level, with 5.7 million units sold in 2013(2).

Average daily TV viewing time remained high in 2013 at 3 hours 46 minutes for individuals aged 4 and over, 4 minutes less than in 2012. For the target audience of "women aged under 50 purchasing decision-makers", the figure was 3 hours and 49 minutes, 9 minutes less than in 2012.

The 6 new DTT HD channels launched on December 12, 2012 were accessible to over 67% of the French population on December 31, 2013. As of that date, these channels had a combined audience share of 2.3% among individuals aged 4 and over, and of 3.1% among "women aged under 50 purchasing decision-makers".

(1) *Plurimedia spend excluding sponsorship 2013 (6 media).*
(2) *GfK Retail & Technology – Annual sales in volume.*

Audiences

In this more competitive marketplace, the TF1 group is for the first time the leading French broadcaster. The Group is striving successfully to provide its 4 channels with the most complementary and relevant range of programmes possible.

The combined audience share of the Group's 4 free-to-air channels to end December 2013 was 28.9% among individuals aged 4 and over, a rise of 0.5 of a point (or 1.8%) on 2012. For "women aged under 50 purchasing decision-makers", the combined audience share was 32.6%, versus 32.2% to end December 2012 (a 1.2% increase).

TF1

The TF1 channel was the only major French channel to increase its audience share to end 2013, reaching 22.8% for individuals aged 4 and over (versus 22.7% to end 2012). Among "women aged under 50 purchasing decision-makers", the audience share was 25.2%, 0.3 of a point lower than at end 2012 (a fall of 1.2%). TF1 has therefore increased its lead over its nearest private sector rival to 12.2 points for individuals aged 4 and over (versus 11.5 points to the end of 2012) and 9.0 points for "women aged under 50 purchasing decision-makers" (versus 8.5 points). This performance reflects the channel's ability to deliver innovative, unmissable programmes.

These figures confirm TF1's unique position and status as the must-see channel. It recorded 99 of the 100 best audiences of 2013 (all programmes combined). It also achieved the best audience (all channels combined) with 13.6 million viewers for *Le spectacle des Enfoirés* (on March 15th), again beating its previous record. TF1 achieved audiences of 8 million on 51 occasions; it was the only channel to attract more than 9 million viewers (which it did on 14 occasions), and 3 programmes were watched by over 10 million viewers.

The average prime time audience for the TF1 channel in 2013 was 6.0 million; it was the most-watched channel in 9 out 10 evenings.

Innovation is enabling the channel to refresh its strong brands and increase the number of regular viewers. The editorial policy adopted by TF1, based on a popular, must-see offer, has propelled the channel into no. 1 position in all the programme genres it offers, helping it achieve:

- 99 of the 100 best audiences for TV news

TF1's *Journaux Télévisés* are still Europe's most popular news programmes. Efforts to modernise the Group's news output are bearing fruit, with the audience shares for televised news programmes up sharply to end 2013: audience share for the lunchtime news bulletin rose by 1.2 points to 44.0% for individuals aged 4 and over, while the evening news bulletin reached 27.4% of this audience (up 0.7 of a point year-on-year). TF1's news bulletins increased their lead over their closest rival, which widened to 3.7 million viewers for the lunchtime bulletin (up 0.3 million year-on-year) and to 1.8 million for the evening bulletin (up 0.3 million).

- 94 of the 100 best audiences for American series

Two series were successfully launched this year: *Unforgettable* and *Person of interest*, which drew up to 9.0 million and 7.5 million viewers respectively. Series like *Mentalist* and *Criminal Minds* (French title: *Esprit Criminels*) also posted very good audience figures (peaking at 9.4 million and 8.5 million respectively).

- 87 of the 100 best audiences for French drama

Profilage enjoyed a record season, with a peak of over 8.2 million viewers. The audience for drama grew by 500,000 from one season to the next. *Nos Chers Voisins* attracted up to 8.2 million viewers and *Pep's* up to 8.7 million.

- 78 of the 100 best audiences for entertainment and magazines

Les Enfoirés attracted 13.6 million viewers on March 15th.

The Voice was also a great success, bringing in up to 9.6 million viewers in its second season. Finally, *Canteloup* attracted up to 9.9 million viewers, a record for the programme.

- 57 of the 100 best audiences for movies

TF1 recorded the best audience for a movie since November 2010 with *Rien à déclarer* (10.0 million). *Avatar* had 9.7 million viewers.

Finally, the France v. Ukraine football match broadcast on November 19, 2013 achieved a TV audience of 13.6 million, the highest figure for a qualifier since 1993.

TMC

In an intensely competitive environment, TMC had audience share of 3.4% among individuals aged 4 and over in 2013 (down 0.2 of a point year-on-year), rising to 3.7% among "women aged under 50 purchasing decision-makers" (versus 4.0% a year earlier).

TMC once again ranked as the no. 5 channel nationwide in 2013 and is still no. 1 among DTT channels with individuals aged 4 and over. In the evening slot, it is the nation's fourth most popular channel among "women aged under 50 purchasing decision-makers".

The channel enjoyed an average prime time audience of 800,000, stable year-on-year. Prime-time movies proved to be particularly popular, and TMC was the best performing of the DTT channels, averaging 1.0 million viewers. TMC had the highest audience figure for a DTT channel in 2013 for *Despicable Me* (French title: *Moi, moche et méchant*) (2.3 million viewers). TMC also broadcast the 2013 FIFA Confederations Cup, with 1.9 million viewers watching the Spain/Italy semi-final on June 27th.

TMC also achieved the highest audience figure for a DTT magazine programme with *90' enquêtes* (1.4 million viewers), and in the autumn of 2013 launched the magazine programme *Sans Aucun Doute*, which attracted up to 700,000 viewers in access prime time.

NT1

NT1 again posted strong year-on-year growth to end December 2013 among "women aged under 50 purchasing decision-makers", as audience share reached 2.9% (up 7.4%). Among individuals aged 4 and over, audience share was stable year-on-year at 2.1%. These figures show that NT1 is proving resilient in the face of increased competitive pressure. The channel had an average prime time audience of 500,000 (versus 600,000 a year earlier).

NT1 attracted particularly high ratings for the reality show *Bachelor* (reaching 1.3 million viewers in prime time and 9% audience share among "women aged under 50 purchasing decision-makers"). NT1 also demonstrated the pulling power of its movie offer with 1.5 million viewers for *X-Men: The Last Stand* (French title: *X-men, l'affrontement final*) and of successful American series such as *Vampire Diaries* and *The Walking Dead.*

HD1

Launched on December 12, 2012, HD1 is the TF1 group's fourth free-to-air channel. Devoted to all forms of narrative, the channel was accessible to over 67% of the French population as of December 31, 2013.

At end 2013, HD1 was market leader among the 6 new HD channels launched in late 2012. In 2013, the channel achieved audience share of 0.6% among individuals aged 4 and over, and 0.8% among "women aged under 50 purchasing decision-makers".

The channel had an average prime-time audience of 141,000 and attracted the highest viewing of any of the 6 new HD DTT channels in 2013 with the movie *Braquage à l'Italienne (The Italian Job)* peaking at 494,000. HD1 also has the strongest brand recognition of these 6 channels[(1)].

Month after month, HD1 is building on the success of its launch, and adding further audience share.

e-TF1

e-TF1, the TF1 group's digital subsidiary, continued to innovate during 2013 *via* the launch of MYTF1 Connect, a live second-screen extension to MYTF1 and MYTF1News, and an ambitious new version of the MYTF1News website.

Online video once again performed very well on MYTF1.fr and WAT.tv. The TF1 group is the leading French media group in terms of time spent on video, ranking alongside the multinational giants[(2)], with over 9 million unique visitors watching an average of around 1 hour 10 minutes of videos per month.

The MYTF1 app is also going from strength to strength, with over 8.0 million downloads to end December 2013[(3)].

There was no let-up in the momentum of e-TF1 during 2013, with revenue up 1.3% year-on-year at €102.6 million.

This good performance was driven not only by higher revenue from online advertising, but also by a further rise in non-advertising revenue.

Topline growth coupled with ongoing cost control helped e-TF1 post current operating profit of €21.1 million to end 2013 (compared with €18.3 million a year earlier), taking current operating margin to 20.6% (versus 18.1% a year earlier, a rise of 2.5 points).

The success of e-TF1, in terms of both consumption and profitability, is a clear vindication of the TF1 group's digital strategy.

Other media

Metro France

The print media advertising market contracted by 1.1% versus 2012[(4)]. Daily freesheets saw gross revenue drop by 1.8%[(5)].

Metro France continued to transform its model: on May 29, 2013 it changed its name, launching an "all media" news offer under the Metronews banner.

Metronews is the 2nd most-read daily newspaper in France, with nearly 2.9 million readers. The strategy adopted at the start of 2012 is paying off in terms of readership, with a significant increase of 2.2% since the last survey, thanks to the geographical rollout and the reverse publishing policy. The audience for the Metronews.fr site broke through the 3 million unique visitor mark in November 2013, reaching 3,108,000, a rise of 94% year-on-year[(6)].

Given the contraction in the print media market and strong competition, Metro France saw revenue and current operating profit fall in 2013.

TF1 Publicité (third-party advertising sales)

The third-party advertising airtime sales business continued to expand, with new additions both in radio (M FM) and TV (BeIN SPORT, Numéro 23).

CONTENT

Revenue for the Content business was down slightly by 1.1% at €70.7 million to end 2013, with good performances by TF1 Production and TF1 Films Production outweighed by the fall-off in revenue at TF1 Droits Audiovisuels. Current operating profit for 2013 was €8.8 million, versus €5.2 million a year earlier.

Movie market[(7)]

Cinema footfall reached 192.8 million in 2013, down 5.3% year-on-year. For the last four years footfall has been over 200 million.

The market share of French movies fell sharply to 33.3% in 2013, against 40.3% for 2012.

TF1 FILMS PRODUCTION[(8)]

In 2013, TF1 Films Production co-produced 19 movies shown on cinema screens, against 14 in 2012. Of these, 7 had exceeded the 1 million admissions mark by December 31 (against 8 in 2012).

(1) Brand recognition observatory: add-on channels, 2013 wave, CSA.
(2) Source: Médiamétrie NetRatings – November 2013.
(3) Source: XiTi, estat Médiamétrie, iTunes Connect, Google Play.
(4) Source: Étude One 2012-2013 (July 1, 2012-June 30, 2013).
(5) Source: AdExpress/Metronews Universe.
(6) Source: NNR panel – November 2013 – UV ('000) – All localities.
(7) Source: CNC.
(8) Source: Écran Total.

Movie	General release date	No. of admissions 2013 *(in millions)*
BOULE & BILL	27/02/2013	2.0
20 ANS D'ÉCART	06/03/2013	1.4
JAPPELOUP	13/03/2013	1.8
LES GAMINS	17/04/2013	1.6
LES PROFS	17/04/2013	4.0
LA CAGE DORÉE	24/04/2013	1.2
EYJAFJALLAJÖKULL	23/10/2013	1.8

Co-production revenues rose as a result.

TF1 DROITS AUDIOVISUELS

TF1 Droits Audiovisuels saw revenue fall to end 2013. 10 movies went on general release during 2013, compared with 15 a year earlier. However, TF1 Droits Audiovisuels did distribute the movie *Les Profs*, which was the best performing French movie of 2013, with 4.0 million admissions.

Current operating profit increased, thanks to strong sales for the movie catalogue and series.

TF1 PRODUCTION

TF1 Production posted a slight year-on-year rise in revenue in 2013.

TF1 Production produced *Splash* and a scripted reality show (*Petits secrets entre voisins*) for TF1 channels and delivered the new *Crossing Lines* series to TF1 in the third quarter of 2013. It was TF1 Production that handled the production of the UEFA Euro 2012 football tournament.

Cost containment measures meant that current operating profit rose proportionately more than revenue during the period.

CONSUMER PRODUCTS

Revenue *(€m)*	2013	2012	Chg. %
TF1 Vidéo	58.0	84.1	-31.0%
Home shopping	85.5	99.3	-13.9%
TF1 Entreprises	61.6	56.9	+8.3%
CONSUMER PRODUCTS	**205.1**	**240.3**	**-14.6%**

Current operating profit *(€m)*	2013	2012	Chg (€m)
TF1 Vidéo	0.8	0.3	+0.5
Home shopping	14.2	6.8	+7.4
TF1 Entreprises	10.3	10.9	(0.6)
CONSUMER PRODUCTS	**25.3**	**18.0**	**+7.3**

Revenue for the Consumer Products Division fell by 14.6% to €205.1 million, and current operating profit was €7.3 million higher at €25.3 million. The division's results incorporate the effects of the sale of Place des Tendances which was deconsolidated on November 5, 2013.

TF1 VIDEO[1]

The Video market again contracted sharply in 2013. The physical video market declined by 16.7% by volume and 14.1% by value to €929.1 million. The main reasons for this were falls of 18.8% in revenues from DVD sales to €724.2 million and of 8.5% from Blu-ray sales to €204.9 million. Blu-ray represented 22.1% of video sales revenue in 2013, against 20.1% in 2012.

The VoD market also contracted in 2013.

In this very tough market, TF1 Vidéo posted revenue of €58.0 million, compared with €84.1 million in 2012. This €26.1 million reduction was largely due to the success of the movie *Intouchables*, which went on general release in 2012 and had a massively big impact on that year's results. New movies launched in 2013 did not have the same success as the star performers of 2012 like *Polisse, Foresty Party* and *La Vérité si je mens 3*. Bear in mind also the good performances from MYTF1VOD, which managed to introduce an ambitious strategy in 2013 in a market where there is heavy competition from illegal downloads. The number of sessions sold in 2013 was up 21% by volume year-on-year.

Current operating profit for the Video business rose by €0.5 million to €0.8 million. Bear in mind that although 2012 current operating profit was boosted by the performance of *Intouchables*, the effect was partially offset by restructuring costs under the job protection plan.

HOME SHOPPING[2]

French consumers carried out more than 600 million transactions online during 2013, worth €51.1 billion. Total sales were up 13.5% year-on-year, while the number of transactions leapt by 17.5%.

The Home Shopping business generated revenue of €85.5 million in 2013, versus €99.3 million a year earlier, a fall of 13.9%.

(1) CNC-GFK 2013 Physical Video Barometer.
(2) Fevad e-commerce review – France 2013.

In an economic environment characterised by sluggish consumer spending, this fall was attributable mainly to reduced order volumes for the flagship Téléshopping brand, a less favourable product mix, and weaker revenue for the Infomercials activity. In addition, Place des Tendances has not been included in the consolidation since November 5, 2013.

Current operating profit reached €14.2 million in 2013, versus €6.8 million in 2012. The 2013 figure includes a non-recurring gain on the sale of Place des Tendances.

TF1 ENTREPRISES

TF1 Entreprises posted revenue of €61.6 million in 2013, up 8.3% on the previous year.

The current operating profit of TF1 Entreprises was €10.3 million, down slightly by €0.6 million on 2012.

All departments of the subsidiary performed well:

Games[1]

The games market has been stable in 2013 (-0,3%). TF1 Entreprises continued to grow its games business. *Boom boom Balloon* won the prize for the best new children's game at the 2013 "Grand Prix du Jouet" awards. TF1 Entreprises' market share fell to 7.0%, from 7.4% in 2012.

PAY-TV

Revenue *(€m)*	2013	2012	Chg. %
Eurosport group*	**452.9**	**475.1**	**-4.7%**
o/w Advertising	90.2	98.6	-8.5%
o/w Other revenue	362.7	376.5	-3.7%
Theme channels France	**77.8**	**87.6**	**-11.2%**
o/w Advertising	17.5	27.2	-35.7%
o/w Other revenue	60.3	60.4	-0.2%
PAY-TV	**530.7**	**562.7**	**-5.7%**
* *o/w Eurosport International*	*385.8*	*406.0*	*(20,2)*
o/w advertising	*81,2*	*88,8*	*(7,6)*
o/w other revenues	*304,6*	*317,2*	*(12,6)*

Current operating profit *(€m)*	2013	2012	Chg. (€m)
Eurosport group*	**81.8**	**63.6**	**+18.2**
Theme channels France	**(2.3)**	**0.7**	**(3.0)**
PAY-TV	**79.5**	**64.3**	**+15.2**
* *o/w Eurosport International*	*76,6*	*57,8*	*+18.8*

Pay-TV segment revenue for 2013 was €530.7 million, down 5.7%.

Current operating profit was sharply higher at €79.5 million, against €64.3 million in 2012 (up €15.2 million).

Music[2]

After contracting for 12 years running, the music market grew by 2.3% to €603.2 million. Physical sales were 1.0% higher, while the digital market increased by 0.5% to €125 million, representing 25.5% of sales. Associated rights were up 8.9%. Against this background, TF1 Entreprises had a very fine year, driven both by its own productions and co-productions (*Thérèse*, *Les Stentors*, etc.), the success of partnerships (*Céline Dion, Johnny Hallyday,* etc.), co-produced live shows (*Disney on Ice, Cirques phénix*), and show production (*Stars 80, The Voice* roadshow, etc.).

Licences

TF1 Entreprises continued to exploit its licence portfolio effectively (*Mille Bornes*, *Hello Kitty*), including some spin-offs from TF1 channel programming (*The Voice, Masterchef*).

Publishing

Since 2011, TF1 Entreprises has been developing successful collections like the *Tintin* figurines (more than 2 million sold) and *Barbapapa*, and has been expanding abroad with the *Laurel and Hardy* collection in Germany, and *DC Chess* in New Zealand and Great Britain.

Finally, in 2013 TF1 Entreprises set up a structure to operate venues in the entertainment hub being created in the Cité Musicale on the Île Seguin near Paris, due to be inaugurated at end 2016.

EUROSPORT GROUP

Eurosport group revenue was down €22.2 million (or 4.7%) year-on-year at €452.9 million.

Non-advertising revenue was 3.7% lower year-on-year, at €362.7 million, due to difficulties in the Spanish market and in Scandinavia, partially offset by the channel's success in Eastern and Central Europe and the growth of Eurosport Asia-Pacific.

The strong sporting calendar of 2012 (UEFA Euro 2012 football tournament and the London Olympics) proved a tough comparative. As a result, Eurosport's advertising revenue fell by 8.5% year-on-year in 2013 to €90.2 million (after a 15.6% rise in 2012).

Profitability at Eurosport is continuing to improve, with current operating profit rising by €18.2 million year-on-year to €81.8 million. Operating margin was 18.1% in 2013, up 4.7 points year-on-year.

In the fourth quarter of 2013, Eurosport revenue fell 3.4% to €110.4 million. Current operating profit rose by €10.0 million to €27.1 million thanks to very good cost control, giving operating margin of 24.5%, versus 15.0% in the fourth quarter of 2012.

(1) Source: The NPD group.
(2) Source: SNEP (Syndicat National de l'édition Phonographique).

Operating performance

At end 2013, the Eurosport channel was being received by 132.8 million households in Europe, 1.0 million more than at end 2012. The number of paying households was up 0.3%.

The HD rollout continued, extending to 32.2 million homes (up 32.5%). Eurosport 2 is now received by 68.1 million households (up 8.8%) and Eurosport 2 HD by 16.6 million households (up 59.6%). Eurosport Asia-Pacific is available to 9.3 million households, against 7.6 million at end 2012. Eurosportnews is received by 2.4 million households.

In an increasingly fragmented market that remains fragmented, TV audiences contracted slightly, by 0.8%, though this is to be seen in the light of the rich sporting calendar in 2012, with the London Olympics in the summer. However, the decline in audiences during 2013 was limited, thanks to a strong winter sports season and the other stalwarts of Group channels (Alpine skiing World Championships, Roland Garros, African Cup of Nations, etc.).

Internet audiences also grew, placing Eurosport in the top flight of sport programming networks[(1)].

With 14 local versions on its website, the Eurosport network was attracting an average of 3.7 million unique visitors to end December 2013[(2)], up 12.2% year-on-year.

During 2013, the partnership launched at end 2012 with Discovery Communications fed through into a number of operational and organisational initiatives. In addition, TF1 and Discovery Communications signed an agreement in January 2014 under which Discovery was to become the majority shareholder of Eurosport International in the near future.

THEME CHANNELS FRANCE[(3)]

At a time when the range of free-to-air channels in France is increasing, pay-TV channels as a whole had a 10.8% audience share to end December 2013, down 0.4 of a point year-on-year.

TF1 theme channel revenue for 2013 was €77.8 million, down 11.2% year-on-year, reflecting a €9.7 million reduction in advertising revenue.

The division posted a current operating loss for 2013 of €2.3 million, against a profit of 0.7 million in 2012. The improvement in the cost base, particularly on LCI and the Découverte Division channels, has to some extent offset the drop in revenue in 2013.

LCI

LCI is maintaining an editorial stance focused on analysis and explanation of news stories. The channel also continues to offer strong brands like Le Club LCI. In response to falling advertising revenue, LCI is continuing to adjust its cost base.

TV Breizh

TV Breizh confirmed its position as the leading general interest mini-channel on cable and satellite, with audience share of 1.2% among individuals aged 4 and over, rising to 1.4% among "women aged under 50 purchasing decision-makers".

Since March 2013, the channel has been transmitted from the TF1 site in Boulogne, rather than its historical base in Lorient.

In a tough competitive and economic context, TV Breizh reported a fall in both revenue and operating profit in 2013.

Histoire, Ushuaïa, Stylía[(4)]

Since April 2013, the Découverte channels have also been transmitted from the TF1 site in Boulogne-Billancourt rather than from their historical base in Lorient.

Ushuaïa TV is maintaining its editorial policy, with the emphasis on adventure and discovery; this policy is paying off, with the channel enjoying the highest brand recognition in the discovery/lifestyle segment.

Histoire is continuing to focus on its editorial policy and on building awareness of its brand as the benchmark history channel on cable, satellite and ADSL. The channel has moved up one place to 6th in the brand recognition rankings for the discovery/lifestyle segment.

Finally, Stylía continues to base its editorial policy on women's lifestyle issues.

The division's revenues are proving resilient in a challenging market, and cutting the cost base has helped the division improve margins substantially.

TF6 and Serieclub

Full-year revenue and current operating profit for these two channels – owned 50/50 by TF1 and M6 – were down year-on-year.

TF6 continues to add new first-run series and new entertainment shows. The channel's audience share is 0.6% among individuals aged 4 and over, rising to 1.3% among "women aged under 50 purchasing decision-makers".

Serieclub has been pulling in excellent audiences thanks to ambitious scheduling of first-run series, and is one of the fastest-growing French pay-TV channel among "women aged under 50 purchasing decision-makers". The channel has a 1.1% share of this audience (versus 0.8% a year earlier). Among individuals aged 4 and over, the audience share also increased (by 0.1 of a point, to 0.6%).

(1) Source: ComScore Networks, 1st site in Europe with 17.5 m UV in November 2013.

(2) Source: Nedstats, UV cookies on internet.

(3) Source: Médiamat'Thématik (January 25, 2013-June 2013 wave) Pay-TV universe.

(4) Brand recognition observatory: add-on channels, 2013 wave, CSA Institute.

HOLDING COMPANY AND OTHER

Revenue *(€m)*	2013	2012	Chg. %
Holding company & other	8.9	8.3	+7.2%

Current operating profit *(€m)*	2013	2012	Chg. (€m)
Holding company & other	16.7	15.7	+1.0

The "Holding company & other" segment, which includes the Group's property and transmission entities, posted revenue of €8.9 million (up 7.2%) and current operating profit of €16.7 million (an increase of €1.0 million).

The bulk of this segment's revenue is generated internally. However, its current operating profit includes all margin generated by entities in the segment.

3.2.2 OUTLOOK

For the TF1 group 2013 was a highly satisfactory year in terms of editorial performance and audience figures but more difficult in economic terms. However, despite the deeply disturbed environment, the Group managed to preserve its operating profitability.

2014 will be an atypical year, with a rich programme of major events to be broadcast on the Group's channels. It will be a year of elections, both municipal and European, and of World War commemorations, with the centenary of the First World War and the 70th anniversary of the Liberation of France in the Second World War. 2014 will also be the year of the Football World Cup in Brazil, the rights to which, acquired in 2005 for €130 million, will weigh on the Group's profitability.

The TF1 group is likely to be operating in an economic environment characterised by an absence of signs of recovery, continuing poor visibility and a declining television advertising market. 2014 will mark the completion of phase II of the optimisation plan, with a further €29 million of recurring savings to be generated by the end of the year.

2014 will probably also see the sale of 31% of Eurosport International to Discovery Communications, after the sale of an initial 20% in 2012.

2014 is therefore destined to be an important transitional year which will lay the foundations for the TF1 group's future growth.

Aware of the challenges ahead, freed of constraints, keen to create and seize new opportunities, and supported by a solid financial structure, the TF1 group is mobilised to continue its transformation by shifting its business, its model and its profitability up a gear, and making growth a priority.

IDENTIFYING THE CHALLENGES

Knowing what is at stake and how much is at stake, we have identified the challenges to be overcome:

- an uncertain economic environment and trading conditions that are likely to remain lacklustre for some time to come;
- intense competition;
- regulations that continue to be restrictive;
- the arrival of new international players in September 2014.

NEWFOUND AGILITY

To meet these challenges, the Group has revitalised itself, thanks to the work that has been done over recent years.

Since 2007, the contours of the Group have evolved considerably. At the same time, the Group has improved its ability to anticipate and strengthened its ability to act.

The TF1 group now has a multi-channel offering characterised by the recent moves towards complementary scheduling and circulation of rights, with a digital offering deployed across all platforms.

In audiovisual rights, the Group has gained flexibility with the ending of volume deals with producers. The Group's strategy has also evolved in the area of sports rights, which have been abandoned or renegotiated on a new economic basis, such as the French national football team rights.

Innovation is key in all aspects of the business – channels, customer service and digital.

All the changes that have been ongoing for several years – the rationalisation of structures and operations, and the two phases of the optimisation plan (€211 million of savings generated between 2008 and 2013, €29 million more to be generated in 2014) – are important for the years to come because they are making the TF1 group more responsive and better able to meet new challenges.

GENUINE STRENGTHS

The readiness to take up new challenges is backed by rigorous management, a tighter organisation, rationalised operations and financial solidity.

Alone or with the help of first-rate partners, the TF1 group is now in a position to make long-term investments in new, complementary and original businesses, either through organic growth or via acquisitions.

MANY OPPORTUNITIES

More than ever, the Group now needs to move up a gear and be ready to seize all organic and external opportunities that arise.

First of all, the Group will be working to strengthen the identity of each of its channels, being careful to maximise their complementarity and optimise synergies between them, particularly in terms of audiovisual rights exploitation, while complying with undertakings made to the relevant authorities.

In order to secure content for the various channels, the Group will be pursuing its investment policy, alone or in partnership, or via in-house productions, while maintaining tight cost control.

In 2015, under the terms of the undertakings made to the competition authorities, the TF1 group will have to rethink its commercial offering.

The Group will continue to develop ever closer relations with all its audiences. The arrival of new technologies is opening up new prospects for intensifying links with individual consumers on all available platforms.

In addition, the Group is paying particular attention to external development opportunities via in-depth analysis of certain markets, exploring the progress of new technologies (in the field of advertising for example), and anticipating new trends.

CLEAR PRIORITIES

The priority of the TF1 group is to create value for its shareholders.

The probable sale in 2014 of 31% of Eurosport International to Discovery Communications will strengthen the liquidity of the TF1 group, which will be careful to maintain its solid financial structure.

The Group will also use its cash to support two other ambitions: growth, which may be achieved organically – if necessary bolstered by acquisitions – and providing a return to shareholders.

Prudence and determination will continue to be the watchwords for action in 2014, confirming the stance adopted by the Group in recent years.

CORPORATE RESPONSIBILITY

Aware of its responsibilities as a leading media group, TF1 incorporates corporate social responsibility into its strategic planning.

On the environment, the Group takes care that its productions, products and innovations build sustainable development into their design and use.

In industrial relations, the Group ensures that it offers a high quality working environment and tackles discrimination. The awarding and re-awarding of the Diversity Label attest to the Group's continuing efforts in this area.

In terms of social impact, key issues are the quality of the news produced and broadcast on the Group's channels and websites, and making sure that all programmes comply with the undertakings made to the authorities.

The Group's corporate responsibility policy is also based on applying ethical and responsible principles vis-à-vis all stakeholders.

2014 will also see further developments around the economic contribution of the TF1 group and consideration of its role in society.

Finally, the Group will continue to play a federating role in the profession through its management of the Media CSR Forum, which produces sector indicators for media companies and disseminates good industry practice.

REAFFIRMED AIMS

The TF1 group will continue to strengthen its dual role as France's leading news and entertainment group.

The strategic choices it has made have paid off: the Group has now been transformed and has provided itself with the resources to realise its aims.

Rigorous day-to-day management is proving to be the best guarantee of future growth, which will be achieved by seizing or creating new opportunities to consolidate multimedia offerings and develop multi-channel offerings.

3.2.3 POST BALANCE SHEET EVENTS

Further to the agreements signed on January 21, 2014, Discovery Communications is shortly to acquire an additional 31% equity interest in Eurosport SAS (see § 1 of the notes to the consolidated financial statements on page 117 of the present registration document and annual financial 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 216 of this registration document), most of them located in France.

The role of TF1 is to define the overall strategic priorities of the Group, and to provide leadership in areas such as identifying synergies and standardising procedures. It also provides corporate support functions to its subsidiaries in fields such as management, human resources, advisory services and finance. These services are invoiced by TF1 to the subsidiaries involved; for details, refer to the disclosures about related-party agreements on page 286 of the registration document and Annual Financial Report and to the Statutory Auditors' report on such agreements (page 202 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 287 of the registration document and Annual Financial Report and to the Statutory Auditors' report on such agreements (page 202 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 owned at 50% or more, except for Serieclub which treasury management and financing are handled by M6, and real estate subsidiaries Perelie and Firelie.

3.2.5 THE TF1 PARENT COMPANY

RESULTS OF TF1 SA

In 2013, TF1 SA (the parent company) generated revenue of €1,275.1 million (down 6.0% versus 2012), comprising €1,261.7 million of advertising revenue (down 5.8%). Operating profit for the year increased by €9.1 million to €84.5 million.

The parent company reported net financial loss of €38.9 million in 2013 (versus a profit of €32.2m in 2012).

Net profit for the year was €16.9 million, versus €120.5 million in 2012.

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 €254,514 in the year ended December 31, 2013. 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, 2013 and, and, having noted the existence of distributable profits of 316,868,711.42, comprising net profit for the period of €16,937,937.71 and retained earnings of €299,930,773.71, to appropriate this sum as follows, as proposed by the Board of Directors:

- distribution of a cash dividend of €116,193,007.15 (*i.e.* a dividend of €0.55 per €0.20 par value share);
- the balance of €200,675,704.27 to be carried forward as retained earnings.

The ex-date of the dividend on the Euronext Paris market will be April 24, 2014. The date of record (*i.e.* the day at the end of which the postsettlement positions entitled to the dividend are determined) will be April 28, 2014. The payment date of the dividend will be April 29, 2014.

We are also asking for your authority to transfer to retained earnings the amount of dividend accruing to any of its own shares that TF1 may hold, in accordance with Article L. 225-210 of the French Commercial Code.

The amount of dividend distributed in respect of the three previous financial years was as follows:

Year ended	Net dividend per share
December 31, 2010	€0.55
December 31, 2011	€0.55
December 31, 2012	€0.55

ANALYSIS OF TF1 SA TRADE CREDITORS BY DUE DATE

The table below gives disclosures about trade creditors by due date, as required by Articles L. 441-6-1 and D. 441-4 of the French Commercial Code.

In most cases, TF1 SA applies agreed payment terms of 45 days from the end of the month in which the supplier invoice was issued.

(€m)	Dec. 31, 2013	Dec. 31, 2012
Total trade creditors	**234.0**	**284.0**
Total trade creditors used in the analysis*	**181.7**	**255.2**
Of which non past due	176.6	247.9
Of which past due	5.1	7.3
Of which past due by less than 30 days	*2.3*	*4.6*
Of which past due by between 30 and 90 days	*0.8*	*0.4*
Of which past due by more than 90 days	*2.0*	*2.3*

* *The trade creditors total included in the analysis as of December 31, 2013 comprises all trade creditors except for trade bills payable, which amounted to €52.3 million (compared with €28.8 millions of December 31, 2012).*

3.2.6 PRINCIPAL ACQUISITIONS AND DIVESTMENTS

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

SALE OF PLACE DES TENDANCES

On November 5, 2013, the TF1 group sold its entire equity interest in Place des Tendances (representing 80% of the capital), and the associated receivables, to Printemps Holding France SAS. The impact of this sale is recognised in current operating profit for the year ended December 31, 2013.

Place des Tendances generated revenue of €8.7 million and an operating profit of €0.3 million in the first 10 months of 2013 (versus revenue of €9.4 million and an operating loss of €1.6 million in the year ended December 31, 2012).

TF1 SA OTHER COMMITMENTS

As a result of the partnership agreement signed in December 2012 (see the shareholders' agreement on page 235, chapter 6 of this 2013 registration document and annual financial report) and the further agreements signed on January 21,2014 with the Discovery Communications group, the following commitments were entered into:

a. The Discovery Communications group committed to acquiring, once clearance is obtained from the competition authorities, a 31% interest in Eurosport SAS (the parent company of the Eurosport group), there by taking its equity interest in that company to 51%;

b. Before the above commitment is effectively fulfilled, TF1 SA or any of its subsidiaries is committed to acquiring an 80% equity interest in Eurosport France, and to granting Eurosport SAS a right to buy out the investment in Eurosport France exercisable between January 1, 2015 and December 31, 2017.

The details of the commitments given and received with Discovery are presented in note 5.1 of the notes to the parent company financial statements on page 192 of the present registration document and annual financial report.

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 62-77 of the registration document.

3.3.2 HUMAN RESOURCES AND ENVIRONMENT UPDATE

With regard to human resources and environment update, see chapter 7, pages 258-279 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 215-240 of the registration document.

3.4 STATEMENT OF COMPANY OPERATIONS OVER THE LAST FIVE BUSINESS YEARS

Nature of indicators *(in €)*	2009	2010	2011	2012	2013
I – End of year financial position					
a) Company capital	42,682,098	42,682,098	42,206,601	42,124,864	42,252,003
b) Number of shares issued	213,410,492	213,410,492	211,033,003	210,624,321	211,260,013
c) Number of convertible bonds					
II – Overall operational results					
a) Turnover excluding taxes	1,376,578,316	1,484,569,148	1,447,246,247	1,356,804,475	1,275,062,633
b) Profits before tax, employee participation, liquidations and provisions	201,671,020	225,847,859	210,521,154	101,904,156	121,264,543
c) Tax on profits	(17,671,273)	33,468,225	45,163,305	17,693,069	16,963,332
d) Employee participation	256,981	4,645,162	4,620,881	1,761,302	312,086
e) Profits after tax, employee participation, liquidations and provisions	198,396,034	157,208,740	114,484,653	120,521,749	16,937,938
f) Amount of profits distributed	91,766,512	117,375,771	116,013,152	115,658,171	116,193,007(1)
III – Operational results per share					
a) Profits after tax and employee participation but before liquidations and provisions	1.03	0.88	0.76	0.39	0.49
b) Aggregate employment earnings	0.93	0.74	0.54	0.57	0.08
c) Expenditure on benefits	0.43	0.55	0.55	0.55	0.55(1)
IV – Employees					
a) Number of employees(2)	1,597	1,604	1,633	1,562	1,636
b) Total payroll costs(3)	118,312,622	120,882,687	124,695,330	147,100,157	130,600,972
c) Total of employee benefit costs	69,307,854	64,780,999	61,269,845	67,676,216	60,215,561

(1) Dividend submitted for approval to the General Meeting of April 17, 2014.
(2) Permanent Contracts.
(3) Included expenses to be cashed out.

4

FINANCIAL STATEMENTS 2013

The consolidated financial statements of the TF1 group for the year ended December 31, 2013 should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2012 and the year ended December 31, 2011, prepared in accordance with international financial reporting standards, as presented in the 2012 French-language *document de référence* filed with the Autorité des Marchés Financiers (AMF) on March 13, 2013 as number D. 13-0129, an English-language version of which (the 2012 registration document) is available on the TF1 corporate website *via* the link http://docs.groupe-tf1.fr/eng/finance/registration-document/2012/index.htm.

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

4.1 CONSOLIDATED FINANCIAL STATEMENTS

4.1.1 CONSOLIDATED BALANCE SHEET

Assets *(€m)*	**Notes**	**Dec. 31, 2013**	**Dec. 31, 2012**
Goodwill	7	482.5	874.3
Intangible assets		108.8	129.8
Audiovisual rights	8.1	*48.0*	*55.2*
Other intangible assets	8.2	*60.8*	*74.6*
Property, plant and equipment	9	190.2	216.8
Investments in associates	10	81.9	161.1
Non-current financial assets	12.1	17.6	15.8
Non-current tax assets	27.2.2	-	10.6
Total non-current assets		**881.0**	**1,408.4**
Inventories		682.3	632.1
Programmes and broadcasting rights	11	*666.3*	*615.2*
Other inventories		*16.0*	*16.9*
Trade and other debtors	12.4	1,129.5	1,302.0
Current tax assets		31.9	14.5
Other current financial assets	12	-	2.1
Cash and cash equivalents	12.5	288.9	258.7
Total current assets		**2,132.6**	**2,209.4**
Assets of held-for-sale operations	4	645.6	-
TOTAL ASSETS		**3,659.2**	**3,617.8**
Net surplus cash of continuing operations		188.3	236.3
Net surplus cash of held-for-sale operations		67.2	

Shareholders' equity and liabilities *(€m)*	Note	Dec. 31, 2013	Dec. 31, 2012
Share capital		42.2	42.1
Share premium and reserves		1,532.2	1,506.7
Net profit for the period attributable to the Group		137.0	136.0
Shareholders' equity attributable to the Group		**1,711.4**	**1,684.8**
Non-controlling interests		130.5	117.0
Total shareholders' equity	13	**1,841.9**	**1,801.8**
Non-current debt	14 & 15	1.2	13.6
Non-current provisions	16.1	40.9	39.3
Non-current tax liabilities	27.2.2	8.9	9.8
Total non-current liabilities		**51.0**	**62.7**
Current debt	15	99.4	8.8
Trade and other creditors	14.3	1,450.8	1,687.2
Current provisions	16.2	30.4	53.5
Current tax liabilities		16.2	2.9
Other current financial liabilities	14	3.8	0.9
Total current liabilities		**1,600.6**	**1,753.3**
Liabilities of held-for-sale operations	4	165.7	-
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3,659.2**	**3,617.8**

4.1.2 CONSOLIDATED INCOME STATEMENT

(€m)	Note	2013	2012*
Advertising revenue		1,597.7	1,686.8
Other revenue		487.4	528.4
Revenue	**17**	**2,085.1**	**2,215.2**
Other income from operations		0.2	0.4
Purchases consumed and changes in inventory	18	(981.8)	(1,048.5)
Staff costs	19	(353.2)	(352.9)
External expenses	20	(373.0)	(396.0)
Taxes other than income taxes	21	(131.6)	(142.1)
Depreciation and amortisation, net		(61.6)	(65.6)
Provisions and impairment, net		(32.8)	(10.0)
Other current operating income	22	99.9	121.2
Other current operating expenses	22	(104.7)	(121.4)
Current operating profit/(loss)		**146.5**	**200.3**
Non-current operating income	23	-	-
Non-current operating expenses	23	-	(46.4)
Operating profit/(loss)		**146.5**	**153.9**
Income associated with net debt	24	0.6	3.1
Expenses associated with net debt	24	(0.2)	(0.6)
Cost of net debt		**0.4**	**2.5**
Other financial income	25	2.9	7.6
Other financial expenses	25	(2.1)	(1.7)
Income tax expense	27	(45.3)	(52.1)
Share of profits/(losses) of associates	10	0.8	(6.4)
Net profit/(loss) from continuing operations		**103.2**	**103.8**
Net profit/(loss) from discontinued or held-for-sale operations	**4**	**48.5**	**35.5**
NET PROFIT/(LOSS)		**151.7**	**139.3**
attributable to the Group:		**137.0**	**136.0**
Net profit/(loss) from continuing operations		*98.2*	*100.5*
Net profit/(loss) from discontinued or held-for-sale operations		*38.8*	*35.5*
attributable to non-controlling interests:		**14.7**	**3.3**
Net profit/(loss) from continuing operations		*5.0*	*3.3*
Net profit/(loss) from discontinued or held-for-sale operations		*9.7*	-
Weighted average number of shares outstanding *(in '000)*		210,645	210,716
Basic earnings per share from continuing operations *(€)*	28	0.47	0.48
Diluted earnings per share from continuing operations *(€)*	28	0.47	0.47
Basic earnings per share from held-for-sale operations *(€)*	28	0.18	0.17
Diluted earnings per share from held-for-sale operations *(€)*	28	0.18	0.17

* *In accordance with IFRS 5 (see note 4), the presentation of the 2012 income statement as published in February 2013 has been changed in order to show results from discontinued or held-for-sale operations separately.*

STATEMENT OF RECOGNISED INCOME AND EXPENSE

(€m)	2013	2012
Consolidated net profit for the period	**151.7**	**139.3**
Items not reclassifiable to profit or loss		
Actuarial gains/losses on employee benefits	(3.0)	(7.2)
Net tax effect of equity items not reclassifiable to profit or loss	1.0	2.5
Share of non-reclassifiable income and expense of associates recognised in equity	-	-
Items reclassifiable to profit or loss		
Remeasurement of hedging instruments(1)	(5.7)	(3.8)
Remeasurement of available-for-sale financial assets	-	-
Change in cumulative translation adjustment of controlled entities	-	0.1
Net tax effect of equity items reclassifiable to profit or loss	2.1	1.4
Share of reclassifiable income and expense of associates recognised in equity	-	-
Income and expense recognised directly in equity(2)	**(5.6)**	**(7.0)**
TOTAL RECOGNISED INCOME AND EXPENSE	**146.1**	**132.3**
attributable to the Group	**131.4**	**129.0**
attributable to non-controlling interests	*14.7*	*3.3*

(1) Includes amounts reclassified to profit or loss: -€2.0 million in 2013, -€2.6 million in 2012.
(2) Includes -€0.2 million relating to discontinued or held-for sale operations in both 2013 and 2012.

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	Non-controlling interests	Total share-holders' equity
Balance at December 31, 2011	**42.2**	**-**	**(0.7)**	**1,526.8**	**6.8**	**1,575.1**	**12.1**	**1,587.2**
Capital increase (share options exercised)	-	-	-	-	-	-	-	-
Share-based payment	-	-	-	0.7	-	0.7	-	0.7
Purchase of treasury shares	-	-	(2.3)	-	-	(2.3)	-	(2.3)
Cancellation of treasury shares	(0.1)	-	3.0	(3.0)	-	(0.1)	-	(0.1)
Dividends paid	-	-	-	(116.0)	-	(116.0)	(1.0)	(117.0)
Other transactions with shareholders	-	-	-	93.0	-	93.0	102.6	195.6
Total transactions with shareholders	**(0.1)**	**-**	**0.7**	**(25.3)**	**-**	**(24.7)**	**101.6**	**76.9**
Consolidated net profit for the period	**-**	**-**	**-**	**136.0**	**-**	**136.0**	**3.3**	**139.3**
Income & expense recognised directly in equity	**-**	**-**	**-**	**-**	**(7.0)**	**(7.0)**	**-**	**(7.0)**
Other movements (changes in accounting policy, changes in scope of consolidation, other changes)	-	-	-	5.4	-	5.4	-	5.4
Balance at December 31, 2012	**42.1**	**-**	**-**	**1,642.9**	**(0.2)**	**1,684.8**	**117.0**	**1,801.8**
Capital increase (share options exercised)	0.2	5.8	-	-	-	6.0	-	6.0
Share-based payment	-	-		0.6	-	0.6	-	0.6
Purchase of treasury shares	-	-	(3.3)	-	-	(3.3)	-	(3.3)
Cancellation of treasury shares	(0.1)	-	3.3	(3.3)	-	(0.1)	-	(0.1)
Dividends paid	-	-	-	(115.6)	-	(115.6)	(1.2)	(116.8)
Other transactions with shareholders	-	-	-	7.6	-	7.6		7.6
Total transactions with shareholders	**0.1**	**5.8**	**-**	**(110.7)**	**-**	**(104.8)**	**(1.2)**	**(106.0)**
Consolidated net profit for the period	**-**	**-**	**-**	**137.0**	**-**	**137.0**	**14.7**	**151.7**
Income & expense recognised directly in equity	**-**	**-**	**-**	**-**	**(5.6)**	**(5.6)**	**-**	**(5.6)**
Other movements (changes in accounting policy, changes in scope of consolidation, other changes)	-	-	-	-	-	-	-	-
Balance at December 31, 2013	**42.2**	**5.8**	**-**	**1,669.2**	**(5.8)**	**1,711.4**	**130.5**	**1,841.9**

See note 13, "Consolidated shareholders' equity", for a breakdown of these changes.

4.1.4 CONSOLIDATED CASH FLOW STATEMENT

(€m)	Note	2013	2012*
Consolidated net profit (including non-controlling interests)		103.2	103.8
Depreciation, amortisation, provisions and impairment (excluding current assets)		65.0	69.5
Intangible assets and goodwill		*39.0*	*44.7*
Property, plant and equipment		*23.9*	*24.7*
Financial assets		-	*(0.2)*
Non-current provisions		*2.1*	*0.3*
Other non-cash income and expenses		(14.2)	(9.2)
Effect of fair value remeasurement		(0.8)	(5.2)
Share-based payment		0.6	0.7
Net (gain)/loss on asset disposals		(18.3)	0.4
Share of (profits)/losses and dividends of associates		(0.8)	6.4
Dividend income from non-consolidated companies		(1.0)	(1.2)
Sub-total		**133.7**	**165.2**
Cost of net debt		(0.4)	(2.5)
Income tax expense (including deferred taxes)		45.3	52.1
Operating cash flow		**178.6**	**214.8**
Income taxes (paid)/reimbursed		(49.0)	(70.0)
Change in operating working capital needs		(70.3)	56.7
Net cash generated by/(used in) operating activities		**59.3**	**201.5**
Cash outflows on acquisitions of property, plant and equipment and intangible assets		(51.6)	(46.3)
Cash inflows from disposals of property, plant and equipment and intangible assets		2.0	1.0
Cash outflows on acquisitions of financial assets		(3.4)	(3.4)
Cash inflows from disposals of financial assets		1.8	0.1
Effect of changes in scope of consolidation	29.3	6.0	106.4
Purchase price of investments in consolidated activities		-	*(6.4)*
Proceeds from disposals of investments in consolidated activities		*6.0*	*112.8*
Net liabilities related to consolidated activities		-	-
Other cash effects of changes in scope of consolidation		-	-
Dividends received		1.0	4.3
Other cash flows relating to investing activities	29.2	53.3	(0.1)
Net cash generated by/(used in) investing activities		**9.1**	**62.0**
Cash received on exercise of share options		6.0	-
Purchases and sales of treasury shares		(3.3)	(2.3)
Other transactions between shareholders	29.4	-	79.5
Dividends paid during the year		(116.8)	(117.0)
Cash inflows from new debt contracted	29.5	0.2	101.4
Repayment of debt (including finance leases)	29.5	(4.6)	(4.7)
Net interest paid (including finance leases)		0.4	2.5
Net cash generated by/(used in) financing activities		**(118.1)**	**59.4**
CHANGE IN CASH POSITION OF CONTINUING OPERATIONS		**(49.7)**	**322.9**
Cash position at start of period	29.1	**240.5**	**(82.4)**
Change in cash position during the period		(49.7)	322.9
Cash position at end of period	29.1	**190.8**	**240.5**

* *In accordance with IFRS 5 (see note 4), the presentation of the 2012 cash flow statement as published in February 2013 has been changed in order to show cash flows from held-for-sale operations separately.*

		2013	2012
Cash position at start of period – Discontinued or held-for-sale operations	4	**13.9**	**64.2**
Change in cash position – Discontinued or held-for-sale operations*	4	55.7	(50.3)
Cash position at end of period – Discontinued or held-for-sale operations	4	**69.6**	**13.9**

* *The detail is presented in note 4 – held for sale operations.*

4.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 SIGNIFICANT EVENTS OF 2013

On January 21, 2014, Discovery Communications and the TF1 group signed an agreement whereby Discovery is to acquire a controlling interest in the Eurosport International group (the Eurosport group excluding Eurosport France) *via* a deepening of the broad strategic partnership between the two groups that began in December 2012. The deal, which will enable Discovery to increase its interest in the capital of Eurosport SAS (the parent company of the group) by raising its stake from 20% to 51%, is taking place nearly a year earlier than the date envisaged in the initial agreement. TF1 is to retain its 80% interest in Eurosport France at least until January 1, 2015.

Finalisation of the transaction will be contingent on clearance from the competition authorities, and is expected to occur within the coming months.

The Eurosport channel is broadcast in 20 languages and reaches 133 million households across 54 countries. Other Eurosport brands and platforms include: Eurosport 2, available in 69 million households across 51 countries; Eurosport HD, the live high-definition channel, available in 32 million households across 48 countries; Eurosport Asia-Pacific, broadcast in 16 countries; and Eurosportnews, a rolling news channel and online hub carrying sports news in real time, available in 48 countries.

The acquisition by Discovery of the additional 31% interest is based on an enterprise value of €902 million for the Eurosport group, from which the valuation of Eurosport France (€85 million) is to be deducted. These valuations will be increased by the amount of net surplus cash held by the entities at the transaction closing date. Based on figures as of December 31, 2013, the effective sale in 2014 of the 31% interest in Eurosport International by the TF1 group will generate a gain on deconsolidation (after taking into account the gain on the remeasurement of the retained 49% interest) of approximately €300 million, which will be reported in the line item "Net profit/(loss) from discontinued or held-for-sale operations" in the income statement.

In addition, TF1 retains the possibility of exercising its put option over its residual 49% stake, which could increase the interest held by Discovery to 100%.

This agreement does not affect the two other tranches of the initial agreement: the 20% equity interest acquired by Discovery in the TV Breizh, Histoire, Ushuaïa TV and Stylía channels, and the production alliance with the TF1 group.

Under IFRS 5, "Discontinued and Held-For-Sale Operations", this agreement means that the operations of Eurosport International must be reclassified as held-for-sale operations, and hence that the contributions of Eurosport International must be reported on a separate line in the TF1 group consolidated financial statements for the years ended December 31, 2013 and 2012, in both the income statement and the cash flow statement, in the interests of comparability.

Note 2.15 "Held-for-sale assets" and note 4 "Held-for-sale operations" describe how IFRS 5 has been applied, and present the Eurosport International consolidated financial statements on a standalone basis.

Note 6 "Segment information" presents key indicators for the TF1 group as monitored by management during 2013, including Eurosport International's contribution to the revenue and operating profit of the TF1 group's Pay-TV segment.

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, 2013 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 ANC (the French national accounting standard-setter) on the presentation of financial statements (recommendation no. 2013-03).

The consolidated financial statements are presented in millions of euros.

They were adopted by the Board of Directors on February 18, 2014, and will be submitted for approval by the shareholders at the forthcoming Ordinary General Meeting to be held on April 17, 2014.

2.2 NEW AND AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS

2.2.1 New standards, amendments and interpretations endorsed by the European Union and mandatorily applicable or eligible for early adoption in periods beginning on or after January 1, 2013

In preparing its condensed financial statements for the year ended December 31, 2013, the TF1 group applied the same standards, interpretations and accounting policies as those used in the preparation of its consolidated financial statements for the year ended December 31, 2012, plus any new standards, amendments and interpretations applicable from January 1, 2013.

The principal new standards, amendments and interpretations endorsed by the European Union and mandatorily applicable or eligible for early adoption as of January 1, 2013 are:

- **Amendment to IAS 1 – Presentation of Items of Other Comprehensive Income (OCI):** This amendment, although not endorsed by the European Union as of December 31, 2011, was early adopted by the TF1 group as of January 1, 2011 since it did not contradict any previously endorsed pronouncements. It came into force in the European Union on June 6, 2012, and is mandatorily applicable from January 1, 2013;

- **amendment to IAS 19, "Employee Benefits":** This amendment is mandatorily applicable from January 1, 2013, with early adoption permitted from January 1, 2012. It was early adopted by the TF1 group in its 2012 consolidated financial statements, with an immaterial effect given that the Group already recognised actuarial gains and losses on defined-benefit employee benefit plans directly in equity;
- **amendments to IAS 12**, "Income Taxes" – "Deferred Taxes: Recovery of Underlying Assets" **and to IFRS 1,** "First-Time Adoption of International Financial Reporting Standards" – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters, and **IFRS 13, "Fair Value Measurement"**: these texts, which were endorsed by the European Union on December 29, 2012 and are mandatorily applicable from January 1, 2013, have no impact on the TF1 financial statements.

The TF1 group has decided not to early adopt any of the standards issued by the IASB and endorsed by the European Union that companies may elect to early adopt with effect from January 1, 2013.

2.2.2 New standards, amendments and interpretations endorsed by the European Union and applicable subsequent to December 31, 2013

- **IFRS 10**, "Consolidated Financial Statements" **IFRS 11**, "Joint Arrangements", **IFRS 12**, "Disclosure of Interests in Other Entities", **IAS 27**, "Separate Financial Statements" (as amended in 2011), and **IAS 28**, "Investments in Associates and Joint Ventures": these standards were endorsed by the European Union on December 29, 2012 and are mandatorily applicable from January 1, 2014, with retrospective effect for the comparative period. The main changes and effects are described below.
  - **IFRS 10** replaces those parts of IAS 27, "Consolidated and Separate Financial Statements" that dealt with consolidated financial statements and SIC 12, "Consolidation – Special Purpose Entities", and redefines the concept of control over an entity.
  - **IFRS 11** replaces IAS 31, "Interests in Joint Ventures" and SIC 13, "Jointly Controlled Entities – Non-Monetary Contributions by Venturers". This new standard establishes how to account for joint arrangements. Under IFRS 11, joint arrangements over which two or more parties exercise joint control are accounted for on the basis of the rights and obligations of each of the parties to the arrangement, taking account of factors such as structure and legal form of the arrangement, the rights of each party under the terms of the arrangement and, when relevant, other facts and circumstances:
    - joint ventures, which give the parties rights to the net assets, must be accounted for by the equity method, with the proportionate consolidation method no longer permitted;
    - for joint operations, which give each of the parties direct rights to the assets and obligations for the liabilities, the assets and liabilities (and income and expenses) must be recognised in proportion to the interests held in the joint operation.
  - **IFRS 12** introduces fuller requirements about disclosures of interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities.

    Based on the analyses carried out to date, the main effects identified arise from the application of IFRS 11 to joint arrangements, and more specifically the change to the equity method in accounting for the joint ventures in which the TF1 group has an interest; until now, these have been accounted for using the proportionate consolidation method.

    For the TF1 group, this change applies to the three entities (TF6, Série Club and TF6 Gestion) managed under a joint arrangement with M6.

    Based on the situation of the entities that will be restated with effect from January 1, 2013 and in light of the retrospective nature of IFRS 11, the following impacts would have to be recognised in 2014, in the 2013 income statement presented for comparative purposes:

    - a reduction of €10.0 million in revenue;
    - an increase of €0.3 million in operating profit;
    - a reduction of €0.3 million in the share of profits/losses of associates.

In addition, the change to the equity method for these entities means that it is no longer possible to include them in the overall impairment tests performed at the level of the cash generating unit (CGU) to which they belong. Based on the business plans prepared at the end of 2013, the value in use of the entities to which this change in consolidation method applies would be lower than their carrying amount by approximately €7 million.

Consequently, this impairment loss will be recognised against the equity-accounted entities, as a deduction in consolidated shareholders' equity as of January 1, 2013.

- **Amendment to IAS 32** – Offsetting Financial Assets and Financial Liabilities: IASB application date January 1, 2014, no impact on the financial statements.

2.2.3 New standards, amendments and interpretations issued by the IASB but not yet endorsed by the European Union

Standard/Interpretation	IASB application date	Expected impact on TF1
IFRS 9: Financial Instruments, classification and measurement of Financial Assets	January 1, 2015	Not quantifiable at present (endorsement process suspended by the European Union)
Interpretation 21: levies	January 1, 2014	This interpretation, which has not been early adopted by the TF1 group, covers taxes that fall outside the scope of IAS 12, such as the "C3S" tax in France. This interpretation will be applied by the TF1 group from January 1, 2014, once it has been endorsed by the European Union (expected in the first quarter of 2014). The estimated impact is an increase of €4.9 million in shareholders' equity as of January 1, 2013.

2.3 CHANGES IN ACCOUNTING POLICY

TF1 did not make any changes in accounting policy during 2013 other than those required to comply with new or amended IFRS requirements applicable on or after January 1, 2013, as shown in note 2.2.1.

2.4 SELECTION OF ACCOUNTING TREATMENTS, EXERCISE OF JUDGEMENT 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 judgement are listed below, along with a reference to the note that describes the main analytical methods used in applying each treatment:

- goodwill and impairment testing (notes 2.8 and 2.11);
- recognition and measurement of audiovisual rights (note 2.8.1);
- recognition and measurement of programmes, broadcasting rights and sports transmission rights (note 2.12);
- classification of financial instruments (notes 2.11 and 2.17);
- revenue recognition (note 2.20).

2.4.2 Use of estimates

Preparation of the consolidated financial statements requires the TF1 group to make various estimates and use various assumptions regarded as realistic and reasonable. Subsequent events or circumstances may result in changes to these estimates or assumptions, which could affect the value of the Group's assets, liabilities, equity or net profit.

The principal accounting policies requiring the use of estimates are:

- impairment of goodwill (note 7): the carrying amount of goodwill in the TF1 consolidated financial statements is reviewed annually using the method described in note 2.10.1. These impairment tests are sensitive to medium-term financial forecasts and to the discount rates used to estimate the value in use of cash-generating units (CGUs);
- impairment of audiovisual rights (note 8.1) impairment testing of audiovisual rights is based on an analysis of projected future revenues;
- impairment of programmes and broadcasting rights (note 12): 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. Non-controlling interests in equity and in net profit are identified separately under “Non-controlling 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. Non-controlling 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.

In the event of a partial sale of the component operations, or if a CGU is split up, the TF1 group usually allocates the goodwill of the CGU in proportion to the relative values (as defined in the IFRS 7 hierarchy of valuation methods, see note 12.2) of the divested, retained or split operations at the sale/split date, unless it can be demonstrated that another method better reflects the goodwill of the divested operation, in accordance with paragraph 86 of IAS 36.

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 option to measure non-controlling interests at fair value was not available, which meant that the full goodwill method was not permitted;
- changes in percentage interest with no change in control over the acquiree generated additional goodwill in the case of an acquisition, and a gain or loss in the event of a disposal.

2.8 INTANGIBLE ASSETS

Separately acquired intangible assets are initially recognised at acquisition cost or (if acquired in a business combination) at fair value as of the acquisition date.

Subsequent to the acquisition date, intangible assets are measured at initial recognition cost less accumulated amortisation and impairment losses.

Intangible assets with finite useful lives are amortised over their expected useful lives.

Intangible assets with indefinite useful lives are not amortised.

2.8.1 Audiovisual rights

This item primarily includes shares in films and audiovisual programmes produced or co-produced by TF1 Films Production, TF1 Vidéo and TF1 Production; distribution and trading rights owned by TF1 DA and TF1 Entreprises; and music rights owned by Une Musique.

Audiovisual rights are recognised as an asset in the balance sheet at historical cost under “Audiovisual rights” on the following dates:

- date of end of shooting or censor’s certificate for film co-productions;
- date of signature of contract for acquired audiovisual distribution and/ or trading rights and music rights.

Amortisation periods for these categories of audiovisual rights are as follows:

- shares in film co-productions: amortised in line with revenues over 8 years;
- audiovisual distribution rights: amortised in line with revenues, with a minimum of 3 years straight-line;
- audiovisual trading rights: straight-line basis over 5 years;
- music rights: amortised over 2 years, 75% in the first year and the remaining 25% in the second year;
- films co-produced by TF1 Films Production are amortised in line with revenues over a limited time-frame, taking account of the timing of revenue sources; this policy is consistent with industry practice.

A provision for impairment is recorded individually if estimated future revenues do not cover the net carrying amount.

2.8.2 Other intangible assets

Other acquired intangible assets are carried at acquisition cost less accumulated amortisation and impairment losses. These mainly comprise operating licences (other than broadcasting licences and audiovisual rights), trademarks and similar rights, and software.

These assets are amortised on a straight-line basis over their expected useful lives, except for certain commercial trademarks owned by the TF1 group and regarded as having an indefinite useful life, which are not amortised. These trademarks are tested for impairment (see note 2.10.1).

2.9 PROPERTY, PLANT AND EQUIPMENT

2.9.1 Property, plant and equipment owned outright

Property, plant and equipment is carried at acquisition cost net of accumulated depreciation and impairment losses.

Depreciation is charged on a straight-line basis over the expected useful life of the asset, taking account of any residual value of the asset:

Buildings:	25 to 50 years
Technical installations:	3 to 7 years
Other property, plant and equipment:	2 to 10 years

Land is not depreciated.

Where an asset is made up of components with different useful lives, these components are recorded as separate items within property, plant and equipment.

Gains or losses on disposals of property, plant and equipment represent the difference between the sale proceeds and the net carrying amount of the asset, and are included in "Other current 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 CGU 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:

- the net profit (or loss) after tax of discontinued or held-for-sale operations until the date of disposal;
- any impairment of net assets held for sale, based on their carrying amount less costs to sell, at the time of initial classification of those net assets as held-for-sale;
- the net gain (or loss) after tax arising from the disposal.

If material, cash flows relating to discontinued and held-for-sale operations are shown separately from the consolidated cash flow statement for all the periods reported; details are provided in note 4, "Held-for-sale operations".

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 non-controlling interests

Commitments to buy out non-controlling interests 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 non-controlling 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 non-controlling interests 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 non-controlling 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 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 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 current operating income" in line with the amortisation of the productions to which they relate, starting from the date on which the production is completed or licensed for distribution.

2.22 NON-CURRENT OPERATING INCOME AND EXPENSES

These lines comprise a very limited number of income and expense items, which are unusual and occur infrequently but are material to the consolidated financial statements. TF1 reports these items separately in its income statement in order to give users of the financial statements a better understanding of the Group's ongoing operational performance.

2.23 COST OF NET DEBT

"Cost of net debt" represents "Expenses associated with net debt", net of "Income associated with net debt".

"Expenses associated with net debt" comprise:

- interest expense on current and non-current debt;
- amortisation of financial assets and liabilities measured at amortised cost;
- expenses arising from interest rate hedges;
- expenses arising from the remeasurement of financial assets and financial liabilities at fair value, such as changes in the fair value of interest rate derivatives and changes in the fair value of cash equivalents and financial assets used for treasury management purposes;
- expenses arising on the disposal of assets used for treasury management purposes.

Interest expense is recognised in the income statement in the period in which it is incurred.

"Income associated with net debt" comprises:

- interest income associated with cash and cash equivalents and with financial assets used for treasury management purposes;
- income arising from interest rate hedges;
- other revenues generated by cash equivalents and financial assets used for treasury management purposes;
- income arising from the remeasurement of financial assets and financial liabilities at fair value, such as changes in the fair value of interest rate derivatives and changes in the fair value of cash equivalents and financial assets used for treasury management purposes;
- income generated by the disposal of assets used for treasury management purposes.

2.24 DEFERRED TAXATION

Deferred taxation is recognised using the liability method on all temporary differences existing at the balance sheet date between the carrying amount of assets and liabilities in the consolidated balance sheet and their tax base, except in the specific cases mentioned in IAS 12 (primarily goodwill).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets arising on deductible temporary differences and on the carry-forward of unused tax losses are recognised only to the extent that it is probable that they can be offset against future taxable profits.

Taxes on items recognised directly in equity are taken to consolidated reserves.

Deferred taxes are presented in the balance sheet in non-current assets or liabilities, after offset of assets and liabilities in each tax jurisdiction.

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 31).

In accordance with IFRS 2, the cost of these equity-settled share-based payment plans is recognised as an expense in “Staff costs”, with the credit entry recognised in equity.

The total expense relating to share subscription option plans is measured at the grant date of the options using the Black-Scholes-Merton model, and is recognised over the vesting period.

The total expense relating to consideration-free shares is measured at the allotment date (taking into account any specific terms and conditions liable to affect fair value), and recognised over the vesting period on a straight line basis.

2.27 OPERATING SEGMENTS

With effect from January 1, 2013 the TF1 group changed the presentation of the internal reports used to manage and monitor the performance of its operating activities. The new presentation is a response to the competitive, economic and technological changes that the Group has faced in recent years, and gives a fairer representation of the strategy implemented by the Group to address those changes.

The segment information presented below has been updated to take account of this change in the Group’s internal management reporting. For details of how Group entities are allocated to these segments, refer to note 38, “Scope of consolidation”.

TF1 organises its operating activities into strategic business units, each of which is managed appropriately to the nature of the products and services sold. 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 and Content

The Broadcasting and Content segment includes all services that are accessible to consumers free of charge. These activities generate revenue primarily from the sale of advertising space on broadcast media, the Internet, and print media.

This segment also includes activities that generate non-advertising revenue derived directly from programmes broadcast on the Group’s free-to-air channels, such as interactivity between viewers and programmes.

Finally, this segment includes content subsidiaries whose activities are primarily intended to produce content for another subsidiary that belongs to the Broadcasting and Content segment, such as the acquisition and exploitation of audiovisual rights, in-house production of programmes, or advertising airtime sales.

Consumer Products

The Consumer Products segment includes all paid-for products and services sold by the Group to consumers, either directly or *via* an intermediary:

- distance selling *via* internet or telephone and in-store sales by the Home Shopping business (Téléshopping group);
- the activities of the TF1 Entreprises business, including the sales of card/board games and exploitation of licences;
- the acquisition and distribution of video products on physical and digital media.

Pay-TV

This segment includes all paid-for services accessible *via* third-party operators. Revenues from these activities are generated mainly by the fees negotiated with and collected from cable, satellite and ADSL operators for access to the pay-TV channels produced by the TF1 group. The customer is an operator with whom the revenue is negotiated; the operator is responsible for relations with the end user, and in particular for collecting the price for the provision of the service to the end user.

Holding company and other

This segment contains entities with no operational activities and entities that carry the Group’s property assets. It also includes entities whose activities do not match the business models of any of the other segments but which are insufficiently material to constitute a separate segment.

NOTE 3 SIGNIFICANT CHANGES IN SCOPE OF CONSOLIDATION

The consolidated financial statements of the TF1 group for the year ended December 31, 2013 include the financial statements of the companies listed in note 37.

3.1 SIGNIFICANT CHANGES IN SCOPE OF CONSOLIDATION IN 2013

- Sale of Place des Tendances

On November 5, 2013, the TF1 group sold its entire equity interest in Place des Tendances (representing 80% of the capital), and the associated receivables, to Printemps Holding France SAS. The impact of this sale is recognised in current operating profit for the year ended December 31, 2013.

Place des Tendances generated revenue of €8.7 million and an operating profit of €0.3 million in the first 10 months of 2013 (versus revenue of €9.4 million and an operating loss of €1.6 million in the year ended December 31, 2012).

3.2 SIGNIFICANT CHANGES IN SCOPE OF CONSOLIDATION IN 2012

3.2.1 Change in percentage interest in the Eurosport group entities and theme channels

As a result of an agreement with the Discovery Communications group signed on December 21, 2012, the percentage interest held by the TF1 group in the Eurosport group entities, and in the Ushuaïa TV, Histoire, Stylía and TV Breizh pay-TV theme channels, was reduced to 80% with effect from that date. The 20% share of the net assets of these entities acquired by the Discovery Communications group, amounting to €102.6 million, is presented in consolidated shareholders' equity as a change in non-controlling interests. As the share of profits from December 22 to December 31, 2012 was not material, no profit was attributed to non-controlling interests for that period.

3.2.2 Inclusion of Groupe AB in the scope of consolidation as an associate by the equity method

On June 11, 2012, the call option granted to Claude Berda on June 10, 2010 over the 33.5% equity interest held by TF1 in Groupe AB expired without having been exercised. The option having expired, the TF1 group regained the significant influence that it used to exercise over Groupe AB. Consequently, this equity interest reverted to being accounted for as an associate by the equity method on June 11, 2012, at a value of €160.9 million. Because the option was not exercised, the associated financial liability was extinguished, generating a gain of €5.9 million (recognised in "Other financial income") in the financial statements for the six months ended June 30, 2012.

3.2.3 Direct Optic Participations

In accordance with the terms of the agreements signed on March 1, 2011, Téléshopping converted into share capital a €2.5 million current account balance owed to it by Direct Optic Participations. This transaction took place on December 28, 2012, and increased Téléshopping's equity interest in Direct Optic from 25.4% to 47.8%. This increased percentage has no impact on the role or power of TF1 in Direct Optic Participations, which continues to be accounted for as an associate by the equity method in the consolidated financial statements.

NOTE 4 HELD-FOR-SALE OPERATIONS

Based on a review of the IFRS 5 classification criteria, the TF1 group considers that the ongoing transaction involving the Eurosport group (apart from its subsidiary Eurosport France) falls within the scope of IFRS 5.

The materiality of Eurosport International to both the Pay-TV operating segment and to the TF1 group consolidated financial statements is such that its operations qualify as "held-for-sale" within the meaning of paragraphs 31 to 33 of IFRS 5.

The consolidated financial statements are presented in accordance with IFRS 5 and with the accounting policy described in note 2.15:

- in the consolidated balance sheet as of December 31, 2013, the impact of the held-for-sale operation is presented on two separate lines: "Assets of held-for-sale operations" and "Liabilities of held-for-sale operations";
- in the consolidated income statement for the years ended December 31, 2012 and 2013, the impact of the held-for-sale operation is presented on a separate line, "Net profit from discontinued or held-for-sale operations";
- in the cash flow statement, only cash flows from continuing operations are presented; an analysis by type of cash flows from held-for-sale operations is presented below.

BALANCE SHEET OF EUROSPORT INTERNATIONAL, HELD FOR SALE AS OF DECEMBER 31, 2013

ASSETS (€m)	Dec. 31, 2013	SHAREHOLDERS' EQUITY AND LIABILITIES (€m)	Dec. 31, 2013
Goodwill	391.8	Share capital, share premium and reserves	431.4
Intangible assets	15.3	Net profit for the period	48.5
Property, plant and equipment	14.3	**Total shareholders' equity**	**479.9**
Non-current financial assets	0.6	Non-current debt	0.5
Non-current tax assets	5.0	Non-current provisions	3.5
Total non-current assets	**427.0**	Non-current tax liabilities	0.1
		Total non-current liabilities	**4.1**
Inventories	-	Current debt	35.0
Trade and other debtors	115.5	Trade and other creditors	118.2
Current tax assets	0.1	Current provisions	5.4
Other current financial assets	0.3	Current tax liabilities	3.0
Cash and cash equivalents	102.7	Other current financial liabilities	-
Total current assets	**218.6**	**Total current liabilities**	**161.6**
TOTAL ASSETS	**645.6**	**TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES**	**645.6**
		Net surplus cash (+)/Net debt (-)	**67.2**

INCOME STATEMENT OF EUROSPORT INTERNATIONAL, HELD FOR SALE AS OF DECEMBER 31, 2013

(€m)	2013	2012
Advertising revenue	81.2	88.8
Other revenue	327.1	337.3
Revenue	**408.3**	**426.1**
Current operating expenses	(331.7)	(368.3)
Current operating profit	**76.6**	**57.8**
Non-current operating income and expenses	-	(1.3)
Operating profit	**76.6**	**56.5**
Cost of net debt	**-**	**(2.5)**
Other financial income and expenses	-	(0.1)
Income tax expense	(28.1)	(18.4)
Share of profits/(losses) of associates	-	-
NET PROFIT	**48.5**	**35.5**

CASH FLOWS OF EUROSPORT INTERNATIONAL, HELD FOR SALE AS OF DECEMBER 31, 2013

	2013	2012
Net cash generated by/(used in) operating activities – held-for-sale operations	59.7	61.0
Net cash generated by/(used in) investing activities – held-for-sale operations*	(2.7)	(117.5)
Net cash generated by/(used in) financing activities – held-for-sale operations	(1.3)	6.2
Total change in cash position of held-for-sale operations	**55.7**	**(50.3)**
MOVEMENT IN CASH POSITION OF DISCONTINUED OR HELD-FOR SALE OPERATIONS:		
Cash position at start of period – discontinued or held-for-sale operations	**13.9**	**64.2**
Change in cash position – discontinued or held-for-sale operations	55.7	(50.3)
Cash position at end of period – discontinued or held-for-sale operations	**69.6**	**13.9**

* *In 2012, cash flows from investing activities include the acquisition of Eurosport France for €112.8 million.*

NOTE 5 INTERESTS IN JOINTLY CONTROLLED ENTITIES

The TF1 group owns interests in jointly controlled entities, a list of which is provided in note 37.

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**	
(€m)	**2013**	**2012**
Non-current assets	23.3	23.1
Current assets	7.0	8.0
TOTAL ASSETS	**30.3**	**31.1**
Shareholders' equity	22.5	22.4
Non-current liabilities	-	-
Current liabilities	7.8	8.7
TOTAL LIABILITIES & EQUITY	**30.3**	**31.1**
Revenue	**12.9**	**14.4**
Current operating profit/(loss)	**(0.3)**	**-**

When IFRS 11 begins to be applied from January 1, 2014, these entities will be accounted for by the equity method with effect from January 1, 2013 (see note 2.2.2 on new accounting standards).

NOTE 6 SEGMENT INFORMATION

6.1 INFORMATION BY OPERATING SEGMENT

As mentioned in note 2.27 – Operating segments, the TF1 group changed the presentation of the internal reports used to manage and monitor the performance of its operating activities as of January 1, 2013. The 2012 information presented below has been updated to take account of this change in the Group's internal management reporting.

The table below shows the financial information (including Eurosport International data) monitored by Group management during 2013, and a reconciliation with the consolidated income statement and with the balance sheet data presented.

(€m)	Broadcasting and content		Consumer products		Pay-TV		Holding company & other		Total: TF1 group		Reclassification of held-for-sale operations[6]		Total TF1 group continuing operations		Of which: Pay-TV segment continuing operations	
Segmental income statement	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Segment revenue	1,775.9	1,846.6	206.6	241.7	544.5	599.9	35.6	32.6	2,562.6	2,720.8	(385.2)	(405.4)	2,177.4	2,315.4	158.7	193.9
Elimination of inter-segment transactions	(50.3)	(37.3)	(1.5)	(1.4)	(13.8)	(37.2)	(26.7)	(24.3)	(92,3)	(100.2)	-	-	(92.3)	(100.2)	(13.8)	(37.2)
Group revenue contribution	**1,725.6**	**1,809.3**	**205.1**	**240.3**	**530.7**	**562.7**	**8.9**	**8.3**	**2,470.3**	**2,620.6**	**(385.2)**	**(405.4)**	**2,085.1**	**2,215.2**	**144.9**	**156.7**
of which Advertising revenue	*1,571.3*	*1,649.7*	*0.0*	*0.0*	*107.7*	*125.8*	*-*	*-*	*1,679.0*	*1,775.5*	*(81.3)*	*(88.7)*	*1,597.7*	*1,686.8*	*26.4*	*37.0*
of which Other revenue	*154.3*	*159.6*	*205.1*	*240.3*	*423.0*	*436.9*	*8.9*	*8.3*	*791.3*	*845.1*	*(303.9)*	*(316.7)*	*487.4*	*528.4*	*118.5*	*119.7*
Operating profit/(loss)[1]	**101.6**	**124.6**	**25.3**	**11.4**	**79.5**	**58.7**	**16.7**	**15.7**	**223.1**	**210.4**	**(76.6)**	**(56.5)**	**146.5**	**153.9**	**2.9**	**2.2**
% Group margin contribution	*5.9%*	*6.9%*	*12.3%*	*4.7%*	*15.0%*	*10.4%*	*N/S*	*N/S*	*9.0%*	*8.0%*	*19.9%*	*13.9%*	*7.0%*	*6.9%*	*2.0%*	*1.4%*
Share of profits/(losses) of associates[2]	(0.3)	(0.1)	-	(2.2)	-	-	1.1	(4.1)	0.8	(6.4)	-	-	0.8	(6.4)	-	-
Net profit from discontinued or held-for-sale operations													48.5	35.5	48.5	35.5
BALANCE SHEET DATA																
Segmental assets[3]	546.4	560.1	11.4	10.9	496.0	498.0	149.1	151.9	1,202.9	1,220.9	(421.4)	N/A	781.5	1,220.9	74.6	498.0
Segmental liabilities[4]	47.8	55.2	7.9	12.8	13.2	13.6	11.3	11.2	80.2	92.8	(8.9)	N/A	71.3	92.8	4.3	13.6
Investments in associates	0.2	0.1	1.5	1.6	-	-	80.2	159.4	81.9	161.1	-	N/A	81.9	161.1	-	-
Capital expenditure[5]	43.9	46.2	3.6	2.6	2.7	6.0	1.6	1.8	51.8	56.6	(2.2)	(5.0)	49.6	51.6	0.5	1.0

(1) In 2012, operating profit included a non-current expense of €47.7 million relating to non-recurring exceptional costs incurred in connection with phase II of the optimisation plan.
(2) The share of profits/(losses) of associates by segment breaks down as follows:
- broadcasting & Content: the share of losses (€0.3 million in 2013, €0.1 million in 2012) is attributable to the investments in UGC Distribution and La Place Média;
- consumer Products: the share of losses relates to Direct Optic Participations (for details see note 10, "Investments in associates");
- holding company & other: the 2013 figure relates to Groupe AB, and the 2012 figure primarily to Groupe AB and WBTV (divested in the first quarter of 2013).
(3) Segmental assets include audiovisual rights, other intangible assets, goodwill, and property, plant and equipment.
(4) Segmental liablilities include current and non-current provisions.
(5) A reconciliation between capital expenditure and the cash flow statement is provided under "Capital expenditure" below.
(6) Eurosport International contribution in the consolidated financial statements (after eliminating intra-group transactions with other TF1 operations).

Capital expenditure

Reconciliation with the consolidated cash flow statement:

(€m)	2013	2012
Capital expenditure	49.6	51.6
Investment grants received	(11.4)	(11.2)
Change in liabilities relating to acquisition of intangible assets	9.9	8.9
Change in liabilities relating to acquisition of property, plant and equipment	3.5	(3.0)
Cash outflows on acquisitions of property, plant and equipment and intangible assets	**51.6**	**46.3**

Income statement by function

	Broadcasting & Content		Consumer Products		Pay-TV		Holding company & other		Total TF1	
(€m)	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Revenue	1,726.2	1,809.9	205.1	240.3	144.9	156.7	8.9	8.3	2,085.1	2,215.2
Cost of sales	(1,320.6)	(1,327.2)	(113.5)	(126.3)	(130.2)	(134.3)	12.7	14.5	(1,551.6)	(1,573.3)
Research & development expenses	(7.6)	(5.4)	(0.9)	-	-	-	-	-	(8.5)	(5.4)
Selling expenses	(89.9)	(70.2)	(28.5)	(62.3)	(3.0)	(2.0)	-	-	(121.4)	(134.5)
Administrative expenses	(206.5)	(247.0)	(36.9)	(33.7)	(8.8)	(13.9)	(4.9)	(7.1)	(257.1)	(301.7)
CURRENT OPERATING PROFIT	**101.6**	**160.1**	**25.3**	**18.0**	**2.9**	**6.5**	**16.7**	**15.7**	**146.5**	**200.3**

6.2 INFORMATION BY GEOGRAPHICAL SEGMENT

For geographical segment reporting purposes, segmental revenue is allocated according to the location of the customer, while segmental assets and capital expenditure are allocated according to the location of the asset.

	France		Continental Europe		Other countries		Total TF1	
(€m)	2013	2012	2013	2012	2013	2012	2013	2012
Revenue	2,035.3	2,162.0	41.3	44.4	8.5	8.8	2,085.1	2,215.2
Segmental assets	781.5	1,217.8	-	3.0	-	0.1	781.5	1,220.9
Capital expenditure	49.3	51.0	0.2	0.6	0.1	-	49.6	51.6

NOTE 7 GOODWILL

Goodwill is allocated to cash generating units (CGUs) as follows:

(€m)	Broadcasting & Content	Consumer Products	Pay-TV	Holding company & other	Total
Goodwill at January 1, 2013	**409.0**	**-**	**465.3**	**-**	**874.3**
Acquisitions	-	-	-	-	-
Disposals	-	-	-	-	-
Reclassifications					
Impairment	-	-	-	-	-
Held-for-sale operations(1)	-	-	(391.8)	-	(391.8)
Goodwill at December 31, 2013	**409.0**	**-**	**73.5**	**-**	**482.5**
Gross value	*409.0*	-	*73.5*	*10.3*	*492.8*
Accumulated impairment	*0.0*	-	-	*(10.3)*	*(10.3)*

(1) Due to the presentation of Eurosport International as "held-for-sale" (see note 4 – Held-for-sale operations), the portion of goodwill allocated to this business (€391.8 million) has been reclassified to the line "Assets of held-for-sale operations" in accordance with the policy described in note 2.7.

(€m)	Broadcasting & Content	Consumer Products	Pay-TV	Holding company & other	Total
Goodwill at January 1, 2012	**409.0**		**465.3**	**-**	**874.3**
Acquisitions					-
Disposals					-
Reclassifications					-
Impairment					-
Other movements					-
Goodwill at December 31, 2012	**409.0**	**-**	**465.3**	**-**	**874.3**
Gross value	*409.0*	-	*465.3*	*10.3*	*884.6*
Accumulated impairment	-	-	-	*(10.3)*	*(10.3)*

Based on impairment tests conducted using the method described in note 2.10, no material impairment of goodwill was identified as of December 31, 2013.

Impairment testing of goodwill

The recoverable amounts of each CGU 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 business plans used in these tests were prepared on the basis of revenue growth rates and operating margins consistent with actual performances over the previous five years. These business plans take account of factors including:

- the impacts of the economic situation on advertising spend, in the particularly difficult current environment;
- the effects of the adaptation of the TF1 channel business model, in particular those obtained through the optimisation plans implemented since 2007;
- future major sporting events;
- the expansion of the freeview offer across all free-to-air media, in particular free-to-air DTT channels and digital activities (MYTF1) driven by new technologies;
- improved availability of resources, enabling the Group to envisage new development opportunities.

Following the application of IFRS 5 and the reclassification of Eurosport International as held-for-sale, impairment testing of the Pay-TV CGU was performed after eliminating Eurosport International. Consequently, the carrying amount and recoverable amount of the Pay-TV CGU tested for impairment as of December 31, 2013 relate solely to the theme channels and Eurosport France.

The perpetual growth rate used for impairment testing as of December 31, 2013 is 2% for all CGUs. The after-tax discount rate used as of December 31, 2012 is 8.57%, and was determined on the basis of external data sources using the method described in note 2.10.1.

For each CGU, an analysis was performed of the sensitivity of these calculations to changes in the discount rate, perpetual revenue growth rate and normative current operating margin, individually and in combination. The scenarios used in this analysis include the impact on perpetual cash flows of a decline of up to 1 point in the perpetual growth rate and in current operating margin, and a rise up to 0.5 of a point in the discount rate.

These analyses 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, 2013 were as follows:

2013 *(€m)*	January 1	Increases	Decreases	Changes in scope of consolidation, reclassifications	December 31
Gross value	1,137.7	32.7	(1.6)	(14.6)	1,154.2
Amortisation	(1,040.7)	(36.9)	1.1	(1.1)	(1,077.6)
Impairment	(41.8)	(15.2)	13.3	15.1	(28.6)
Audiovisual rights	**55.2**	**(19.4)**	**12.8**	**(0.6)**	**48.0**

Movements during the year ended December 31, 2012 were as follows:

2012 *(€m)*	January 1	Increases	Decreases	Changes in scope of consolidation, reclassifications	December 31
Gross value	1,112.9	31.1	(0.8)	(5.5)	1,137.7
Amortisation	(1,000.8)	(40.1)	0.5	(0.3)	(1,040.7)
Impairment	(41.3)	(14.2)	13.7	-	(41.8)
Audiovisual rights	**70.8**	**(23.2)**	**13.4**	**(5.8)**	**55.2**

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
2013	**19.0**	**1.0**	**-**	**20.0**
2012	19.6	0.2	-	19.8

8.2 OTHER INTANGIBLE ASSETS

2013 *(€m)*	January 1	Increases	Decreases	Changes in scope of consolidation, reclassifications	Held-for-sale operations	December 31
Indefinite-lived trademarks	52.0	-	-	-	(16.0)	36.0
Concessions, patents & similar rights	44.8	2.6	(1.7)	8.6	-	54.3
Other	17.3	3.7	(0.6)	(8.6)	(0.9)	10.9
Gross value	**114.1**	**6.3**	**(2.3)**	**-**	**(16.9)**	**101.2**
Impairment of indefinite-lived trademarks	(0.6)	-	-	-	1.6	1.0
Amortisation	(37.5)	(4.3)	2.1	0.5	-	(39.2)
Impairment	(1.4)	(0.1)	-	(0.7)	-	(2.2)
Amortisation and impairment	**(39.5)**	**(4.4)**	**2.1**	**(0.2)**	**1.6**	**(40.4)**
Other intangible assets	**74.6**	**1.9**	**(0.2)**	**(0.2)**	**(15.3)**	**60.8**

2012 *(€m)*	January 1	Increases	Decreases	Changes in scope of consolidation, reclassifications	December 31
Indefinite-lived trademarks	52.0	-	-	-	52.0
Concessions, patents & similar rights	40.4	2.5	(1.0)	2.9	44.8
Other	14.6	6.1 [1]	(0.7)	(2.7)	17.3
Gross value	**107.0**	**8.6**	**(1.7)**	**0.2**	**114.1**
Impairment of indefinite-lived trademarks	-	(0.6)	-	-	(0.6)
Amortisation	(34.3)	(3.6)	0.4	-	(37.5)
Impairment	(1.5)	-	0.1	-	(1.4)
Amortisation and impairment	**(35.8)**	**(4.2)**	**0.5**	**-**	**(39.5)**
Other intangible assets	**71.2**	**4.4**	**(1.2)**	**0.2**	**74.6**

(1) The increase in the gross value of other intangible assets was mainly due to expenditure on internal IT projects (SAP).

Based on impairment tests conducted using the method described in note 2.10, no material impairment of indefinite-lived trademarks was identified as of December 31, 2013.

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, 2013:

2013 *(€m)*	January 1	Increases	Decreases	Changes in scope of consolidation, reclassifications	Held-for-sale operations	December 31
Land	60.9	-	-	-	-	60.9
Buildings	101.3	-	(0.1)	-	-	101.2
Technical facilities	189.5	7.7	(8.2)	0.5	(25.2)	164.3
Technical facilities held under finance leases	30.4	-	(9.0)	-	(7.2)	14.2
Other property, plant and equipment	114.7	4.1	(4.2)	2.2	(21.5)	95.3
Property, plant & equipment under construction	1.2	1.1	-	(1.2)	(0.1)	1.0
Gross value	**498.0**	**12.9**	**(21.5)**	**1.5**	**(54.0)**	**436.9**
Buildings	(17.5)	(2.4)	0.2	-	-	(19.7)
Technical facilities	(158.1)	(11.8)	8.2	0.2	18.3	(143.2)
Technical facilities held under finance leases	(23.7)	(2.9)	8.7	0.1	6.8	(11.0)
Other property, plant and equipment	(81.9)	(9.5)	4.0	-	14.6	(72.8)
Depreciation and impairment	**(281.2)**	**(26.6)**	**21.1**	**0.3**	**39.7**	**(246.7)**
Property, plant and equipment	**216.8**	**(13.7)**	**(0.4)**	**1.8**	**(14.3)**	**190.2**

The table below shows movements in property, plant and equipment, and in depreciation and impairment, during the year ended December 31, 2012:

2012 *(€m)*	January 1	Increases	Decreases	Changes in scope of consolidation, reclassifications	December 31
Land	60.9	-	-	-	60.9
Buildings	101.3	-	-	-	101.3
Technical facilities	192.0	9.5	(4.5)	(7.5)	189.5
Technical facilities held under finance leases	20.0	-	(0.2)	10.6	30.4
Other property, plant and equipment	112.2	6.2	(2.5)	(1.2)	114.7
Property, plant & equipment under construction	2.0	1.2	-	(2.0)	1.2
Gross value	**488.4**	**16.9**	**(7.2)**	**(0.1)**	**498.0**
Buildings	(15.2)	(2.4)	0.1	-	(17.5)
Technical facilities	(155.2)	(14.0)	4.6	6.5	(158.1)
Technical facilities held under finance leases	(10.9)	(5.8)	0.1	(7.1)	(23.7)
Other property, plant and equipment	(76.3)	(10.0)	3.8	0.6	(81.9)
Depreciation and impairment	**(257.6)**	**(32.2)**	**8.6**	**-**	**(281.2)**
Property, plant and equipment	**230.8**	**(15.3)**	**1.4**	**(0.1)**	**216.8**

NOTE 10 INVESTMENTS IN ASSOCIATES

The table below gives a breakdown of investments in associates:

(€m)	Groupe AB[1]	WBTV[2]	Other[3]	Total
Country	**France**	**Belgium**	**France**	
January 1, 2012	**-**	**-**	**1.3**	**1.3**
Share of profit/(loss), net of dividends received	(1.4)	(0.7)	(0.7)	(2.8)
Impairment losses	-	(2.0)	(1.6)	(3.6)
Changes in scope of consolidation and reclassifications	160.9	3.7	2.6	167.2
Provision for risks	-	(1.0)	-	(1.0)
December 31, 2012	**159.5**	**-**	**1.6**	**161.1**
Share of profit/(loss), net of dividends received	1.1	-	(0.3)	0.8
Impairment losses	-	-	-	-
Changes in scope of consolidation and reclassifications	(80.4)	-	-	(80.4)
Provision for risks	-	-	0.4	0.4
December 31, 2013	**80.2**	**-**	**1.7**	**81.9**

(1) *In June 2012, the call option granted to Claude Berda on June 10, 2010 over the 33.5% equity interest held by TF1 in Groupe AB expired without having been exercised, as a result of which the TF1 group regained the significant influence that it used to exercise over Groupe AB and resumed accounting for this investment as an associate by the equity method.*
In 2013, Groupe AB carried out a €240 million reduction in share capital. This transaction led to the €80.4 million partial redemption of the value of the shares held by TF1, of which €53.6 million was in cash and €26.8 million was converted into a current account receivable but had no impact on the percentage interest held by the TF1 group in Groupe AB, which remains at 33.5%.

(2) *Under the terms of an agreement with Claude Berda and Groupe AB signed in November 2012, the TF1 group subscribed €3.7 million to a share issue carried out by WBTV. On completion of this transaction, the TF1 group also agreed to sell its 49% equity interest in WBTV to Claude Berda before March 31, 2013 for a consideration of €1, generating an additional impairment loss of €2 million as of December 31, 2012. This interest was sold on March 29, 2013.*

(3) *Primarily a 47.8% equity interest in Direct Optic Participations (€1.5 million in 2013, €1.6 million in 2012). As of December 31, 2013, this investment was fully written down (impairment loss of €1.6 million recognised in 2012).*

The table below gives summary information about material investments in associates:

	Groupe AB[1][2]		WBTV[2][3]	
TF1 group share *(€m)*	**2013**	**2012**	**2013**	**2012**
Non-current assets	113.5	126.2	-	1.1
Current assets	96.5	86.0	-	0.9
TOTAL ASSETS	**210.0**	**212.2**	**-**	**2.0**
Shareholders' equity	160.8	159.9	-	(11.7)
Non-current liabilities	15.0	20.3	-	6.2
Current liabilities	34.2	32.0	-	7.5
TOTAL LIABILITIES AND EQUITY	**210.0**	**212.2**	**-**	**2.0**
Revenue	**41.9**	**41.7**	**-**	**2.2**
Current operating profit/(loss)	**11.5**	**12.8**	**-**	**(0.9)**

(1) *Consolidated with effect from June 11, 2012.*

(2) *2012 and 2013 figures are based on accounts to end September (the most recently available), and on an equity interest of 33.5% for Groupe AB and 49% for WBTV (2012 only).*

(3) *The interest in WBTV was sold on March 29, 2013.*

Figures relating to other associates are not material for the years ended December 31, 2013 and 2012.

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)	January 1, 2012	Net movements	Changes in scope of consolidation, reclassifications	December 31, 2012	Net movements	Changes in scope of consolidation, reclassifications	December 31, 2013
Gross value	**777.5**	**(30.0)**	**(1.0)**	**746.5**	**49.5**	**-**	**796.0**
Impairment	(141.9)	10.1[(1)]	0.5	(131.3)	1.6[(2)]	-	(129.7)
Inventories	**635.6**	**(19.9)**	**(0.5)**	**615.2**	**51.1**	**-**	**666.3**

(1) Includes €56.5 million of impairment losses charged, €66.6 million of impairment losses reversed.
(2) Includes €60.4 million of impairment losses charged, €62 million of impairment losses reversed.

The programme and broadcasting rights inventory reported above is owned primarily by TF1 SA and the TF1 Acquisition de droits economic interest grouping.

The table below shows the maturity of broadcasting and sports transmission rights acquisition contracts entered into by TF1 to secure future programming schedules.

2013 *(€m)*	Less than 1 year	1 to 5 years	More than 5 years	Total
Programmes and broadcasting rights[(1)]	602,6	613,1	69.0	1,284.7
Sports transmission rights[(1)(2)]	242.5	394.9	64.6	702.0
TOTAL	**845.1**	**1,008.0**	**133.6**	**1,986.7**

(1) Some contracts were expressed in foreign currencies: €8.0 million in Swiss francs, €6.2 million in pounds sterling, and €282.9 million in US dollars.
(2) Includes €407.9 million relating to held-for-sale operations, of which €91.6 million matures within less than 1 year and €64.6 million after more than 5 years.

2012 *(€m)*	Less than 1 year	1 to 5 years	More than 5 years	Total
Programmes and broadcasting rights[(1)]	589.3	640.9	38.1	1,268.3
Sports transmission rights[(1)(2)]	188.5	349.0	-	537.5
TOTAL	**777.8**	**989.9**	**38.1**	**1,805.8**

(1) Some contracts were expressed in foreign currencies: €14.3 million in Swiss francs, €1.4 million in pounds sterling, and €360.9 million in US dollars.
(2) Includes €321.6 million relating to held-for-sale operations, of which €96.4 million matured within less than 1 year.

In 2013, programmes and broadcasting rights related mainly to TF1 SA (€352.3 million, versus €468.0 million in 2012) and to the Acquisition de Droits economic interest grouping (€819.3 million, versus €728.2 million in 2012).

Sports transmission rights commitments related mainly to TF1 SA and TF1 DS (€274.7 million in 2013, €187.4 million in 2012).

NOTE 12 FINANCIAL ASSETS

12.1 CATEGORIES OF FINANCIAL ASSETS

The table below shows financial assets by category:

2013 *(€m)*	Financial assets at fair value through profit or loss			Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments	Total
	Designated at fair value on initial recognition	Held for trading	Level[(1)]				
Other non-current financial assets	-	-		15.1	2.5	-	17.6
Trade and other debtors	-	-		-	1,129.5	-	1,129.5
Other current financial assets	-	-		-	-	-	-
Currency derivatives	-	-		-	-	-	-
Interest rate derivatives	-	-		-	-	-	-
Financial assets used for treasury management purposes	-	-		-	-	-	-
Cash and cash equivalents	-	-		-	288.9	-	288.9

(1) *See the section on "Fair value measurement methods for financial assets" below.*

2012 *(€m)*	Financial assets at fair value through profit or loss			Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments	Total
	Designated at fair value on initial recognition	Held for trading	Level[(1)]				
Other non-current financial assets	-	-		13.2	2.7	-	15.9
Trade and other debtors	-	-		-	1,302.0	-	1,302.0
Other current financial assets	-	2.1		-	-	-	2.1
Currency derivatives	-	*2.1*	*II*	-	-	-	*2.1*
Interest rate derivatives	-	-		-	-	-	-
Financial assets used for treasury management purposes	-	-		-	-	-	-
Cash and cash equivalents	-	-		-	258.7	-	258.7

(1) See the section on "Fair value measurement methods for financial assets" below.

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 2013 or 2012.

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 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 break down as follows:

(€m)	2013	2012
Equity investments in non-consolidated companies	15.1	13.1
Loans and advances to non-consolidated companies	0.7	0.7
Loans	-	-
Deposits and caution money	1.8	2.0
Other non-current financial assets	**17.6**	**15.8**

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 2013	Gross value 2012	Impairment 2013	Impairment 2012	Carrying amount 2013	Carrying amount 2012
A1 International	50.0%	12.8	12.8	(12.8)	(12.8)	-	-
En Direct Avec	13.3%	4.0	4.0	(4.0)	(4.0)	-	-
Wikio	9.1%	3.5	3.5	-	-	3.5	3.5
Prima TV	5.0%	-	1.4	-	-	-	1.4
SHIP	27.4%	0.8	0.8	(0.8)	(0.8)	-	-
Sofica valor 7	40.1%	6.8	3.4	-	-	6.8	3.4
Soread	11.6%	1.6	1.6	(1.6)	(1.6)	-	-
Sylver	49.0%	3.7	3.7	-	-	3.7	3.7
TF1 Publications	99.9%	0.5	0.5	(0.5)	(0.5)	-	-
Other		3.2	3.3	(2.1)	(2.1)	0.6	1.2
Equity investments in non-consolidated companies		**36.9**	**35.0**	**(21.8)**	**(21.8)**	**15.1**	**13.2**

Impairment tests were performed on all these investments, and indicated no evidence of impairment in 2013 or 2012.

12.4 TRADE AND OTHER DEBTORS

(€m)	Gross value 2013	Impairment 2013	Carrying amount 2013	Carrying amount 2012
Trade debtors	648.1	(15.1)	633.0	782.2
Supplier prepayments(1)	243.6	(25.5)	218.1	211.9
Other operating debtors(2)	188.5	-	188.5	239.6
Other debtors	188.3	(108.6)	79.7	52.9
Prepayments	10.2	-	10.2	15.4
Trade and other debtors – continuing operations	**1,278.7**	**(149.2)**	**1,129.5**	**1,302.0**
Trade and other debtors – held-for-sale operations	**123.8**	**(8.3)**	**115.5**	-

(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)	2013	2012
Impairment as of January 1	**(130.7)**	**(126.8)**
Additional provisions booked during the year	(48.5)	(24.4)
Reversals for debtors written off during the year	18.4	13.2
Recovered during the year	3.1	7.3
Held-for-sale operations	8.3	
Changes in scope of consolidation and reclassifications	0.2	-
Impairment as of December 31	**(149.2)**	**(130.7)**

12.5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of the following items:

(€m)	2013	2012
Cash	10.7	35.6
Treasury current accounts(1)	278.2	223.1
Cash and cash equivalents of continuing operations	**288.9**	**258.7**

(1) These accounts are with associates, jointly controlled entities, non-consolidated companies, and Bouygues group companies (including €243 million with Bouygues Relais). As a result of the application of IFRS 5, treasury current accounts as of December 31, 2013 also include Eurosport France's treasury current account with Eurosport SAS, amounting to €34.6 million.

NOTE 13 CONSOLIDATED SHAREHOLDERS' EQUITY

13.1 SHARE CAPITAL

As of December 31, 2013, the share capital of TF1 SA consisted of 211,260,013 fully paid ordinary shares. Movements in share capital during 2013 were as follows:

Number of shares	Number of shares outstanding	Number of treasury shares	Total number of shares
January 1, 2012	**210,933,003**	**100,000**	**211,033,003**
Capital increases	3,000	-	3,000
Purchases of treasury shares	(311,682)	311,682	-
Cancellation of treasury shares	-	(411,682)	(411,682)
January 1, 2013	**210,624,321**	**-**	**210,624,321**
Capital increases	1,004,376	-	1,004,376
Purchases of treasury shares(1)	(368,684)	368,684	-
Cancellation of treasury shares	-	(368,684)	(368,684)
December 31, 2013	**211,260,013**	**-**	**211,260,013**
Par value	*€0.20*	*€0.20*	*€0.20*

(1) Treasury shares: see note 13.2.3 on share buybacks below.

13.2 CHANGES IN EQUITY NOT AFFECTING THE INCOME STATEMENT

13.2.1 Dividends

The table below shows the amount of dividend paid by the TF1 group in respect of previous years, and the amount of dividend in respect of the year ended December 31, 2013 that will be submitted by the Board of Directors for approval by the Ordinary General Meeting of shareholders to be held on April 17, 2014.

	To be paid in 2014*	Paid in 2013	Paid in 2012	Paid in 2011
Total dividend *(€m)*	116.2	115.6	116.0	117.4
Dividend per ordinary share *(€)*	0.55	0.55	0.55	0.55

* *Proposed dividend.*

Because the 2013 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, 2013.

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 19).

13.2.3 Share buybacks

Under the authorisations granted by the shareholders at the Annual General Meeting of April 19, 2012 and renewed on April 18, 2013, the TF1 group repurchased 368,684 of its own shares for €3.3 million during the period, with a view to their cancellation. The Group also cancelled 368,864 treasury shares repurchased during the period for €3.3 million.

13.2.4. Put options granted to non-controlling interests

As part of the renegotiation during 2011 of the shareholders' agreement between the TF1 group and the founders of Place des Tendances, the founders were granted a put option over their 20% interest in the company.

In 2013, following the sale of Place des Tendances, the commitment to buy out the 20% of the capital held by the non-controlling shareholders of Place des Tendances was extinguished. The corresponding liability was reversed out *via* shareholders' equity attributable to the Group as of December 31, 2013, in accordance with TF1 accounting policy as described in note 2.17.2.

13.3 CASH FLOW HEDGE RESERVE

(€m)	2013	2012
Reserve as of January 1	**2.1**	**5.9**
Cash flow hedges reclassified to profit or loss during the period*	(2.0)	(2.6)
Change in fair value of new cash flow hedges contracted during the period	(2.7)	(0.6)
Change in fair value of existing portfolio of cash flow hedges during the period	(1.0)	(0.6)
Pre-hedging balancing payment reclassified to profit or loss for the period	-	-
Reserve as of December 31	**(3.6)**	**2.1**

* *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:

2013 *(€m)*	Financial liabilities at fair value through profit or loss – Designated at fair value on initial recognition	Financial liabilities at fair value through profit or loss – Held for trading	Level*	Financial liabilities at amortised cost	Total
Non-current debt	-	-		1.2	1.2
Current debt	-	-		99.4	99.4
Trade and other creditors	-	-		1,450.8	1,450.8
Other current financial liabilities	-	3.8		-	3.8
Currency derivatives	-	*3.8*	*II*	-	*3.8*
Interest rate derivatives	-	-	*II*	-	-

* *See note 12.2, "Fair value measurement methods for financial assets".*

2012 *(€m)*	Financial liabilities at fair value through profit or loss – Designated at fair value on initial recognition	Financial liabilities at fair value through profit or loss – Held for trading	Level(1)	Financial liabilities at amortised cost	Total
Non-current debt	-	-		13.6	13.6
Current debt	-	-		8.8	8.8
Trade and other creditors	-	-		1,687.2	1,687.2
Other current financial liabilities	-	0.9		-	0.9
Currency derivatives	-	*0.9*	*II*	-	*0.9*
Interest rate derivatives	-	-	*II*	-	-

(1) See note 12.2, "Fair value measurement methods for financial assets".

14.2 FAIR VALUE OF FINANCIAL LIABILITIES

Because of their short maturities, the carrying amount of bank overdrafts, trade and other creditors and current debt is regarded as an approximation of their fair value.

The fair value of derivatives is estimated using valuations obtained from bank counterparties or from financial models generally used in the financial markets on the basis of market data as of the balance sheet date (level II method), except for the transactions described below which are measured using Level III criteria as defined in note 12.2, "Fair value measurement methods for financial assets".

- Liabilities relating to commitments to buy out non-controlling interests

In 2011, the TF1 group recognised as a non-current financial liability the put option granted to the founders of Place des Tendances in respect of their 20% equity interest in that entity. The fair value of this option was measured at €7.2 million. On November 5, 2013, the TF1 group sold its interest in Place des Tendances to Printemps Holding France SAS. This commitment having been extinguished, the corresponding liability was reversed out *via* shareholders' equity attributable to the Group as of December 31, 2013, in accordance with TF1 accounting policy.

14.3 BREAKDOWN OF TRADE AND OTHER CREDITORS

(€m)	2013	2012
Trade creditors	772.2	827.6
Advance payments received	3.8	5.6
Tax and employee-related liabilities(1)	324.4	390.9
Creditors related to acquisitions of non-current assets	16.3	30.1
Other creditors	313.4	408.3
Audiovisual industry support fund grants(2)	7.9	9.2
Current accounts with credit balances	-	-
Deferred and prepaid income and similar items(3)	12.8	15.5
Trade and other creditors – continuing operations	**1,450.8**	**1,687.2**
Trade and other creditors – held-for-sale operations	**118.2**	

(1) Mainly comprises VAT payable, and amounts owed to employees and social security bodies.
(2) Audiovisual industry support fund grants included in creditors mainly comprise grants awarded by the French National Centre for Cinematography (CNC) to TF1 Films Production, TF1 Production, and TF1 Droits Audiovisuels.
(3) Mainly comprises prepaid income.

NOTE 15 NET DEBT

Net debt as reported by the TF1 group comprises the following items:

(€m)	2013	2012
Cash and cash equivalents	288.9	258.7
Financial assets used for treasury management purposes	-	-
Total cash and cash equivalents	**288.9**	**258.7**
Interest rate derivatives – assets	-	-
Interest rate derivatives – liabilities	-	-
Fair value of interest rate derivatives	**-**	**-**
Non-current debt(1)	(1.2)	(13.6)
Current debt(2)	(99.4)	(8.8)
Total debt	**(100.6)**	**(22.4)**
Net surplus cash (+)/Net debt (-) – continuing operations	**188.3**	**236.3**
Net surplus cash (+)/Net debt (-) – held-for-sale operations	**67.2**	

(1) Includes a reduction of €7.6 million due to the extinguishment of the financial liability for the put option granted to the non-controlling shareholders in Place des Tendances, which lapsed on November 5, 2013 when the TF1 group sold its equity interest to Printemps Holding France SAS.
(2) In 2013, includes €94.4 million of debt owed to the Group's continuing and held-for-sale operations.

NOTE 16 PROVISIONS

16.1 NON-CURRENT PROVISIONS

16.1.1 Breakdown of non-current provisions

The table below shows movements in non-current provisions during 2013 and 2012:

2013 *(€m)*	Jan. 1	Charges	Reversals: used	Reversals: unused	Changes in scope of consolidation, reclassifications	Held-for-sale operations	Dec. 31
Provisions for:							
Retirement benefit obligations	27.3	3.0	-	(1.7)	2.7	(2.9)	28.4
Long service leave	-	-	-	-	-	-	-
Commitments	11.5	1.2	(0.2)	-	-	(0.1)	12.4
Other	0.5	0.1	-	-	-	(0.5)	0.1
TOTAL NON-CURRENT PROVISIONS	**39.3**	**4.3**	**(0.2)**	**(1.7)**	**2.7**	**(3.5)**	**40.9**

2012 *(€m)*	January 1	Charges	Reversals: used	Reversals: unused	Changes in scope of consolidation, reclassifications	Dec. 31
Provisions for:						
Retirement benefit obligations	20.9	3.7	(0.2)	(4.3)	7.2	27.3
Long service leave	8.3	-	-	-	(8.3)	-
Commitments	10.4	2.0	(0.9)	-	-	11.5
Other	0.4	0.1	-	-	-	0.5
TOTAL NON-CURRENT PROVISIONS	**40.0**	**5.8**	**(1.1)**	**(4.3)**	**(1.1)**	**39.3**

In 2012, following a review of the impact of the amendments to IAS 19, "Employee Benefits", the TF1 group decided to change the accounting classification of long service leave entitlement, which from January 1, 2012 is accounted for as a short-term benefit and hence no longer requires a non-current provision. The existing provision as of January 1, 2012 (amounting to €8.3 million) and the related deferred tax asset (amounting to -€2.1 million) were reversed *via* equity.

Provisions for commitments relate to the risk of loss on audiovisual assets that the Group has committed to acquire.

Other movements in provisions for retirement benefit obligations mainly comprise actuarial gains and losses on these obligations, which are recognised directly in equity. The amount recognised directly in equity during 2013 was a net loss of €3.0 million (2012: €7.2 million).

16.1.2 Provisions for retirement benefit obligations

Main actuarial assumptions

	2013	2012	2011	2010	2009
Discount rate (Iboxx A10)	3.2%	3.3%	5.5%	4.6%	4.9%
Expected rate of return on plan assets	3.3%	3.1%	3.4%	3.7%	4.0%
Expected salary inflation rate	2.0%	2.0%	2.0%	2.0%	2.0%
Life table	Insee	Insee	Insee	Insee	Insee

The staff turnover rate used in calculating the provision at December 31, 2013 was 6.6%, unchanged from 2012.

A reduction of 50 basis points in the discount rate applied would increase the obligation by €1.9 million. Under the accounting policies applied by the TF1 group, the resulting actuarial losses would be recognised directly in equity.

Expense recognised in the income statement for retirement benefit obligations

(€m)	2013	2012
Current service cost	(2.1)	(2.7)
Interest expense on the obligation	(1.1)	(1.1)
Expected return on plan assets	0.2	0.2
Past service cost	-	-
Expense recognised	**(3.0)**	**(3.6)**
comprising: net change in provisions	*(1.3)*	*0.8*
comprising: amount recognised in "Staff costs"	*(1.7)*	*(4.4)*
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)	2013	2012	2011	2010	2009
Present value of obligation	34.3	33.0	26.4	27.9	27.5
Fair value of plan assets	(5.9)	(5.7)	(5.5)	(5.2)	(5.0)
Unfunded obligation provided for	**28.4**	**27.3**	**20.9**	**22.7**	**22.5**

Changes in the present value of the retirement benefit obligation

(€m)	2013	2012
Defined-benefit plan obligation at start of period	**33.0**	**26.4**
Current service cost for the period	2.1	2.7
Interest cost (unwinding of discount)	1.1	1.1
Benefits paid	(1.7)	(4.4)
Actuarial (gains)/losses	3.0	7.2
Changes in scope of consolidation and reclassifications	(0.3)	-
Held-for-sale operations	(2.9)	-
Defined-benefit plan obligation at end of period	**34.3**	**33.0**

Changes in the fair value of plan assets

(€m)	2013	2012
Fair value of insurance policy assets at start of period	**5.7**	**5.5**
Employer's contributions	-	-
Benefits paid	-	-
Expected return on plan assets	0.2	0.2
Actuarial gains/(losses)	-	-
Fair value of insurance policy assets at end of period	**5.9**	**5.7**

Plan assets are in the form of contributions paid into "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 3.2% in 2013. As of December 31, 2013, the fund had an estimated fair value of €5.9 million.

16.2 CURRENT PROVISIONS

The table below shows movements in current provisions during 2013:

2013 *(€m)*	Jan. 1	Charges	Reversals: used	Reversals: unused	Changes in scope of consolidation, reclassifications	Held-for-sale operations	Dec. 31
Provisions for:							
Litigation and claims: governmental & public bodies	8.3	-	(6.9)	(1.1)	-	-	0.3
Litigation and claims: employees	12.7	0.3	(2.4)	(2.1)	(5.8)	(0.1)	2.6
Litigation and claims: commercial	16.9	2.7	(1.0)	(3.1)	-	(3.2)	12.3
Contractual litigation, claims, and risks	11.7	0.5	(0.4)	-	-	-	11.8
Restructuring	-	-	-	-	-	-	-
Other	3.9	1.4	(1.3)	(1.0)	2.5	(2.1)	3.4
TOTAL CURRENT PROVISIONS	**53.5**	**4.9**	**(12.0)**	**(7.3)**	**(3.3)**	**(5.4)**	**30.4**

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.

Competition law risks

On January 12, 2009, the Investigative Department of the French Competition Authority notified TF1 of complaints relating to practices in the pay-TV sector. One complaint against TF1 was retained, alleging anti-competitive practices in respect of the exclusive distribution of some of its pay-TV theme channels.

In a ruling of November 16, 2010 the authority rejected the complaint of anti-competitive practices on the grounds that the decision to authorise the CERES deal, under which TF1 had granted these exclusivity clauses, gave the parties rights which could not be challenged retrospectively.

However, the authority decided to refer some issues back to its Investigative Department:

- the definition of the relevant fibre optic and catch-up TV markets;
- whether or not the cumulative effect of these exclusive arrangements was to block access to the pay-TV market.

In a ruling of September 20, 2011, the French competition authority withdrew its authorisation for the 2006 takeover of TPS by Vivendi and the Canal Plus group due to failure of the Canal Plus group to fulfil a number of the commitments made at the time of the takeover. Following renotification of this transaction, the authority authorised the merger of CanalSat and TPS on July 23, 2012, subject to compliance with various injunctions.

The Canal Plus group has appealed this decision to the Conseil d'État. Reversal of this decision, and of the obligations that it imposes on the Canal Plus group, especially as regards broadcasters of independent theme channels, such as the TF1 group, could pose a risk to the business model of these channels when their distribution contracts are renewed.

These risks are not at present covered by any provision in the TF1 consolidated financial statements.

NOTE 17 OPERATING REVENUES

Operating revenues comprise:

(€m)	2013	2012
Advertising revenue	1,597.7	1,686.8
Distribution of consumer products	205.0	240.2
Cable and satellite revenue	130.0	128.3
Production/distribution of audiovisual rights	70.7	71.7
Revenue from other activities	81.7	88.2
Revenue	**2,085.1**	**2,215.2**
Royalty income	0.2	0.4
Operating revenues	**2,085.3**	**2,215.6**

NOTE 18 OTHER PURCHASES CONSUMED AND CHANGES IN INVENTORY

This item breaks down as follows:

(€m)	2013	2012
External production consumed[1]	(768.2)	(772.5)
Purchases of services	(138.9)	(204.0)
Purchases of broadcasting rights	(11.2)	(12.9)
Purchases of goods	(35.0)	(38.3)
Other items	(28.5)	(20.8)
Other purchases consumed and changes in inventory	**(981.8)**	**(1,048.5)**

(1) *"External production consumed" relates to programmes acquired from third parties and broadcast by TF1, TMC, NT1 and HD1, and by the theme channels (TV Breizh, TF6, Série Club, Stylía, Histoire and Ushuaïa TV).*

NOTE 19 STAFF COSTS

Staff costs break down as follows:

(€m)	2013	2012
Staff remuneration	(244.2)	(243.4)
Social security charges	(103.8)	(101.1)
Other staff costs	-	(0.3)
Statutory employee profit-sharing	(4.6)	(7.4)
Share-based payment expense	(0.6)	(0.7)
Staff costs	**(353.2)**	**(352.9)**

Defined-contribution plan expenses are included in "Social security charges", and totalled €33 million in 2013 (2012: €34 million).

Expenses relating to lump-sum retirement benefits and long-service leave under the collective agreements applicable to TF1 group companies are recognised as part of the net change in non-current provisions (see note 16.1). Lump-sum retirement benefits paid during the period are recorded in "Staff remuneration".

Share-based payment expense includes the cost of share option plans and consideration-free share allotment plans, calculated in accordance with IFRS 2.

19.1 COST OF TF1 SHARE OPTION PLANS

The cost of share option plans recognised in "Staff costs" breaks down as follows:

(€m)	Date of grant	Lock-up period	Total fair value	Staff costs 2013	Staff costs 2012
Plan no. 10	March 20, 2008	3 years	2.8	-	-
Plan no. 11	March 20, 2009	3 years	1.6	-	0.1
Plan no. 12	June 10, 2011	4 years	1.8	0.5	0.5
Plan no. 13	June 12, 2012	4 years	1.0	0.1	0.1
TOTAL				**0.6**	**0.7**

The cost of share option plans was computed using the Black-Scholes model and the following assumptions:

	Reference share price	Exercise price	Expected volatility	Average maturity	Risk-free rate	Payout ratio	Liquidity discount	Fair value per option
Plan no. 10	€13.60	€15.35	31%	5.0 years	3.67%	6.25%	-15%	€1.49
Plan no. 11	€5.71	€5.98	49%	5.2 years	2.75%	8.98%	-15%	€0.86
Plan no. 12	€12.40	€12.47	31%	5.25 years	2.61%	4.64%	-15%	€1.18
Plan no. 13	€5.72	€6.17	40%	5.18 years	1.63%	7.65%	-15%	€0.70

The average maturity used is less 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.

19.2. 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 2013.

NOTE 20 EXTERNAL EXPENSES

External expenses break down as follows:

(€m)	2013	2012
Subcontracting	(143.6)	(143.2)
Rent and associated charges	(34.3)	(35.4)
Agents' fees and professional fees	(70.9)	(80.1)
Advertising, promotion and public relations	(54.9)	(63.6)
Other external expenses	(69.3)	(73.7)
External expenses	**(373.0)**	**(396.0)**

NOTE 21 TAXES OTHER THAN INCOME TAXES

Taxes other than income taxes break down as follows:

(Rounded to the nearest €m)	2013	2012
Audiovisual taxes	(85.1)	(92.4)
CNC (French National Centre for Cinematography) taxes	*(77.2)*	*(84.2)*
Other	*(7.9)*	*(8.2)*
Other taxes	(46.5)	(49.7)
Local business taxes	*(12.5)*	*(13.0)*
Payroll-based taxes	*(12.8)*	*(13.3)*
Other taxes	*(21.2)*	*(23.4)*
Taxes other than income taxes	**(131.6)**	**(142.1)**

NOTE 22 OTHER CURRENT OPERATING INCOME AND EXPENSES

Other current operating income and expenses consist of the following items:

(€m)	2013	2012
Reversals of unused provisions	15.5	22.7
In-house production capitalised, and cost transfers	23.2	21.4
Operating grants	2.3	0.1
Investment grants	12.7	9.2
Foreign exchange gains	22.1	35.2
Other income	24.1	32.6
Other current operating income	**99.9**	**121.2**
Royalties and paybacks to rights-holders	(77.9)	(80.4)
Bad debts written off	(4.9)	(2.3)
Foreign exchange losses	(23.3)	(33.5)
Other expenses	1.4	(5.2)
Other current operating expenses	**(104.7)**	**(121.4)**

Other current operating income and expenses for the year ended December 31, 2013 include the gain arising on the sale of Place des Tendances, part of which consists of the consolidated carrying amount of the investment in Place des Tendances (including the reversal of accumulated prior-period losses).

Other current operating income and expenses for the year ended December 31, 2012 include a €27.1 million gain on the reimbursement of taxes on television services, all avenues for appeal having been exhausted in February 2012.

NOTE 23 NON-CURRENT OPERATING INCOME AND EXPENSES

Non-current operating expenses for the year ended December 31, 2012 amounted to €46.4 million, corresponding to exceptional and non-recurring adaptation costs arising under phase II of the optimisation plan.

NOTE 24 COST OF NET DEBT

Cost of net debt breaks down as follows:

(€m)	2013	2012
Interest income	0.5	0.5
Change in fair value of the hedged portion of the bond issue	-	-
Change in fair value of interest rate derivatives	-	-
Income and revenues from financial assets	0.1	2.6
Income associated with net debt	**0.6**	**3.1**
Interest expense on debt	(0.2)	(0.6)
Change in fair value of interest rate derivatives	-	-
Expenses associated with net debt	**(0.2)**	**(0.6)**
Cost of net debt	**0.4**	**2.5**

NOTE 25 OTHER FINANCIAL INCOME AND EXPENSES

Other financial income and expenses break down as follows:

(€m)	2013	2012
Dividend income	1.0	1.2
Gains on financial assets	1.8	0.2
Gains arising from changes in value of forward currency purchase contracts	-	0.1
Other income	0.1	6.1
Other financial income	**2.9**	**7.6**
Losses on financial assets	(1.8)	(0.1)
Losses arising from changes in value of forward currency purchase contracts	(0.1)	(1.3)
Other expenses	(0.2)	(0.3)
Other financial expenses	**(2.1)**	**(1.7)**

In 2012, "other income" included €5.9 million for the effects of the fair value remeasurement of the equity interest in Groupe AB.

NOTE 26 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 2013	Financial 2012	Operating 2013	Operating 2012
Net income/(expense) on loans and receivables at amortised cost	0.3	3.2	(34.9)	(10.4)
Net income/(expense) on financial assets at fair value	-	6.1	-	-
financial assets designated at fair value through profit or loss	-	*5.9*	-	-
financial assets held for trading	-	*0.2*	-	-
Net income/(expense) on available-for-sale financial assets	1.3	1.2	-	-
Net income/(expense) on financial liabilities at amortised cost	(0.4)	(0.8)	-	-
Net income/(expense) on derivatives	-	(1.3)	0.8	0.6
Net income/(expense) on financial assets and financial liabilities	**1.2**	**8.4**	**(34.1)**	**(9.8)**

NOTE 27 INCOME TAXES

27.1 CURRENT AND DEFERRED TAXES

27.1.1 Income statement

(€m)	2013	2012
Current taxes	(36.6)	(54.8)
Deferred taxes	(8.7)	2.7
Income tax expense	**(45.3)**	**(52.1)**

The current tax rates used were 38.00% for the year ended December 31, 2013 and 36.10% for the year ended December 31, 2012.

The tax rate used to measure deferred tax assets and liabilities was 36.10% for temporary differences expected to reverse before 2014, and 34.43% for temporary differences expected to reverse subsequently. The effect of changing the tax rate used to calculate deferred taxes on temporary differences from 36.10% to 38.00% was immaterial as of December 31, 2013.

27.1.2 Tax proof

(€m)	2013	2012
Net profit attributable to the Group	**137.0**	**136.0**
Income tax expense	45.3	52.1
Net profit from discontinued operations	(48.5)	(35.5)
Non-controlling interests	14.7	3.3
Net profit from continuing operations before tax and non-controlling interests	**148.5**	**155.9**
Standard tax rate in France	**38.0%**	**36.1%**
Impact of fair value adjustments not recognised for tax purposes	0.0%	(1.4%)
Impairment of *goodwill*	0.0%	0.0%
Impact of tax losses	(0.6%)	(0.6%)
Offset of tax credits	(1.0%)	(0.8%)
Share of profits and losses of associates	(0.2%)	1.5%
Reduced-rate taxes on securities transactions	(3.9%)	(0.4%)
Tax rate differential (change in tax rate, and rates applicable to foreign subsidiaries)	(0.2%)	(0.5%)
Other differences, net	(1.6%)	(0.5%)
Effective tax rate	**30.5%**	**33.4%**

TF1 made a group tax election on January 1, 1989, and has renewed this election regularly since that date.

27.2 DEFERRED TAX ASSETS AND LIABILITIES

27.2.1 Change in net deferred tax position

(€m)	2013	2012
Net deferred tax asset/(liability) at January 1	**0.8**	**(4.1)**
Recognised in equity	3.1	3.9
Recognised in profit or loss[2]	(8.7)	3.1
Held-for-sale operations	(4.8)	-
Changes in scope of consolidation and other items[1]	0.7	(2.1)
Net deferred tax asset/(liability) at December 31	**(8.9)**	**0.8**

(1) In 2012, includes the reversal of -€2 million in deferred tax assets on long-service leave entitlement, reclassified to equity (see note 16.1, "Non-current provisions").
(2) In 2012, includes €0.4 million for entities classified as held-for-sale operations.

27.2.2 Principal sources of deferred taxation

The main sources of deferred taxation are as follows:

(€m)	2013	2012
Provisions:		
Provisions for programmes	3.4	3.0
Provisions for retirement benefit obligations	8.9	8.7
Provisions for impairment of audiovisual rights	0.3	0.3
Provisions for trade debtors	1.4	2.7
Other provisions	15.8	19.6
Statutory employee profit-sharing scheme	2.0	3.9
Tax losses available for carry-forward	0.9	3.7
Other deferred tax assets	3.6	4.3
Offset of deferred tax assets and liabilities	(36.3)	(35.6)
Deferred tax assets	**-**	**10.6**
Accelerated tax depreciation	(20.1)	(18.5)
Depreciation of head office building	(8.6)	(8.5)
Remeasurement of assets	(13.2)	(13.5)
Other deferred tax liabilities	(3.3)	(4.9)
Offset of deferred tax assets and liabilities	36.3	35.6
Deferred tax liabilities	**(8.9)**	**(9.8)**
Net deferred tax asset/(liability) at December 31	**(8.9)**	**0.8**

Unrecognised deferred tax assets totalled €20.0 million (versus €23.3 million as of December 31, 2012), and comprised tax losses and deferred tax depreciation available for indefinite carry-forward, the recovery of which is not sufficiently probable to justify recognition.

27.2.3 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	**26.7**	**-**	**9.6**	**(36.3)**	**-**

Deferred tax assets recoverable after more than five years mainly relate to temporary differences on provisions for retirement benefit obligations.

NOTE 28 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 where the exercise price is lower than the average quoted market price of TF1 shares over the period.

	2013	2012
Net profit for the year *(€m)*		
Net profit from continuing operations (attributable to the Group)	98.2	100.5
Net profit from discontinued/held-for-sale operations	38.8	35.5
Net profit attributable to the Group	137.0	136.0
Weighted average number of ordinary shares	**210,645,472**	**210,715,775**
Basic earnings per share *(in euros)*		
Basic earnings per share from continuing operations	0.47	0.48
Basic earnings per share from discontinued/held-for-sale operations	0.18	0.17
Basic earnings per share	0.65	0.65
Average number of ordinary shares after dilution	**211,837,361**	**211,199,188**
Diluted earnings per share *(in euros)*		
Diluted earnings per share from continuing operations	0.47	0.47
Diluted earnings per share from discontinued/held-for-sale operations	0.18	0.17
Diluted earnings per share	0.65	0.64

The average number of ordinary shares after dilution is obtained by taking account of the following dilutive effects:

(Number of shares)	2013	2012
Weighted average number of ordinary shares for the period	210,645,472	210,715,775
Dilutive effect of share subscription option plans	1,191,889	483,413
Dilutive effect of consideration-free share allotment plan	-	-
Average number of ordinary shares after dilution	**211,837,361**	**211,199,188**

In 2013, share subscription option plans no. 11 (awarded March 20, 2009), no. 12 (awarded June 10, 2011) and no. 13 (awarded June 12, 2012) had an adjusted exercise price lower than the average quoted market price over the period.

In 2012, only share subscription option plans no. 11 (awarded March 20, 2009) and no. 13 (awarded June 12, 2012) had an adjusted exercise price lower than the average quoted market price over the period.

NOTE 29 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

29.1 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 in note 4, “Held-for-sale operations”.

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)	2013	2012
Cash and cash equivalents in the balance sheet	288.9	258.7
Cash relating to held-for-sale assets	-	(13.9)
Treasury current account credit balances(1)	(98.1)	(2.5)
Bank overdrafts	-	(1.8)
Closing cash position per the cash flow statement	**190.8**	**240.5**

(1) As of December 31, 2013, due to the application of IFRS 5 (see note 4) treasury current account credit balances include the balance on the account between TF1 SA and Eurosport SAS for €94.4 million, given that the corresponding cash is classified as a held-for-sale asset.

29.2 OTHER CASH FLOWS RELATING TO INVESTING ACTIVITIES

Loans and advances for the year ended December 31, 2013 include the €53.6 million cash payment received in connection with the Groupe AB share redemption (see note 10, "Investments in associates").

29.3 EFFECT OF CHANGES IN SCOPE OF CONSOLIDATION

The "effect of changes in scope of consolidation" line consists of the following items:

(€m)	2013	2012
Net cash outflows on acquisitions	-	(6.4)
Net cash inflows from disposals	6.0	112.8
Effect of changes in scope of consolidation	**6.0**	**106.4**

The cash flow effects of acquisitions are shown below:

(€m)	2013	2012
Cash and cash equivalents acquired	-	-
Financial assets acquired	-	6.4
Other assets acquired	-	-
Non-controlling interests acquired	-	-
Other liabilities acquired	-	-
Net assets acquired (A)	-	6.4
Goodwill (B)	-	-
Cash outflow (A) + (B)	**-**	**6.4**
Cash acquired	-	-
Cash of companies joining the consolidation during the period without being acquired	-	-
Net cash outflow	**-**	**6.4**

In 2012, the cash flow mainly related to the investments made in WBTV and Direct Optic Participations.

The table below shows the cash flow effects of disposals of subsidiaries:

(€m)	2013	2012
Cash received	6.0	112.8
Cash divested	-	-
Subscriptions to capital increases carried out by subsidiaries	-	-
Net cash inflow	6.0	112.8

The 2013 figure of €6 million relates to the receipt of part of the proceeds from the disposal of Place des Tendances; the balance will be received in 2014.

The 2012 figure includes receipt of the proceeds from the sale by TF1 of Eurosport France to Eurosport SAS, which has been reclassified to held-for-sale operations. This cash inflow is matched by an equivalent outflow in investing cash flows from held-for-sale operations.

29.4 OTHER TRANSACTIONS BETWEEN SHAREHOLDERS

The €79.5 million cash inflow in 2012 relates to the additional purchase consideration arising on the transaction with the Discovery Communications group. As a result of the application of IFRS 5 (see note 4), the portion relating to the acquisition of Eurosport France by the Eurosport group (€112.8 million) is included in financing cash flows from held-for-sale operations (see above).

29.5 CHANGE IN DEBT

The impact of changes in debt on the TF1 group's cash position is shown below:

(€m)	2013	2012
Finance lease payments made during the period	(4.6)	(4.7)
Net change in borrowings[(1)]	0.2	101.0
Loans received from associates		
Other movements		0.4
Net change in the period	**(4.4)**	**96.7**

(1) In 2012, repayment of borrowings between held-for-sale operations and continuing operations.

NOTE 30 RISK MANAGEMENT

30.1 CAPITAL MANAGEMENT STRATEGY

The TF1 group has a policy of maintaining a stable capital base and has no plans for any specific corporate actions, other than share buybacks (see the present Annual Financial Report and Registration Document).

In terms of equity capital, TF1 uses various indicators, including gearing (defined as the ratio of net debt to equity). Gearing provides investors with an indication of the Group's level of indebtedness relative to the level of equity capital. It is calculated on the basis of net debt as defined in note 15 and of shareholders' equity as shown in the balance sheet, including reserves used to recognise changes in the fair value of cash flow hedges and of available-for-sale financial assets. As of December 31, 2013 and 2012, the Group had net surplus cash of €255.5 million (including net surplus cash of continuing operations and net surplus cash of held-for-sale operations) and €236.3 million respectively, so gearing was zero.

30.2 FINANCIAL RISK MANAGEMENT STRATEGY

Liquidity risk and market risk (interest rate risk, foreign exchange risk and own equity risk) are managed centrally by the TF1 group's Financing, Treasury and Investor Relations Department. The Group also has policies in place to limit the risk of dependence on counterparties.

30.2.1 Liquidity risk

The Banking Operations Unit and the Financing, Treasury and Investor Relations Department are 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 on its confirmed credit facilities, net of available cash.

The net surplus cash position in the balance sheet as of December 31 is shown below:

(€m)	2013	2012
Cash and cash equivalents	288.9	258.7
Financial liabilities	(100.6)	(22.4)
Net surplus cash (+)/Net debt (-) – continuing operations	**188.3**	**236.3**
Net surplus cash (+)/Net debt (-) – held-for-sale operations	**67.2**	

Financing risk

The new constraints imposed on banks by the Basel III capital adequacy rules by European banks, combined with the difficult economic climate, mean that French companies are having to adapt their long-term financing strategies in light of the reduced accessibility to bank credit on reasonable terms.

The TF1 group's financing strategy is based on its ability to cope with market fluctuations and a deteriorating economy while retaining its financial autonomy vis-à-vis the financial and banking markets. The strategy is devised so as to retain the possibility of capitalising on opportunities for organic growth or acquisitions. The Group's credit facilities are spread among a significant number of French and international banks. They are bilateral facilities and are not subject to covenants regarding financial ratios.

As of December 31, 2013, TF1 had:

- bilateral bank facilities of €1,025.0 million. These confirmed bank facilities are supplemented by a cash pooling agreement with the Bouygues group. As of December 31, 2013, nothing was drawn down under this cash pooling agreement;
- a finance lease obligation of €5.1 million relating to technical installations.

2013 *(€m)*	Authorised facilities			Drawdowns			Available facilities
	Less than 1 year	1 to 5 years	Total	Less than 1 year	1 to 5 years	Total	
Confirmed bilateral facilities	200.0	825.0	1,025.0	-	-	-	1,025.0
Finance leases*	3.6	1.5	5.1	3.6	1.5	5.1	-
Bouygues cash pooling agreement	-	-	-	-	-	-	-
TOTAL	**203.6**	**826.5**	**1,030.1**	**3.6**	**1.5**	**5.1**	**1,025.0**

* *Of which €1.3 million for held-for-sale activities.*

2012 *(€m)*	Authorised facilities			Drawdowns			Available facilities
	Less than 1 year	1 to 5 years	Total	Less than 1 year	1 to 5 years	Total	
Confirmed bilateral facilities	205.0	835.0	1,040.0	-	-	-	1,040.0
Finance leases	4.4	6.2	10.6	4.4	6.2	10.6	-
Bouygues cash pooling agreement	-	-	-	-	-	-	-
TOTAL	**209.4**	**841.2**	**1,050.6**	**4.4**	**6.2**	**10.6**	**1,040.0**

Credit rating

The TF1 group has a credit rating from Standard & Poor's, which currently stands at BBB+/stable/A-2.

Maturity of non-derivative financial liabilities

The table below provides a schedule of undiscounted future repayments (principal and interest) of financial liabilities, based on residual contractual maturities:

2013 *(€m)*	Carrying amount	Residual contractual amount		
		Less than 1 year	1 to 5 years	Total
Finance leases	3.8	2.6	1.2	3.8
Trade and other creditors	1,450.8	1,450.8	-	1,450.8
Other financial liabilities	96.8	96.8	-	96.8
TOTAL – CONTINUING OPERATIONS	**1,551.4**	**1,550.2**	**1.2**	**1,551.4**
TOTAL – HELD-FOR-SALE OPERATIONS	**153.7**	**153.2**	**0.5**	**153.7**

		Residual contractual amount		
2012 *(€m)*	**Carrying amount**	**Less than 1 year**	**1 to 5 years**	**Total**
Finance leases	10.6	4.4	6.2	10.6
Trade and other creditors	1,687.2	1,687.2	-	1,687.2
Other financial liabilities	11.8	4.4	7.4	11.8
TOTAL	**1,709.6**	**1,696.0**	**13.6**	**1,709.6**

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.

As of December 31, 2013, €243.0 million out of the €288.9 million of net surplus cash was invested with Bouygues Relais under the terms of the cash pooling arrangement between the two entities.

(€m)	**2013**	**2012**
Interest-bearing bank account	1.2	0.3
Bouygues Relais cash pooling agreement	243.0	222.0
Money-market mutual funds	-	-
Negotiable certificates of deposit	-	-
Other treasury current accounts	44.7	36.4
TOTAL – CONTINUING OPERATIONS	**288.9**	**258.7**
TOTAL – HELD-FOR-SALE OPERATIONS	**102.7**	-

These cash balances are determined before elimination of reciprocal balances on current accounts between continuing operations and held-for-sale operations. The aggregate amount without adjusting for reciprocal balances is not meaningful (see note 15, "Net debt" and note 4, "Held-for-sale operations").

30.2.2 Market risk

The TF1 group manages its exposure to interest rate and exchange rate risk by using hedging instruments such as swap contracts, forward purchases and sales, and interest rate and currency options. Derivatives are used solely for hedging purposes and are never used for speculative purposes.

The Financing, Treasury and Investor Relations Department manages interest rate and currency hedges centrally for the Group. It tracks the financial markets on a daily basis, and periodically updates the positions to be hedged after netting similar types of exposures between Group entities. It submits hedging scenarios to the Purchasing/Finance directorate for approval; once they have been approved, it executes and administers the relevant market transactions.

30.2.2.1 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 at a maximum rate for cost of net debt over the short and medium term.

Exposure and sensitivity to interest rate risk

No interest rate hedges were in place as of December 31, 2013 or 2012. The schedule below breaks down financial assets and financial liabilities, and the net exposure, by interest rate type and maturity.

2013 *(€m)*	Financial assets		Financial liabilities		Net pre-hedging exposure		Hedging instruments		Net post-hedging exposure	
	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate
Less than 1 year	1.2	287.7	(2.6)	(96.8)	(1.4)	190.9	-	-	(1.4)	190.9
1 to 5 years	-	-	(1.2)	-	(1.2)	-	-	-	(1.2)	-
TOTAL – CONTINUING OPERATIONS	**1.2**	**287.7**	**(3.8)**	**(96.8)**	**(2.6)**	**190.9**	**-**	**-**	**(2.6)**	**190.9**
TOTAL – HELD-FOR-SALE OPERATIONS	-	**102.7**	**(1.3)**	**(34.2)**	**(1.3)**	**68.5**	**-**	**-**	**(1.3)**	**68.5**

2012 *(€m)*	Financial assets		Financial liabilities		Net pre-hedging exposure		Hedging instruments		Net post-hedging exposure	
	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate
Less than 1 year	0.3	258.4	(4.4)	(4.4)	(4.1)	254.0	-	-	(4.1)	254.0
1 to 5 years	-	-	(13.6)	-	(13.6)	-	-	-	(13.6)	-
TOTAL	**0.3**	**258.4**	**(18.0)**	**(4.4)**	**(17.7)**	**254.0**	**-**	**-**	**(17.7)**	**254.0**

As of December 31, 2013, the net post-hedging exposure for continuing operations represents a fixed-rate financial liability of €2.6 million and a floating-rate financial asset of €190.9 million.

The sensitivity shown below measures the theoretical impact on cost of net debt of an immediate and constant movement of 1% (100 basis points) across the entire yield curve for 2012 and 2013.

It is defined as the impact of applying this 1% movement to the net floating-rate exposure (this exposure being assumed to be constant over one year).

(€m)	2013		2012	
	Pre-tax impact on profit or loss	Pre-tax impact on equity	Pre-tax impact on profit or loss	Pre-tax impact on equity
Impact of a movement of +1% in interest rates	2.6	-	2.5	-
Impact of a movement of -1% in interest rates	Ns*	-	Ns*	-

* *As of December 31, 2013 and 2012, the level of short-term interest rates is such that TF1 has no material exposure as a result of its positive net cash position.*

Interest rate derivatives

The TF1 group has not held any interest rate derivatives since 2011.

30.2.2.2 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 US dollar and pound sterling) and (ii) foreign-currency cash flows from sales of subscriptions to the Eurosport channel from countries outside the euro zone.

During 2013, over 95% of the Group's cash inflows were in euros, 1% were in US dollars, and 1% in sterling.

Over 94% of cash outflows (including acquisitions of audiovisual rights) were in euros, 3% in US dollars, and 1% in sterling.

After eliminating held-for-sale operations, in 2013 over 99% of cash inflows were in euros, while 97% of cash outflows (including acquisitions of audiovisual rights) were in euros and 3% in US dollars.

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, 2013:

Equivalent value in euros, at 2013 closing exchange rates *(€m)*	USD[(1)]	GBP[(2)]	CHF[(3)]	Other currencies[(4)]	Total
Assets	3.3	1.1	2.8	0.4	7.6
Liabilities	(45.1)	(0.2)	(2.7)	-	(48.0)
Off balance sheet commitments	(134.5)	-	-	0.1	(134.4)
Pre-hedging exposure	**(176.3)**	**0.9**	**0.1**	**0.5**	**(174.8)**
Forwards and futures	101.2	-	-	(0.1)	101.1
Currency	0.9	14.6	5.7	-	21.2
Net post-hedging exposure – continuing operations	**(74.2)**	**15.5**	**5.8**	**0.4**	**(52.5)**
Net post-hedging exposure – held-for-sale operations	**(67.2)**	**(21.0)**	**(12.3)**	**11.7**	**(88.8)**

The table below shows the Group's exposure to foreign exchange risk at December 31, 2012:

Equivalent value in euros, at 2013 closing exchange rates *(€m)*	USD[(1)]	GBP[(2)]	CHF[(3)]	Other currencies[(4)]	Total
Assets	25.4	6.5	4.0	17.9	53.8
Liabilities	(43.7)	(11.0)	(5.2)	(9.0)	(68.9)
Off balance sheet commitments	(299.3)	(1.4)	(14.3)	0.3	(314.7)
Pre-hedging position	**(317.6)**	**(5.9)**	**(15.5)**	**9.2**	**(329.8)**
Forwards and futures	70.0	-	-	(22.9)	47.1
Currency	-	3.1	1.7	6.8	11.6
Net post-hedging position	**(247.6)**	**(2.8)**	**(13.8)**	**(6.9)**	**(271.1)**

(1) Net exposure in USD: Some Group entities (TF1, Eurosport, TF1 Droits Audiovisuels) enter into long-term rights acquisition contracts in the course of their ordinary activities that give rise to off balance sheet commitments, which are partially matched against future recurring USD revenue streams.
(2) Net exposure in GBP: This mainly relates to the ordinary activities of Eurosport in the United Kingdom.
(3) Net exposure in CHF: This mainly relates to the ordinary activities of Eurosport France and TF1.
(4) The main currencies involved are the Norwegian krone (NOK), the Swedish krona (SEK), the Danish krone (DKK) and the Australian dollar (AUD). The net post-hedging position is matched by future revenue streams in the currency.

The consolidated net post-hedging currency exposure for the TF1 group (translated into euros at the closing exchange rate) as of December 31, 2013 was -€52.5 million for continuing operations, compared with -€271.1 million as of December 31, 2012.

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 foreign exchange instruments in place at the balance sheet date, applying the accounting treatments specified in IAS 39.

	2013				2012			
	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	0.7	(0.7)	(1.0)	1.0	2.5	(2.5)	(0.7)	0.7
GBP	(0.1)	0.1	-	-	-	-	-	-
CHF	-	-	-	-	0.2	(0.2)	-	-
Other	-	-	-	-	-	-	0.2	(0.3)
TOTAL – CONTINUING OPERATIONS	**0.6**	**(0.6)**	**(1.0)**	**1.0**	**2.7**	**(2.7)**	**(0.5)**	**0.4**
TOTAL – HELD-FOR-SALE OPERATIONS[(1)]	**0.9**	**(0.9)**	**0.1**	**(0.1)**				

(1) Mainly USD variation.

As of December 31, 2013, the sensitivity of the TF1 group's equity for continuing operations (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 +€0.4 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 2012 was -€2.3 million. It would be -€1.0 million for held-for-sale operations.

Analysis of currency derivatives by currency

The tables below give a breakdown of currency hedging derivatives by currency:

		Notional amount of hedges				Market value (in euros)	
			In euros				
December 31, 2013 ***(in millions)***	**Currency**	**Total foreign-currency amount**	**Total**	**Less than 1 year**	**1 to 5 years**	**Total amount**	**Of which designated as cash flow hedges**
Currency swaps	USD	1.3	0.9	0.9	-	-	-
	GBP	12.2	14.6	14.6	-	-	-
	CHF	7.0	5.7	5.7	-	-	-
	NOK, SEK, DKK, AUD	-	-	-	-	-	-
Forward purchases	USD	139.5	101.2	80.7	20.5	(3.7)	(3.7)
Forward sales	NOK, SEK, DKK, AUD	-	-	-	-	-	-
TOTAL – CONTINUING OPERATIONS			**122.3**	**101.9**	**20.5**	**(3.7)**	**(3.7)**
TOTAL – HELD-FOR-SALE OPERATIONS(1)			**18.7**	**18.7**	**-**	**0.3**	**0.2**

(1) Mainly attributable to fluctuations in the NOK, SEK and DKK.

		Notional amount of hedges				Market value (in euros)	
			In euros				
December 31, 2012 ***(in millions)***	**Currency**	**Total foreign-currency amount**	**Total**	**Less than 1 year**	**1 to 5 years**	**Total amount**	**Of which designated as cash flow hedges**
Currency swaps	USD	-	-	-	-	-	-
	GBP	2.6	3.1	3.1	-	-	-
	CHF	2.1	1.7	1.7		-	-
	NOK, SEK, DKK, AUD		6.8	6.8	-	-	-
Forward purchases	USD	92.3	70.0	47.4	22.6	1.1	1.1
Forward sales	NOK, SEK, DKK, AUD		22.9	22.9	-	0.1	0.1
TOTAL			**104.5**	**81.9**	**22.6**	**1.2**	**1.2**

The notional amount represents the amount sold or purchased forward in the currency.

The market value is the difference between (i) the notional amount translated into euros at a forward rate recalibrated to reflect closing exchange rates and (ii) the notional amount translated into euros at closing exchange rates.

Accounting classification and treatment

All foreign exchange instruments used by the TF1 group are contracted to hedge its exposure to financial risks. In accordance with IAS 39, these derivatives are classified as fair value hedges or cash flow hedges depending on the strategy applied. However, some instruments are ineligible for hedge accounting because they do not meet the IAS 39 criteria, in particular where there has been a reversal of the initial strategy.

Transactions designated as cash flow hedges are used by TF1 SA to hedge sport transmission rights and audiovisual rights acquisition contracts, on which the amount and timing of payments are precisely agreed on a contractual basis; and by Eurosport to hedge future foreign-currency revenue streams. Other transactions are allocated to other broadcasting rights acquisition contracts, but do not meet all the criteria required to establish the existence of a hedging relationship under IAS 39.

(€m)	Ineligible for hedge accounting	Designated as fair value hedges	Designated as cash flow hedges	Total Fair value of financial instruments
2013				
Currency derivatives – assets	-	-	-	-
Currency derivatives – liabilities	-	-	(3.8)	(3.8)
TOTAL – CONTINUING OPERATIONS	**-**	**-**	**(3.8)**	**(3.8)**
TOTAL – HELD-FOR-SALE OPERATIONS	**0.1**	**-**	**0.2**	**0.3**
2012				
Currency derivatives – assets	-	-	2.1	2.1
Currency derivatives – liabilities	-	-	(0.9)	(0.9)
TOTAL	**-**	**-**	**1.2**	**1.2**

Change in fair value of foreign exchange instruments

The change in the fair value of instruments not eligible for hedge accounting as of December 31, 2013 was +€0.0 million for continuing operations, compared with -€1.2 million a year earlier.

The change in the fair value of instruments eligible for hedge accounting as of December 31, 2013 was -€5.0 million, compared with -€3.2 million a year earlier. This comprises a change of -€5.7 million in the fair value of the effective portion of hedging (*i.e.* the portion closely correlated to changes in the fair value of the hedged items) recognised in remeasurement reserves as a component of equity (compared with a change of -€3.8 million as of December 31, 2012), and a change of +€0.7 million in the fair value of the ineffective portion (compared with +€0.6 million as of December 31, 2012).

The change in the fair value of foreign exchange instruments as of December 31, 2013 for held-for-sale operations is not material.

30.2.2.3 Counterparty risk

The TF1 group applies policies designed to limit its exposure to counterparty risk, and in particular (i) the risk of non-recovery of trade debtors in connection with its ordinary activities, (ii) the risk of being unable to recover assets held by financial counterparties and (iii) the risk that financial counterparties will default on their commitments to the Group.

The TF1 group believes that its exposure is limited, given that the cost of such risks has historically been immaterial both in overall terms and for each business segment.

In 2013, no single customer of the TF1 group represented more than 5% of consolidated revenue.

The five largest customers represented no more than 12% of consolidated revenue.

The ten largest customers represented no more than 18% of consolidated revenue.

In 2013, no single supplier of the TF1 group represented more than 5% of consolidated revenue.

The five largest suppliers represented no more than 20% of consolidated revenue.

The ten largest suppliers represented no more than 25% of consolidated revenue; this figure reflects the specialised nature of some suppliers within the audiovisual industry, such as copyright-holder organisations and production studios.

These data remain valid after elimination of held-for-sale operations.

Risk of non-recovery of debtors

2013 *(€m)*	Carrying amount	Not past due	Past due			
			Total	< 6 months	6-12 months	> 12 months
Trade debtors	648.1	546.4	101.7	67.5	12.6	21.6
Provisions for impairment of trade debtors	(15.1)	(0.8)	(14.3)	(1.1)	(4.8)	(8.4)
TRADE DEBTORS, NET – CONTINUING OPERATIONS	**633.0**	**545.6**	**87.4**	**66.4**	**7.8**	**13.2**
TRADE DEBTORS, NET – HELD-FOR-SALE OPERATIONS	**97.0**	**56.3**	**40.7**	**33.1**	**5.0**	**2.6**

2012 (€m)	Carrying amount	Not past due	Past due			
			Total	< 6 months	6-12 months	> 12 months
Trade debtors	800.1	657.4	142.7	106.4	17.9	18.4
Provisions for impairment of trade debtors	(18.0)	(1.3)	(16.7)	(3.4)	(4.7)	(8.6)
TRADE DEBTORS, NET	**782.1**	**656.1**	**126.0**	**103.0**	**13.2**	**9.8**

Advertising airtime sales

TF1 Publicité sells advertising airtime on media for which it acts as agent (TV channels, radio stations and websites) to advertisers who over the years have become regular airtime buyers, developing well-established partnerships. TF1 Publicité applies risk management policies adapted to the profile of its customer base.

The policy used to manage the underlying counterparty risk 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 airtime orders placed by a new advertiser;
- upfront payment for new advertising campaigns from any advertiser with a track record of payment incidents. If these payment terms are rejected, TF1 Publicité may reuse to sell airtime to the defaulting buyer;
- payment of annual rebates in the form of “end-of-order” credit notes issued at the start of the following year, the final amount of which is contingent on the buyer paying its invoices on time.

On top of these procedures, TF1 Publicité has a Credit Management Department which performs regular financial health checks on advertisers, issues preventive payment reminders to agencies and advertisers, and (in the event of late payment) systematically issues graded reminders, charges late payment interest, and prepares legal recovery proceedings.

These procedures have helped TF1 Publicité keep the risk of non-payment by advertisers to less than 0.15% of total annual billings (inclusive of VAT).

Subscriptions to Pay-TV segment channels

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.

Consumer Products activities

TF1 Entreprises uses credit insurance to protect against the risk of non-payment by customers.

The home shopping business 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 30.2.1 on liquidity risk).

NOTE 31 SHARE OPTION PLANS

31.1 DETAILS OF SHARE OPTION PLANS

	Plan no. 10	Plan n. 11	Plan n. 12	Plan no. 13
Date of Shareholders' Meeting	17/04/2007	17/04/2007	14/04/2011	14/04/2011
Date of Board Meeting	20/02/2008	18/02/2009	12/05/2011 and 25/07/2011	14/05/2012
Date of grant	20/03/2008	20/03/2009	10/06/2011	12/06/2012
Type of plan	subscription	subscription	subscription	subscription
Total number of options granted	2,000,000	2,000,000	1,500,000	1,437,200
to corporate officers	*56,000*	*56,000*	*7,200*	*7,200*
to the 10 employees granted the most options	*340,000*	*340,000*	*272,000*	*302,000*
Total number of options granted subject to performance conditions	0	50,000	1,500,000	1,437,200
Start date of exercise period	20/03/2011	20/03/2012	10/06/2015	12/06/2016
Expiration date	20/03/2015	20/03/2016	10/06/2018	12/06/2019
Subscription price	€15.35	€5.98	€12.47	€6.17
Terms of exercise	May be exercised from 3rd anniversary of date of grant and sold from 4th anniversary of date of grant		May be exercised and sold from 4th anniversary of date of grant	
Number of shares subscribed at December 31, 2013	-	1,018,487	-	-
Cumulative number of options cancelled, not awarded, or forfeited	289,500	275,000	125,600	71,600
Number of options outstanding at the end of the period	1,710,500	706,513	1,374,400	1,365,600

31.2 MOVEMENT IN NUMBER OF OPTIONS OUTSTANDING

	2013		2012	
	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	**6,349,089**	**10.09**	**5,042,986**	**11.22**
Options granted	-	-	1,437,200	6.17
Options cancelled, not awarded, or forfeited	(187,700)	10.62	(128,097)	10.89
Options exercised	(1,004,376)	5.98	(3,000)	5.98
Options expired	-	-	-	-
Options outstanding at December 31	**5,157,013**	**10.87**	**6,349,089**	**10.09**
Options exercisable at December 31	2,417,013	12.61	3,487,889	10.71

A total of 1,004,376 options were exercised during the year ended December 31, 2013. The average residual life of options outstanding as of December 31, 2013 was 41 months, compared with 51 months as of December 31, 2012.

NOTE 32 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 30.2.1 ("Liquidity risk") for confirmed bank credit facilities.

Off balance sheet commitments are stated at the amount of the outflow or inflow of resources specified in the contract. In the case of renewable contracts, the commitment is measured on the basis of the period until the next renewal date.

In the case of reciprocal commitments, the commitment given and the commitment received are measured on the basis of the net cash outflow or inflow for the TF1 group.

The various types of commitments given and received by the TF1 group are described below:

Guarantee commitments

This item comprises guarantees provided in connection with commercial contracts or leases.

None of the non-current assets held by TF1 (intangible assets, property, plant and equipment or financial assets) is subject to any pledge or mortgage.

Reciprocal contractual commitments

Image transmission

Image transmission commitments relate to the supply of television broadcasting services (Télédiffusion de France), and to the leasing of satellite capacity and transponders from private-sector companies.

Commitments relating to equity interests

This item comprises firm or optional commitments to deliver or receive securities.

As a result of the partnership agreement signed in December 2012 and the further agreements signed on January 21, 2014 with the Discovery Communications group, the TF1 group entered into the following commitments:

- Eurosport group:

a. the Discovery Communications group committed to acquiring, once clearance is obtained from the competition authorities, a 31% interest in Eurosport SAS (the parent company of the Eurosport group), thereby taking its equity interest in that company to 51%;

b. before the above commitment is effectively fulfilled, TF1 SA or any of its subsidiaries is committed to acquiring an 80% equity interest in Eurosport France, and to granting Eurosport SAS a right to buy out the investment in Eurosport France exercisable between January 1, 2015 and December 31, 2017;

c. after the commitment described in (a) has been fulfilled, TF1 has the possibility of selling its remaining 49% equity interest in Eurosport SAS to Discovery Communications during specified periods between July 1, 2015 and September 30, 2016.

- Pay-TV theme channels:

d. the Discovery Communications group has an option to acquire, during a one-year period commencing on December 21, 2014, a 29% equity interest in the pay-TV theme channels, thereby raising its interest to 49%;

e. if after the acquisition by the Discovery Communications group of 31% of Eurosport SAS (see a. above), Discovery Communications were not to acquire the 29% interest in the pay-TV theme channels, TF1 would be able to sell to Discovery Communications a 15% equity interest in those channels, raising the percentage interest held by Discovery Communications to 35%;

f. in the event that TF1 withdraws completely from the Eurosport group, Discovery Communications can sell its entire equity interest in the theme channels to TF1 during a one-year period commencing on December 21, 2018.

The amounts presented in the table *reciprocal contractual commitments* below (note 32.2) correspond to commitments a), b) and d), the value of which is made based on enterprise values at December 31, 2013. Other commitments, which are submitted to conditions that are not fulfilled today, are not presented in the table.

Other reciprocal contractual commitments

This comprises commitments given or received under various 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 TF1 subsidiaries and by the French companies of the Eurosport group.

Finance leases

This item shows the minimum future lease payments under finance leases in progress at the balance sheet date.

No material off balance sheet commitments, as defined in the applicable accounting standards, are omitted from the disclosures below.

32.1 GUARANTEE COMMITMENTS

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total 2013	Total 2012
Guarantee commitments					
Pledges, mortgages and collateral	-	-	-	-	-
Guarantees and endorsements given	3.1	1.3	-	4.4	7.1
Guarantee commitments given(1)	**3.1**	**1.3**	**-**	**4.4**	**7.1**
Pledges, mortgages and collateral	-	-	-	-	-
Guarantees and endorsements received	1.9	-	-	1.9	1.9
Guarantee commitments received(2)	**1.9**	**-**	**-**	**1.9**	**1.9**
GUARANTEE COMMITMENTS, NET	**1.2**	**1.3**	**-**	**2.5**	**5.2**

(1) Includes €1.2 million relating to held-for-sale operations.
(2) Includes €1.9 million relating to held-for-sale operations.

32.2 RECIPROCAL CONTRACTUAL COMMITMENTS

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total 2013	Total 2012
Miscellaneous contractual commitments					
Image transmission	56.7	82.0	8.1	146.8	165.1
Commitments relating to equity interests	344.6	103.2	-	447.8	299.1
Other commitments	12.4	3.6	-	16.0	13.7
Miscellaneous contractual commitments given(1)	**413.7**	**188.8**	**8.1**	**610.6**	**477.9**
Image transmission	56.7	82.0	8.1	146.8	165.1
Commitments relating to equity interests	344.6	103.2	-	447.8	299.1
Other commitments	12.4	3.6	-	16.0	13.7
Miscellaneous contractual commitments received(1)	**413.7**	**188.8**	**8.1**	**610.6**	**477.9**
MISCELLANEOUS CONTRACTUAL COMMITMENTS, NET	**-**	**-**	**-**	**-**	**-**

(1) Includes €21.9 million relating to held-for-sale operations.

32.3 OPERATING LEASES

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total 2013	Total 2012
Operating leases					
Operating lease commitments given(1)	19.0	68.5	16.6	104.1	94.9
Operating lease commitments received(1)	19.0	68.5	16.6	104.1	94.9
OPERATING LEASE COMMITMENTS, NET	**-**	**-**	**-**	**-**	**-**

(1) Includes €58.3 million relating to held-for-sale operations.

32.4 FINANCE LEASES

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total 2013	Total 2012
FINANCE LEASES (ALREADY RECOGNISED IN THE BALANCE SHEET)(1)	**3.6**	**1.5**	**-**	**5.1**	**10.6**

(1) Includes €1.3 million relating to held-for-sale operations.

NOTE 33 RELATED PARTY INFORMATION

33.1 EXECUTIVE COMPENSATION

Total compensation paid during 2013 to key executives of the Group (*i.e.* the 15 members of the TF1 Management Committee mentioned in the registration document) was €9.0 million, comprising:

(€m)	2013	2012
Fixed compensation	6.3	7.2
Variable compensation	2.7	2.7
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 €0.1 million;
- the portion of the total obligation in respect of retirement and other post-employment benefits relating to these key executives was €2.7 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 2013 to the investment fund of the insurance company which manages the scheme was €0.6 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.

33.2 TRANSACTIONS WITH OTHER RELATED PARTIES

Transactions with other related parties are summarised in the table below:

	Income		Expenses		Debtors		Creditors	
(€m)	2013	2012	2013	2012	2013	2012	2013	2012
Parties with an ownership interest	53.3	45.6	(12.7)	(14.7)	262.1 (1)	252.2 (1)	7.8	37.7
Jointly controlled entities	1.3	1.2	(3.1)	(2.9)	1.0	1.9	1.7	1.8
Associates	5.6	12.0	(11.5)	(20.3)	32.4 (2)	7.3	9.0	7.1
Other related parties	0.9	1.2	-	-	-	-	-	-
TOTAL	**61.1**	**60.0**	**(27.3)**	**(37.9)**	**295.5**	**261.4**	**18.5**	**46.6**

(1) Primarily the Bouygues Relais cash pooling agreement (see note 30.2.1).
(2) Includes €26.8 million for the current account with Groupe AB (see note 10).

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 the short-term cash pooling agreement.

The off balance sheet commitments reported in note 32 do not include any material commitments to related parties.

NOTE 34 AUDITORS' FEES

The table below shows fees paid by the TF1 group to its auditors:

	Mazars				KPMG				Other audit firms			
	Amount		%		Amount		%		Amount		%	
(in € '000)	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Audit of consolidated and individual company financial statements	(826)	(845)	100%	96%	(880)	(885)	97%	91%	(64)	(81)	71%	77%
TF1 SA	*(224)*	*(216)*			*(224)*	*(216)*			-	-		
Subsidiaries	*(602)*	*(629)*			*(656)*	*(669)*			*(64)*	*(81)*		
Directly related to the audit engagement	-	(31)	0%	4%	(3)	(68)	0%	7%	-	-	-	-
TF1 SA	-	*(25)*			-	*(68)*			-	-		
Subsidiaries	-	*(6)*			*(3)*	-			-	-		
Audit-related fees	**(826)**	**(876)**	**100%**	**100%**	**(883)**	**(953)**	**97%**	**98%**	**(64)**	**(81)**	**71%**	**77%**
Other services provided by audit firms to fully consolidated subsidiaries												
Company law, tax and employment law	-	-	-	-	(30)	(17)	3%	2%	(26)	(24)	29%	23%
Other (if > 10% of audit-related fees)	-	-	-	-	-	-	0%	-	-	-	-	-
Other fees	**-**	**-**	**-**	**-**	**(30)**	**(17)**	**3%**	**2%**	**(26)**	**(24)**	**29%**	**23%**
TOTAL AUDITORS' FEES	**(826)**	**(876)**	**100%**	**100%**	**(913)**	**(970)**	**100%**	**100%**	**(90)**	**(105)**	**100%**	**100%**

NOTE 35 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 held Digital Terrestrial Television licences, awarded on June 10, 2003 for a ten-year period: LCI, Eurosport France, TMC, NT1 and TF6. This period has been extended for five years following an undertaking by these channels to extend their DTT coverage to more than 95% of the population, in accordance with Article 97 of the law of September 30, 1986.

NOTE 36 POST BALANCE SHEET EVENTS

Further to the agreements signed on January 21, 2014, Discovery Communications is shortly to acquire an additional 31% equity interest in Eurosport SAS (see note 1).

NOTE 37 DETAILED LIST OF COMPANIES INCLUDED IN THE CONSOLIDATION

			December 2013		December 2012	
Company	**Country**	**Activity**	**% Control[(1)]**	**Method**	**% Control[(1)]**	**Method**
Broadcasting and Content						
TF1 SA	**France**	**Broadcasting**	**Parent company**		**Parent company**	
TÉLÉ MONTE-CARLO	Monaco	Theme channel	80.00%	Full	80.00%	Full
NT1	France	Theme channel	100.00%	Full	100.00%	Full
HD1	France	Theme channel	100.00%	Full	100.00%	Full
e-TF1	France	Internet/TV content & broadcasting	100.00%	Full	100.00%	Full
WAT	France	Internet content & services	100.00%	Full	100.00%	Full
METRO FRANCE PUBLICATIONS	France	Print media publishing	100.00%	Full	100.00%	Full
TMC RÉGIE	France	TMC advertising airtime sales	80.00%	Full	80.00%	Full
TF1 PUBLICITÉ	France	TF1 advertising airtime sales	100.00%	Full	100.00%	Full
LA PLACE MÉDIA	France	Advertising airtime sales	24.70%	Equity	26.00%	Equity
OUEST INFO	France	TV news images agency	100.00%	Full	100.00%	Full
TF1 FILMS PRODUCTION	France	Movie co-production	100.00%	Full	100.00%	Full
TF1 PRODUCTION	France	Programme production	100.00%	Full	100.00%	Full
GIE TF1 Acquisition de droits	France	Acquisition/sale of audiovisual rights	100.00%	Full	100.00%	Full
TF1 DS	France	Acquisition/sale of audiovisual rights	100.00%	Full	100.00%	Full
CIBY 2000	France	Exploitation of audiovisual rights	100.00%	Full	100.00%	Full
TF1 DROITS AUDIOVISUELS	France	Exploitation of audiovisual rights	100.00%	Full	100.00%	Full
TF1 INTERNATIONAL	France	Exploitation of audiovisual rights	66.00%	Full	66.00%	Full
UGC DISTRIBUTION	France	Exploitation of audiovisual rights	34.00%	Equity	34.00%	Equity
SOFICA VALOR 6[(2)]	France	Exploitation of audiovisual rights	-	-	100.00%	Full
Consumer Products						
TÉLÉSHOPPING	France	Home shopping	100.00%	Full	100.00%	Full
TOP SHOPPING	France	Retail distribution	100.00%	Full	100.00%	Full
DIRECT OPTIC PARTICIPATIONS	France	e-Commerce	47.85%	Equity	47.85%	Equity
TF1 VIDEO	France	Exploitation of video rights	100.00%	Full	100.00%	Full
TF1 ENTREPRISES	France	Telematics, spin-off rights	100.00%	Full	100.00%	Full
DUJARDIN	France	Producer of games	100.00%	Full	100.00%	Full
SF2J	France	Producer of games	100.00%	Full	100.00%	Full
UNE MUSIQUE	France	Music publishing	100.00%	Full	100.00%	Full
SKY ART MÉDIA	United States	Print media publishing	27.54%	Equity	27.54%	Equity
GIE SONY TF1 VIDEO	France	Exploitation of video rights	-	-	50.00%	Proportionate
PLACE DES TENDANCES	France	e-Commerce	-	-	80.00%	Full

Company	Country	Activity	December 2013		December 2012	
			% Control[1]	Method	% Control[1]	Method
Pay-TV						
EUROSPORT France SA	France	Theme channel	80.00%	Full	80.00%	Full
EUROSPORT SAS	France	Marketing of Eurosport channel outside France	80.00%	Full	80.00%	Full
EUROSPORT BV	Netherlands	Marketing of Eurosport channel in the Netherlands	80.00%	Full	80.00%	Full
EUROSPORT TELEVISION LTD	United Kingdom	Marketing of Eurosport channel in the UK	80.00%	Full	80.00%	Full
EUROSPORT TV AB	Sweden	Marketing of the Eurosport channel in Sweden	80.00%	Full	80.00%	Full
EUROSPORT MEDIA GMBH	Germany	Marketing of the Eurosport channel in Germany	80.00%	Full	80.00%	Full
EUROSPORT EVENT LTD	United Kingdom	Motor race organiser	80.00%	Full	80.00%	Full
EUROSPORT ITALIA	Italy	Marketing of Eurosport channel in Italy	80.00%	Full	80.00%	Full
EUROSPORT ASIA-PACIFIC	Hong Kong	Marketing of Eurosport channel in Asia	80.00%	Full	80.00%	Full
EUROSPORT MEDIA SA	Switzerland	Marketing of Eurosport channel in Switzerland	80.00%	Full	80.00%	Full
EUROSPORT SA SPAIN	Spain	Marketing of Eurosport channel in Spain	80.00%	Full	80.00%	Full
EUROSPORT FINLAND	Finland	Marketing of Eurosport channel in Finland	80.00%	Full	80.00%	Full
EUROSPORTNEWS DISTRIBUTION LTD	Hong Kong	Marketing of Eurosport channel in Asia	80.00%	Full	80.00%	Full
EUROSPORT NORVÈGE AS	Norway	Marketing of Eurosport channel in Norway	80.00%	Full	80.00%	Full
EUROSPORT POLSKA	Poland	Marketing of Eurosport channel in Poland	80.00%	Full	80.00%	Full
EUROSPORT DANMARK APS	Denmark	Marketing of Eurosport channel in Denmark	80.00%	Full	80.00%	Full
EUROSPORT ARABIA FZ LLC	United Arab Emirates	Marketing of Eurosport channel in the Middle East	80.00%	Full	80.00%	Full
EUROSPORT MEDIA DISTRIBUTION Portugal	Portugal	Marketing of Eurosport channel in Portugal	80.00%	Full	80.00%	Full
TV BREIZH	France	Theme channel	80.00%	Full	80.00%	Full
TF6	France	Theme channel	50.00%	Proportionate	50.00%	Proportionate
LA CHAÎNE INFO	France	Theme channel	100.00%	Full	100.00%	Full

Company	Country	Activity	December 2013 % Control(1)	December 2013 Method	December 2012 % Control(1)	December 2012 Method
TF6 GESTION	France	TF6 management company	50.00%	Proportionate	50.00%	Proportionate
SERIECLUB	France	Theme channel	50.00%	Proportionate	50.00%	Proportionate
STYLÍA	France	Theme channel	80.00%	Full	80.00%	Full
HISTOIRE	France	Theme channel	80.00%	Full	80.00%	Full
USHUAÏA TV	France	Theme channel	80.00%	Full	80.00%	Full
TF1 DISTRIBUTION	France	Distribution of TV channels	100.00%	Full	100.00%	Full
Holding company & other						
TF1 THÉMATIQUES	France	Theme channels holding company	100.00%	Full	100.00%	Full
MONTE-CARLO PARTICIPATIONS	France	TMC holding company	100.00%	Full	100.00%	Full
HOLDING OMÉGA PARTICIPATIONS	France	Holding company	100.00%	Full	100.00%	Full
PRÉFAS 18	France	Holding company	80.00%	Full	80.00%	Full
TF1 EXPANSION	France	Holding company	100.00%	Full	100.00%	Full
APHÉLIE	France	Real estate company	100.00%	Full	100.00%	Full
FIRELIE	France	Real estate company	100.00%	Full	100.00%	Full
PERELIE	France	Real estate company	100.00%	Full	100.00%	Full
ONE CAST	France	Audiovisual broadcasting/ transmission service	100.00%	Full	100.00%	Full
GROUPE AB	France	Audiovisual production, scheduling & broadcasting	33.50%	Equity	33.50%	Equity
WB TELEVISION	Belgium	Broadcasting	-	-	49.00%	Equity

(1) There is no difference between the percentage control as shown here and percentage interest for any entity included in the consolidation.
(2) Merged into TF1 Droits Audiovisuels on June 30, 2013.

4.3 PARENT COMPANY FINANCIAL STATEMENTS

4.3.1 PARENT COMPANY BALANCE SHEET (FRENCH GAAP)

Assets (€m)	Note	Dec. 31, 2013 Net	Dec. 31, 2012 Net
Intangible assets	2.2 & 3.1	***29.8***	***36.6***
Concessions and similar rights		12.2	10.3
Trademarks and other intangible assets		0.0	0.0
Intangible assets in progress		1.4	2.0
Co-productions available for initial transmission		4.7	7.3
Co-productions available for retransmission		9.1	10.4
Co-productions in progress		2.4	6.6
Property, plant and equipment	2.3 & 3.2	***33.5***	***38.1***
Technical facilities		11.9	13.6
Other property, plant and equipment		20.7	24.1
Property, plant and equipment under construction		0.9	0.4
Non-current financial assets	2.4 & 3.3	***1,058.7***	***1,220.5***
Investments in subsidiaries and affiliates		1,058.4	1,220.1
Other long-term investment securities		0.1	0.1
Loans receivable		0.0	0.0
Other non-current financial assets		0.2	0.3
NON-CURRENT ASSETS		**1,122.0**	**1,295.2**
Inventories and work in progress	2.5 & 3.4	***255.9***	***340.8***
Broadcasting rights available for initial transmission		133.6	178.3
Broadcasting rights available for retransmission		119.5	160.9
Broadcasting rights in progress		2.8	1.6
Advance payments	2.6 & 3.5.1	199.3	130.3
Trade debtors	2.7 & 3.5.2	254.3	329.3
Other debtors	3.5.3	242.8	166.0
Short-term investments and cash	2.8 & 3.6	391.1	323.3
Prepaid expenses	3.7	5.0	5.3
CURRENT ASSETS		**1,348.4**	**1,295.0**
Unrealised foreign exchange losses		0.0	0.0
TOTAL ASSETS		**2,470.4**	**2,590.2**

Liabilities and shareholders' equity *(€m)*	Note	Dec. 31, 2013	Dec. 31, 2012
Share capital		42.3	42.1
Share premium		5.8	0.0
Legal reserve		4.3	4.3
Other reserves		807.3	810.5
Retained earnings		299.9	295.1
Net profit for the year		16.9	120.5
Restricted provisions	2.10	32.2	34.6
SHAREHOLDERS' EQUITY	3.8	**1,208.7**	**1,307.1**
PROVISIONS FOR LIABILITIES AND CHARGES	2.11 & 3.9	**33.4**	**46.9**
Bank borrowings(1)		0.0	0.0
Other borrowings(2)		639.8	473.6
Trade creditors		234.0	284.0
Tax and employee-related liabilities		134.5	157.7
Amounts payable in respect of non-current assets		1.5	3.2
Other liabilities		214.8	313.1
Deferred income		3.6	4.5
LIABILITIES	3.10	**1,228.2**	**1,236.1**
Unrealised foreign exchange gains		0.1	0.1
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2,470.4**	**2,590.2**
(1) Of which bank overdrafts and bank accounts in credit.		*0.0*	*0.0*
(2) Of which intra-group current accounts.		*639.8*	*473.6*

4.3.2 PARENT COMPANY INCOME STATEMENT (FRENCH GAAP)

(€m)	Note	2013	2012
Operating income		**1,425.3**	**1,525.4**
TF1 channel advertising revenue	2.12 & 4.1	1,261.7	1,339.1
Revenue from other services		4.3	4.2
Income from ancillary activities		9.0	13.5
Revenue		**1,275.0**	**1,356.8**
Stored production		1.2	0.1
Capitalised production		1.2	0.9
Operating grants		0.1	0.0
Reversals of depreciation, amortisation, provisions and impairment		52.7	71.3
Cost transfers	4.7	93.1	94.0
Other income		2.0	2.3
Operating expenses		**(1,340.8)**	**(1,450.0)**
Purchases of raw materials and other supplies	4.2	(574.5)	(591.9)
Change in inventory	4.2	(92.4)	(86.4)
Other purchases and external charges	4.3	(245.7)	(328.9)
Taxes other than income taxes	4.4	(97.6)	(105.0)
Wages and salaries	4.5	(130.6)	(147.1)
Social security charges	4.5	(60.2)	(67.7)
Depreciation, amortisation, provisions and impairment			
■ amortisation of co-productions already transmitted		(9.6)	(17.5)
■ amortisation and depreciation of other non-current assets		(13.6)	(14.4)
■ impairment of intangible assets and current assets		(58.3)	(25.6)
■ provisions for liabilities and charges		(4.1)	(8.5)
Other expenses	4.6	(54.2)	(57.0)
OPERATING PROFIT		**84.5**	**75.4**
Share of profits/losses of joint operations		**0.0**	**0.0**
Financial income		97.0	112.4
Financial expenses		(135.9)	(80.1)
NET FINANCIAL INCOME/(EXPENSE)	4.8	**(38.9)**	**32.3**
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS		**45.6**	**107.7**
Exceptional income		**23.3**	**234.8**
Exceptional income from operating transactions		2.4	0.8
Exceptional income from capital transactions		7.0	196.3
Reversals of provisions and impairment		13.9	37.7
Exceptional expenses		**(34.7)**	**(202.5)**
Exceptional expenses on operating transactions		(6.9)	(0.1)
Exceptional expenses on capital transactions		(23.2)	(195.0)
Depreciation, amortisation, provisions and impairment		(4.6)	(7.4)
EXCEPTIONAL ITEMS	4.9	**(11.4)**	**32.3**
Employee profit-sharing		(0.3)	(1.8)
Income taxes	4.10 & 4.11	(17.0)	(17.7)
NET PROFIT		**16.9**	**120.5**

4.3.3 PARENT COMPANY CASH FLOW STATEMENT (FRENCH GAAP)

Cash flow statement *(€m)*	2013	2012
1 – Operating activities		
▪ Net profit for the year	16.9	120.5
▪ Depreciation, amortisation, provisions and impairment(1)(2)	74.0	(19.7)
▪ Investment grants released to the income statement	0.0	0.0
▪ Net (gain)/loss on disposals of non-current assets	8.4	(14.4)
Operating cash flow before changes in working capital	**99.3**	**86.4**
▪ Acquisitions of co-productions(2)	1.0	(8.4)
▪ Amortisation and impairment of co-productions(2)	2.1	10.8
▪ Inventories	84.9	59.4
▪ Trade and other operating debtors	25.3	(38.0)
▪ Trade and other operating creditors	(172.4)	27.3
▪ Advance payments received from third parties, net	(69.0)	(13.7)
Change in operating working capital needs	***(128.1)***	***37.4***
NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES	**(28.8)**	**123.8**
2 – Investing activities		
▪ Acquisitions of property, plant & equipment and intangible assets(1)(2)	(10.7)	(9.8)
▪ Disposals of property, plant & equipment and intangible assets(1)(2)	0.3	0.0
▪ Acquisitions of investments in subsidiaries and affiliates	0.0	(101.7)
▪ Disposals/reductions of investments in subsidiaries and affiliates	82.2	192.3
▪ Net change in amounts payable in respect of non-current assets	(28.5)	0.7
▪ Net change in other non-current financial assets	0.0	100.7
NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES	**43.3**	**182.2**
3 – Financing activities		
▪ Change in shareholders' equity	2.7	(3.0)
▪ Net change in debt	166.2	3.4
▪ Dividends paid	(115.6)	(115.9)
NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES	**53.3**	**(115.5)**
TOTAL CHANGE IN CASH POSITION	**67.8**	**190.5**
Cash position at beginning of period	323.3	132.8
Change in cash position	67.8	190.5
Cash position at end of period	391.1	323.3

(1) Excluding programme co-production shares.

(2) Acquisitions, consumption, disposals and retirements of programme co-production shares, which are 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, 2013 have been prepared in accordance with legal and regulatory requirements as currently applicable in France.

They were adopted by the Board of Directors on February 18, 2014, and will be submitted for approval at the forthcoming Annual General Meeting of the shareholders, to be held on April 17, 2014.

NOTE 1 SIGNIFICANT EVENTS

1.1 STRATEGIC PARTNERSHIP WITH THE DISCOVERY COMMUNICATIONS GROUP

On January 21, 2014, Discovery Communications and the TF1 group signed an agreement whereby Discovery is to acquire a controlling interest in the Eurosport International group (the Eurosport group excluding Eurosport France) *via* a deepening of the broad strategic partnership between the two groups that began in December 2012. The deal, which will enable Discovery to increase its interest in the capital of Eurosport SAS (the parent company of the group) by raising its stake from 20% to 51%, is taking place nearly a year earlier than the date envisaged in the initial agreement. TF1 is to retain its 80% interest in Eurosport France at least until January 1, 2015.

Finalisation of the transaction will be contingent on clearance from the competition authorities, and is expected to occur within the coming months.

The Eurosport channel is broadcast in 20 languages and reaches 133 million households across 54 countries. Other Eurosport brands and platforms include: Eurosport 2, available in 69 million households across 51 countries; Eurosport HD, the live high-definition channel, available in 32 million households across 48 countries; Eurosport Asia-Pacific, broadcast in 16 countries; and Eurosportnews, a rolling news channel and online hub carrying sports news in real time, available in 48 countries.

The acquisition by Discovery of the additional 31% interest is based on an enterprise value of €902 million for the Eurosport group, from which the valuation of Eurosport France (€85 million) is to be deducted. These valuations will be increased by the amount of net surplus cash held by the entities at the transaction closing date.

In addition, TF1 retains the possibility of exercising its put option over its residual 49% stake, which could increase the interest held by Discovery to 100%.

This agreement does not affect the two other tranches of the initial agreement: the 20% equity interest acquired by Discovery in the TV Breizh, Histoire, Ushuaïa TV and Stylía channels, and the production alliance with the TF1 group.

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, 2013.

2.2 INTANGIBLE ASSETS

2.2.1 General principles

In order to secure programming schedules for future years, TF1 SA enters into binding contracts under which it acquires programme co-production shares and the other party agrees to deliver the programme in question.

Programme co-production shares are recognised as intangible assets at the time of technical acceptance and opening of rights, and are measured at the contractual acquisition price.

Payments made before the conditions for recognition are met are recognised in the balance sheet under "Advance payments".

Programmes acquired for a single transmission are fully amortised on transmission.

Where programmes are acquired for two or more transmissions, they are amortised as follows, according to the type of programme:

Type of programme	Dramas with a running time of at least 52 minutes	Cartoons	Other programmes
Initial transmission	80%	50%	100%
Retransmission	20%	50%	

"Other programmes" in the table above refers to children's programmes (other than cartoons), entertainment shows, plays, factual and documentary programmes, news, and dramas with a running time of less than 52 minutes.

A provision for impairment is recorded once it becomes probable that a programme with a co-production share will not be transmitted.

Probability of transmission is assessed on the basis of the most recent programming schedules approved by management.

Tax depreciation is charged against co-production shares relating to programmes not yet transmitted in accordance with the policies described in note 2.10, “Restricted provisions”.

2.2.2 Co-productions available for initial transmission

Co-production rights are recorded on this line once they are opened for initial transmission on the TF1 channel.

2.2.3 Co-productions available for retransmission

Rights relating to possible repeat broadcasts are recorded on this line.

2.2.4 Co-productions in progress

This line is used to record screenplays and other texts that have not yet gone into production. The amount reported represents the sums actually paid as at the balance sheet date. The treatment of future contractual payments is described in the section on intangible assets arising from payments made to secure programming schedules for future years.

This line also includes co-production shares in programmes where shooting has been completed but technical acceptance and/or opening of rights have yet to occur.

2.2.5 Other intangible assets

Other intangible assets are measured at acquisition cost (or production cost), net of accumulated amortisation and impairment.

Software and licences are amortised on a straight line basis over their estimated useful lives.

2.3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is measured at acquisition cost, net of accumulated depreciation and impairment.

Depreciation periods and methods are summarised below:

Technical facilities	Straight line	3 to 7 years
Other property, plant and equipment	Straight line	3 to 10 years

2.4 NON-CURRENT FINANCIAL ASSETS

Equity investments are measured at acquisition cost, comprising the purchase price and transaction costs.

Annual impairment tests are performed on the basis of revenue and profit projections derived from business plans, using the discounted cash flow (DCF) method. If the value in use of an investment falls below acquisition cost, a provision for impairment is recorded. If necessary, this provision may be supplemented by a provision for impairment of the current account with the subsidiary or affiliate and a provision for liabilities and charges.

Tax depreciation is charged against transaction costs relating to acquisitions of equity interests in accordance with the policies described in note 2.10, “Restricted provisions”.

2.5 INVENTORIES AND WORK IN PROGRESS

2.5.1 General principles

In order to secure programming schedules for future years, TF1 SA enters into binding contracts (in addition to co-production share acquisition contracts) under which it acquires (and the other party agrees to deliver) programme rights and sports transmission rights.

A programme is recognised in inventory once technical acceptance and opening of rights have occurred. Programme inventory is measured at acquisition cost or total production cost (direct costs plus indirect costs attributable to the production, but excluding borrowing costs which are recognised as an expense).

Rights payments made before these conditions are met are recognised in the balance sheet under “Advance payments”.

Programmes acquired for a single transmission are regarded as having been consumed in full on transmission.

Where programmes are acquired for two or more transmissions, consumption is calculated as follows:

- programmes not individually valued in the contract:

Type of programme	Dramas with a running time of at least 52 minutes	Films, TV movies, serials and cartoons	Other programmes
Initial transmission	80%	50%	100%
Retransmission	20%	50%	

- programmes individually valued in the contract: consumption reflects the contract price.

"Other programmes" in the table above refers to children's programmes (other than cartoons), entertainment shows, plays, factual and documentary programmes, news, and dramas with a running time of less than 52 minutes.

A provision for impairment is recognised:

- once it becomes probable that a programme will not be transmitted (probability of transmission is assessed on the basis of the most recent programming schedules approved by management);
- if the contractual value of the retransmission rights exceeds the value that would be attributed to those rights using the rules that apply to programmes that are not individually valued in a contract;
- where it is probable that a programme will be resold, and its carrying value in inventory exceeds the actual or estimated selling price.

Rights acquisition contracts not recognised in inventory at the balance sheet date are priced at the contractual amount (or the estimated future cash outflow in the case of output deal contracts) less any advance payments made in respect of the contract, which are recognised as an asset in the balance sheet in "Advance payments"; these contracts are discussed in the section on inventories.

2.5.2 Broadcasting rights available for initial transmission

Broadcasting rights are recorded on this line once they are opened for initial transmission on the TF1 channel.

2.5.3 Broadcasting rights available for retransmission

Rights relating to possible repeat broadcasts are recorded on this line.

2.6 ADVANCE PAYMENTS

Advance payments in respect of programme purchases are accounted for as described in note 2.5.1, and may be written down if impaired.

Payments made to purchase sports transmission rights are recognised in "Advance payments" until the sporting event takes place. If the rights are resold, a provision is recorded once the sale is probable, to cover any excess of the amount of advance payments over the actual or estimated selling price.

2.7 TRADE DEBTORS

Trade debts that are the subject of ongoing legal recovery proceedings are written down in full (excluding VAT).

Provisions for risks of non-recovery of trade debts are covered by impairment provisions on the following basis:

- 100% of all trade debts (excluding VAT) more than 3 years old;
- 50% of all trade debts (excluding VAT) more than 2 years old.

2.8 SHORT-TERM INVESTMENTS AND CASH

TF1 SA provides centralised treasury management for the Group. Treasury current accounts are classified as cash in order to achieve consistency with the classification of treasury current account credit balances, included in "Other borrowings".

Short-term investments are measured at acquisition cost. A provision for impairment is recorded if the recoverable amount falls below acquisition cost.

2.9 FOREIGN-CURRENCY TRANSACTIONS AND UNREALISED FOREIGN EXCHANGE GAINS/LOSSES

Invoices received in foreign currencies are translated into euros at the rate prevailing on the date of initial recognition, and foreign-currency liabilities are translated using the exchange rate prevailing as of December 31. Unrealised foreign exchange losses and gains are recorded on the relevant lines on the assets and liabilities sides of the balance sheet.

Unrealised foreign exchange losses on unhedged liabilities are covered by a provision included in "Provisions for liabilities and charges".

2.10 RESTRICTED PROVISIONS

This item comprises:

- tax depreciation on co-production shares for programmes not yet transmitted, calculated from the first day of the month following the end of shooting in accordance with the rules defined by the French tax authorities on July 3, 1970. The monthly percentages used are:

Month 1	20%
Month 2	15%
Months 3 to 9	5%
Months 10 to 24	2%

- tax depreciation on 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

The company's employees are entitled to retirement benefits under defined-contribution and defined-benefit plans, which may be partially managed by pension funds.

The employees belong to general and top-up French pension schemes. These are defined-contribution plans, under which the company'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 company;
- 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 company'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. These actuarial gains and losses are recognised in the income statement, as charges to or reversals of provisions for liabilities and charges.

2.11.2 Other provisions for liabilities and charges

These mainly comprise provisions for litigation and claims. The provision is measured as the probable outflow of resources resulting from ongoing litigation or claims arising from an event prior to the balance sheet date.

They include provisions for tax and social security disputes. The amount shown on reassessment notices issued by the authorities is provided for unless the company regards it as highly probable that it will successfully defend its position against the authorities. The undisputed portion of reassessment notices is recognised as a liability as soon as the amount is known.

2.12 ADVERTISING REVENUE

Sales of advertising airtime are recognised as revenue on transmission of the advertisement or commercial. The revenue recognised is the amount invoiced by advertising sales agencies (primarily TF1 Publicité) to the advertiser for the airtime, less the agency commission.

TF1 makes marginal use of barter transactions involving advertising with media other than television, such as radio or print media. These transactions are reported on a non-netted basis in "Revenue" and in "External charges".

2.13 OFF BALANCE SHEET COMMITMENTS

Image transmission commitments represent fees payable to transmission service operators until the expiry date of their contracts.

Caution money and guarantees paid under commercial contracts are disclosed as off balance sheet commitments.

2.14 FINANCIAL INSTRUMENTS

TF1 uses financial instruments to hedge its exposure to fluctuations in interest rates and exchange rates. This exposure is generated by transactions entered into by TF1 SA itself, and by foreign exchange guarantees provided to subsidiaries in connection with the centralised management of the Group's foreign exchange risk.

Group policy is to trade on the financial markets solely for hedging purposes related to its business activities, and not to trade for speculative purposes.

Gains and losses on financial instruments used for hedging purposes are measured and recognised symmetrically with the recognition of gains and losses on the hedged item.

NOTE 3 NOTES TO THE BALANCE SHEET

3.1 INTANGIBLE ASSETS

3.1.1 Intangible assets – programmes

Intangible assets mainly comprise programme co-production shares, movements in which are shown below:

(€m)	2013	2012
Co-productions in progress	11.8	10.7
Co-productions available for initial transmission	7.2	12.8
Co-productions available for retransmission	10.4	15.0
CO-PRODUCTIONS AT JANUARY 1	**29.4**	**38.5**
Acquisitions	**11.8**	**25.6**
Consumption on initial transmission	(7.9)	(14.5)
Consumption on retransmission	(1.6)	(3.0)
Consumption on transmission	**(9.5)**	**(17.5)**
Expired	(0.9)	3.0
Retired or abandoned	(7.9)	(9.3)
Resold (net book value)	(4.0)	(4.8)
Decreases	**(22.3)**	**(34.6)**
CO-PRODUCTIONS AT DECEMBER 31	**18.9**	**29.5**
Breakdown of co-production shares:		
Co-productions in progress	5.1	11.8
Co-productions available for initial transmission	4.7	7.3
Co-productions available for retransmission	9.1	10.4
Total	**18.9**	**29.5**
PROVISIONS FOR IMPAIRMENT		
At January 1	**5.2**	**4.9**
Charges during the period	0.0	0.4
Reversals during the period	2.5	0.1
At December 31	**2.7**	**5.2**

As of December 31, 2013, the risk of non-transmission for co-produced programmes was €12.1 million, of which:

- €2.7 million was covered by provisions for impairment;
- €9.4 million was covered by restricted provisions previously established in accordance with the policy described in note 2.10.

The table below shows the maturity of programme co-production share acquisition contracts entered into by TF1 to secure future programming schedules:

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total 2013	Total 2012
Co-production shares	8.0	0.4	2.8	11.2	17.2

3.1.2 Other intangible assets

Movements in other intangible assets are shown below:

Gross value *(€m)*	Jan. 1, 2013	Increases	Decreases	Transfers	Dec. 31, 2013
Software and licences	14.3	0.9	0.0	2.1	17.3
Other intangible assets	2.2	1.0	0.0	0.0	3.2
Intangible assets in progress	2.1	1.4	0.0	(2.1)	1.4
TOTAL	**18.6**	**3.3**	**0.0**	**0.0**	**21.9**
Amortisation & impairment	**Jan. 1, 2013**	**Increases**	**Decreases**	**Transfers**	**Dec. 31, 2013**
Software and licences	4.1	1.9	0.0	0.0	6.0
Other intangible assets	2.2	0.1	0.0	0.0	2.3
TOTAL	**6.3**	**2.0**	**0.0**	**0.0**	**8.3**
Net value	**12.3**				**13.6**

3.2 PROPERTY, PLANT AND EQUIPMENT

The table below shows movements in property, plant and equipment during the year:

Gross value *(€m)*	Jan. 1, 2013	Increases	Decreases	Transfers	Dec. 31, 2013
Technical facilities	79.6	4.0	(3.8)	0.2	80.0
Other property, plant and equipment	82.3	2.6	(1.8)	0.2	83.3
Property, plant and equipment under construction	0.4	0.9		(0.4)	0.9
TOTAL	**162.3**	**7.5**	**(5.6)**	**0.0**	**164.2**
Depreciation & impairment	**Jan. 1, 2013**	**Increases**	**Decreases**		**Dec. 31, 2013**
Technical facilities	66.0	5.6	(3.5)		68.1
Other property, plant and equipment	58.2	6.2	(1.8)		62.6
TOTAL	**124.2**	**11.8**	**(5.3)**		**130.7**
Net value	**38.1**				**33.5**

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, 2013	**1,458.0**	**0.1**	**0.0**	**0.3**	**1,458.4**
Increases					
Treasury shares		3.3			3.3
Decreases					
Prima TV shares	(1.4)				(1.4)
WBTV shares	(8.2)				(8.2)
Groupe AB shares*	(80.4)				(80.4)
Treasury shares		(3.3)			(3.3)
Other items				(0.1)	(0.1)
GROSS VALUE AT DECEMBER 31, 2013	**1,368.0**	**0.1**	**0.0**	**0.2**	**1,368.3**
Provisions for impairment					
January 1, 2013	**237.9**				**237.9**
Charges during the period	93.1				93.1
Reversals during the period	(21.4)				(21.4)
December 31, 2013	**309.6**				**309.6**
NET VALUE AT DECEMBER 31, 2013	**1,058.4**	**0.1**	**0.0**	**0.2**	**1,058.7**

* *In 2013, Groupe AB carried out a €240 million reduction in share capital. This transaction led to the €80.4 million partial redemption of the value of the shares held by TF1 (€53.6 million in cash, €26.8 million converted into a current account receivable); however, the transaction had no impact on the percentage interest held by the TF1 group in Groupe AB, which remains at 33.5%.*

Impairment losses charged in the period, totalling €93.1, related mainly to Holding Omega Participations (€75 million), Publications Metro France (€11.0 million), Préfas 18 (€4.0 million) and LCI (€2.0 million).

Reversals during the period related to TF1 Droits Audiovisuels (€10.0 million), TF1 Production (€3.2 million) and WBTV (€8.2 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 2013	Total 2012
Broadcasting rights available for initial transmission	204.5	0.1	204.6	228.0
Broadcasting rights available for retransmission	216.4	0.0	216.4	279.5
Broadcasting rights in progress		1.6	1.6	1.4
INVENTORY AT JANUARY 1	**420.9**	**1.7**	**422.6**	**508.9**
Purchases during the year	574.6	158.3	732.9	849.1
Consumption on initial transmission	(552.1)	(158.2)	(710.3)	(792.9)
Consumption on retransmission	(43.8)	0.0	(43.8)	(62.7)
Consumption on transmission	**(595.9)**	**(158.2)**	**(754.1)**	**(855.6)**
Expired	(35.1)		(35.1)	(41.8)
Retired or abandoned	(8.2)	1.0	(7.2)	(8.3)
Resold	(27.7)		(27.7)	(29.7)
Total consumption	**(666.9)**	**(157.2)**	**(824.1)**	**(935.4)**
INVENTORY AT DECEMBER 31	**328.6**	**2.8**	**331.4**	**422.6**
CHANGE IN INVENTORY	**(92.3)**	**1.1**	**(91.2)**	**(86.3)**
Closing inventory breaks down as follows:				
Broadcasting rights available for initial transmission	156.6	0.0	156.6	204.6
Broadcasting rights available for retransmission	172.0	0.0	172.0	216.4
Broadcasting rights in progress	0.0	2.8	2.8	1.6
TOTAL	**328.6**	**2.8**	**331.4**	**422.6**
PROVISIONS FOR IMPAIRMENT				
Balance at January 1	**81.8**	**0.0**	**81.8**	**108.7**
Transfers	0.0		0.0	0.0
Charges during the period	36.2		36.2	24.5
Reversals during the period	(42.5)		(42.5)	(51.4)
Balance at December 31	**75.5**	**0.0**	**75.5**	**81.8**

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 2013	Total 2012
Programmes and broadcasting rights(1)	805.3	550.6	62.6	1,418.5	1,324.0
Sports transmission rights(2)	141.9	132.8		274.7	226.4
TOTAL	**947.2**	**683.4**	**62.6**	**1,693.2**	**1,550.4**

(1) Includes third-party commitments entered into by GIE TF1 Acquisitions de Droits on behalf of TF1 SA, and shown in that entity's assets or off balance sheet commitments.
(2) Includes contracts entered into by TF1 DS (the company that acquires rights to sporting events broadcast by TF1), and shown in that entity's assets or off balance sheet commitments.

The portion of these contracts expressed in foreign currencies was €199.1 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 (€222.0 million, against which impairment losses of €22.7 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 €225.5 million as of December 31, 2013, compared with €300.8 million as of December 31, 2012.

3.5.3 Other debtors

This item mainly comprises VAT recoverable of €51.2 million, and current accounts with subsidiaries of €178.0 million (against which impairment losses of €1.4 million have been charged).

3.5.4 Provisions for impairment of advance payments and debtors

(€m)	Jan. 1, 2013	Charges	Reversals	Dec. 31, 2013
Advance payments	3.5	22.0	(2.8)	22.7
Trade debtors	0.2	0.0	(0.1)	0.1
Other debtors	4.0	0.0	(2.6)	1.4
TOTAL	**7.7**	**22.0**	**(5.5)**	**24.2**

3.5.5 Loans receivable and debtors by due date

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total
Non-current assets		0.2		0.2
Current assets*	496.8	0.3		497.1
TOTAL	**496.8**	**0.5**	**0.0**	**497.3**

* *Includes trade and other debtors, net of impairment provisions.*

3.6 SHORT-TERM INVESTMENTS AND CASH

These items break down as follows:

Gross value *(€m)*	2013	2012
Bank deposits (sight deposits)	3.8	7.6
Treasury current accounts with debit balances*	386.9	315.2
Cash in hand	0.4	0.5
Cash	**391.1**	**323.3**
TOTAL	**391.1**	**323.3**
Provisions for impairment of current accounts and short-term investments		
Balance at January 1	**0.0**	**0.0**
Charges during the period		
Reversals during the period		
Balance at December 31	**0.0**	**0.0**
NET VALUE	**391.1**	**323.3**

* *As of December 31, 2013, €243.0 million was placed with Bouygues Relais (December 31, 2012: €222.0 million), and intra-group current account balances amounted to €143.9 million (December 31, 2012: €93.2 million).*

3.7 PREPAID EXPENSES

Prepaid expenses amounted to €5.0 million at December 31, 2013, compared with €5.3 million as of December 31, 2012.

3.8 SHAREHOLDERS' EQUITY

The share capital is divided into 211,260,013 ordinary shares with a par value of €0.20, all fully paid.

Movements in shareholders' equity during the year are shown in the table below:

(€m)	Jan. 1, 2013	Appropriation of profit (2013 AGM)(1)	Increases	Decreases(2)	Dec. 31, 2013
Share capital	42.1		0.3	(0.1)	42.3
Share premium	0.0		5.8		5.8
Legal reserve	4.3				4.3
Retained earnings	295.1	4.8			299.9
Other reserves	810.5			(3.2)	807.3
Net profit for the year	120.5	(120.5)	16.9		16.9
Sub-total	**1,272.5**	**(115.7)**	**23.0**	**(3.3)**	**1,176.5**
Restricted provisions	34.6		4.6	(7.0)	32.2
TOTAL	**1,307.1**	**(115.7)**	**27.6**	**(10.3)**	**1,208.7**
Number of shares	**210,624,321**		**1,004,376**	**368,684**	**211,260,013**

(1) Dividends paid from April 30, 2013.
(2) Reduction in share capital by cancellation of repurchased shares (Board Meetings of February 19 and November 7, 2013) refer to the annual financial report.

Restricted provisions comprise the following items:

(€m)	Jan. 1, 2013	Charges	Reversals	Dec. 31, 2013
Co-production shares	19.0	0.8	(5.7)	14.1
Transaction costs on acquisitions of equity interests	6.1	1.4		7.5
Software and licences	9.5	2.4	(1.3)	10.6
TOTAL	**34.6**	**4.6**	**(7.0)**	**32.2**

3.9 PROVISIONS FOR LIABILITIES AND CHARGES

Provisions are established using the methods described in note 2.11. Movements during the year were as follows:

(€m)	Jan. 1, 2013	Charges	Reversals (used)	Reversals (unused)	Dec. 31, 2013
Provisions for litigation and claims	10.3	0.1	(7.5)	(1.7)	1.2
Provisions for related entities	18.3	12.8	(18.3)		12.8
Provisions for retirement benefit obligations	16.8	3.1		(1.4)	18.5
Provisions for miscellaneous risks	1.5	0.9	(1.2)	(0.3)	0.9
TOTAL	**46.9**	**16.9**	**(27.0)**	**(3.4)**	**33.4**

Provisions for litigation and claims mainly cover risks relating to legal action and employee claims.

Provisions for related entities consist of TF1 SA's share of the losses of subsidiaries, including those established in the form of partnerships, plus provisions for risks relating to subsidiaries.

The €18.5 million provision for retirement benefits represents the present value of the obligation (€23.0 million) minus the fair value of plan assets (€4.5 million). The main assumptions used in calculating the present value of the obligation are:

- discount rate: 3.24%;

- salary inflation rate: 2.00%;
- age on retirement: 62 years.

No material contingent liabilities (claims liable to result in an outflow of resources) were identified as of the balance sheet date.

3.10 LIABILITIES

3.10.1 Bank borrowings

TF1 SA had confirmed credit facilities of €1,025 million with various banks as of December 31, 2013, none of which was drawn down at that date; of this amount, €200 million was due to expire within less than one year and €825 million after more than one year.

3.10.2 Other borrowings

This item comprises surplus cash invested on behalf of subsidiaries under cash pooling agreements totalling €639.8 million as of December 31, 2013, compared with €473.6 million as of December 31, 2012.

3.10.3 Other liabilities

This item mainly comprises credit notes and accrued discounts in favour of TF1 Publicité amounting to €203.0 million (€282.5 million as of December 31, 2012).

3.10.4 Liabilities by maturity

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total
Bank borrowings	0.0			0.0
Other borrowings	639.8			639.8
Trade creditors	234.0			234.0
Tax and employee-related liabilities	134.5			134.5
Amounts payable in respect of non-current assets	1.5			1.5
Other liabilities	214.8			214.8
TOTAL	**1,224.6**	**0.0**	**0.0**	**1,224.6**

3.10.5 Accrued income and expenses

(€m)			
Accrued income included in:		**Accrued expenses included in:**	
Trade debtors	7.9	Trade creditors	86.4
Other debtors	40.9	Tax and employee-related liabilities	59.4
		Amounts payable in respect of non-current assets	0.0
		Other liabilities	203.0

3.11 DEFERRED INCOME

Deferred income (€3.6 million) relates to the subsidiary TF1 Publicité, and represents commitments to provide advertising slots to clients free of charge. As of December 31, 2012, deferred income amounted to €4.5 million, of which €4.1 million related to TF1 Publicité.

NOTE 4 NOTES TO THE INCOME STATEMENT

4.1 REVENUE

Advertising revenue of €1,261.7 million was recognised in 2013, compared with €1,339.1 million in 2012.

4.2 PURCHASES OF RAW MATERIALS AND OTHER SUPPLIES AND CHANGES IN INVENTORY

This line includes broadcasting rights consumed of €666.9 million (2012: €678.3 million). See note 3.4.

4.3 OTHER PURCHASES AND EXTERNAL CHARGES

This item includes transmission costs of €23.7 million (including provision of occasional circuits), of which €1.8 million were recharged to other entities within the TF1 group. The net amount was therefore €21.9 million in 2013, compared with €22.6 million in 2012.

4.4 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 €74.8 million in 2013 compared with €81.6 million in 2012. In 2013, this line also included €5.6 million in respect of the tax on broadcast advertising (versus €6.0 million in 2012).

4.5 WAGES, SALARIES AND SOCIAL SECURITY CHARGES

No expense was recognised in either 2013 or 2012 in respect of the TF1 group voluntary profit-sharing agreement.

The expense recognised for the employer's contribution to the company savings plan (employee share ownership plan) in 2013 was €3.9 million, compared with €4.1 million in the previous year.

4.6 OTHER EXPENSES

This item includes payments to copyright-holders and holders of related rights, amounting to €53.4 million in 2013 (versus €56.5 million in 2012).

4.7 COST TRANSFERS

This item (€93.1 million in 2013, versus €94.0 million in 2012) mainly comprises reimbursements of costs incurred by TF1 SA on behalf of its subsidiaries.

4.8 NET FINANCIAL INCOME/EXPENSE

The components of net financial income/expense are as follows:

(€m)	2013	2012
Dividends and transfers of profits/losses from partnerships	41.6	37.7
Net interest paid	0.7	2.7
Provisions for impairment of equity investments*	(71.7)	10.1
Provisions for impairment of current accounts	2.6	(2.6)
Provisions for risks relating to shares of partnership losses	(12.9)	(18.3)
Other provisions		0.5
Debt waivers	(0.3)	0.0
Foreign exchange differences	1.1	2.2
Net financial income/(expense)	**(38.9)**	**32.3**

* *See note 3.3.*

The "Other provisions" line includes provisions for unrealised foreign exchange losses.

Interest paid to related companies in 2013 totalled €0.4 million (2012: €0.9 million), and interest received from related companies totalled €0.8 million (2012: €3.4 million).

4.9 EXCEPTIONAL ITEMS

Exceptional items break down as follows:

(€m)	2013	2012
Retirements and losses on disposal of co-production shares	(8.7)	(13.1)
Net change in provisions (including tax depreciation)	9.3	30.3
Gains/(losses) on disposals of non-current financial assets	(7.8)	15.3
Other items	(4.2)	(0.2)
Net	**(11.4)**	**32.3**

The net change in provisions in 2013 includes the reversal of a provision for tax risks of €6.9 million; the corresponding expense was booked on the "Other items" line. The remainder of this item relates to the net change in tax depreciation.

In 2012, this item included the reversal of a €27.0 million provision (originally booked in 2011) following withdrawal by the tax authorities of their claim in a dispute relating to a reimbursement of French National Centre for Cinematography (CNC) taxes. As in 2013, the remainder of this item related to the net change in tax depreciation.

The net loss on disposal of non-current financial assets of €7.8 million in 2013 comprises a loss of €8.2 million on the investment in WBTV and a gain of €0.4 million on the investment in Prima TV.

For 2012, the net gain of €15.3 million comprised a gain of €29.3 million on the sale of a 7.3% interest in Eurosport SAS to Discovery, and a loss of €14 million on the transfer of equity interests in Eurosport France to Eurosport SAS.

4.10 INCOME TAXES

This item breaks down as follows:

(€m)	2013	2012
Income tax expense incurred by the tax Group	(34.4)	(41.9)
Income tax credit receivable from companies entitled to tax credits	19.1	22.2
Prior-year income tax expense	1.8	2.0
Tax on dividends	(3.5)	
Income tax expense	**(17.0)**	**(17.7)**

Exceptional items generated a tax gain of €1.3 million.

TF1 made a Group tax election on January 1, 1989. Under the Group tax election agreement, the tax liability borne by each company included in the election is the same as it would have borne had there been no Group tax election. The Group tax election included 31 companies in 2013.

The difference between the standard French tax rate of 38.0% and the effective tax rate of 50.1% is mainly due to deductions relating to income not taxed at the full rate (dividends, long-term capital gains) and adjustments related to the tax Group (tax savings arising from the losses of tax Group member companies, reinstatement of intra-group transactions).

The total amount of tax losses of subsidiaries that generated savings for the tax Group and may generate a tax liability in the future is €31.4 million.

4.11 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 38.0%.

(€m)	Future increases in tax liability	Future reductions in tax liability
Restricted provisions	9.4	-
Accrued employee profit-sharing, holiday pay entitlement and social solidarity contributions, provisions for retirement benefit obligations, and other non-deductible expenses	-	11.7

4.12 UTILISATION OF COMPETITIVENESS AND EMPLOYMENT TAX CREDIT

For the year ended December 31, 2013, TF1 SA recognised a competitiveness and employment tax credit (*crédit d'impôt compétitivité et emploi* – CICE) of €0.4 million, as a deduction from staff costs.

The CICE enabled TF1 SA to incur various expenditures in 2013 that helped improve the company's competitiveness. In particular, the company invested €7.5 million in property, plant and equipment, mainly technical video equipment.

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 2013	Total 2012
Operating leases	26.5	95.2	6.8	128.5	166.4
Image transmission contracts	18.9	29.4	2.9	51.2	60.9
Property finance leases(1)	2.1	0.9		3.0	5.1
Guarantees(2)	3.1	12.5		15.6	21.4
Commitments relating to equity interests(3)	341.5	94.4		435.9	283.8
Other commitments(4)	3.7	0.1		3.8	0.9
TOTAL	**395.8**	**232.5**	**9.7**	**638.0**	**538.5**
Commitments received *(€m)*	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total 2013**	**Total 2012**
Operating leases	26.5	95.2	6.8	128.5	166.4
Image transmission contracts	18.9	29.4	2.9	51.2	60.9
Property finance leases(1)	2.1	0.9		3.0	5.1
Commitments relating to equity interests(3)	341.5	94.4		435.9	283.8
Other commitments(4)				0.0	1.9
TOTAL	**389.0**	**219.9**	**9.7**	**618.6**	**518.1**

(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 2013 amounted to €2.1 million, and estimated future lease payments amount to €3.0 million. If this equipment had been bought outright by TF1, the depreciation charge for the year would have been €1.4 million, and the accumulated depreciation to date would have been €7.0 million.

(2) This item relates to guarantees provided by TF1 SA against default by its subsidiaries.

(3) As a result of the partnership agreement signed in December 2012 and the further agreements signed on January 21, 2014 with the Discovery Communications group, the TF1 group entered into the following commitments:

Eurosport group:

- *a) the Discovery Communications group committed to acquiring, once clearance is obtained from the competition authorities, a 31% interest in Eurosport SAS (the parent company of the Eurosport group), thereby taking its equity interest in that company to 51%.*
- *b) before the above commitment is effectively fulfilled, TF1 SA or any of its subsidiaries is committed to acquiring an 80% equity interest in Eurosport France, and to granting Eurosport SAS a right to buy out the investment in Eurosport France exercisable between January 1, 2015 and December 31, 2017.*
- *c) after the commitment described in (a) has been fulfilled, TF1 has the possibility of selling its remaining 49% equity interest in Eurosport SAS to Discovery Communications during specified periods between July 1, 2015 and September 30, 2016.*

Pay-TV theme channels:

- *d) the Discovery Communications group has an option to acquire, during a one-year period commencing on December 21, 2014, a 29% equity interest in the pay-TV theme channels, thereby raising its interest to 49%.*
- *e) if after the acquisition by the Discovery Communications group of 31% of Eurosport SAS (see (a) above), Discovery Communications were not to acquire the 29% interest in the pay-TV theme channels, TF1 would be able to sell to Discovery Communications a 15% equity interest in those channels during a one-year period from December 21, 2015, raising the percentage interest held by Discovery Communications to 35%.*
- *f) in the event that TF1 withdraws completely from the Eurosport group, Discovery Communications can sell its entire equity interest in the theme channels to TF1 during a one-year period commencing on December 21, 2018. If the Discovery Communications group exercises this option, TF1 could then sell the rest of its interest in Eurosport SAS (i.e. 49%) to the Discovery Communications group during a period of one year from the date on which the Discovery Communications group acquires the additional 31% interest.*

The amounts reported in the off balance sheet commitments table above relate to commitments (a), (b) and (d), measured on the basis of enterprise values as of December 31, 2013. Because the other commitments are subject to conditions that have not been met to date, they are not reported in that schedule.

(4) Other commitments given and received mainly comprise the fair value of currency instruments (see note 5.2.1).

Other reciprocal commitments relating to the operating cycle are reported in the notes relating to the relevant balance sheet item (in particular, commitments to secure future programming schedules) and to the financing of these items (see note 3.10.1).

TF1 SA had not contracted any complex commitments as of December 31, 2013.

5.2 USE OF HEDGING INSTRUMENTS

5.2.1 Hedging of foreign exchange risk

TF1 is exposed to fluctuations in exchange rates as a result of:

- making and receiving commercial payments in foreign currencies;
- providing subsidiaries with a guaranteed annual exchange rate per currency, applied to annual projections of their foreign-currency cash needs or surpluses.

Periodically, TF1 updates its consolidated net exposure and reassesses its foreign exchange risk. The strategy applied is to lock in or guarantee a maximum exchange rate on its net long position and a minimum exchange rate on its net short position in each of the currencies used, over a rolling 12-to-18-month period depending on market opportunities.

TF1 buys and sells currency forward and contracts swaps to protect itself against exchange rate fluctuations.

At December 31, 2013, the equivalent value of these hedging instruments contracted with banks was €122.4 million:

- €101.2 million of forward purchases (all in US dollars, valued at the closing exchange rate);
- €21.2 million of currency swaps (€14.6 million in pounds sterling, €5.7 million in Swiss francs and €0.9 million in US dollars).

5.3 EMPLOYEES

The average headcount of TF1 SA is as follows:

	2013	2012*
Clerical and administrative	76	59
Supervisory	337	361
Managerial	935	992
Journalists	232	244
Intermittent employees	56	70
TOTAL	**1,636**	**1,726**

* *The headcount figures disclosed in the 2012 annual report were for permanent contract employees at the end of the period.*

5.4 EXECUTIVE COMPENSATION

Total compensation paid during 2013 to key executives of the TF1 group (*i.e.* the 15 members of the TF1 Management Committee mentioned in the Annual Report) was €9.0 million.

The portion of the total obligation in respect of retirement and other post-employment benefits relating to these key executives was €2.7 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 2013 to the investment fund of the insurance company which manages the scheme was €0.6 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 2013 amounted to €0.3 million.

5.7 AMOUNTS INVOLVING RELATED COMPANIES

(€m)			
Assets		**Liabilities**	
		Debt	639.8
Advance payments/trade debtors	421.8	Trade creditors	27.5
Other debtors	178.0	Other liabilities	213.9
Cash and current accounts	386.9	Deferred income	3.6
Expenses		**Income**	
Operating expenses	187.3	Operating income	1,342.9
Financial expenses	23.7	Financial income	46.8

5.8 CONSOLIDATION

TF1 SA is consolidated in the financial statements of the Bouygues group, using the full consolidation method.

5.9 LIST OF SUBSIDIARIES, AFFILIATES AND OTHER EQUITY INVESTMENTS

Company/Group	Currency	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	12,449	100.00%	3,038	3,038	22,345	-	1,506,773	7,639	5,340
TF1 FILMS PRODUCTION		2,550	30,585	100.00%	1,768	1,768	-	-	53,130	1,723	3,740
TÉLÉSHOPPING		5,127	3,395	100.00%	5,130	5,130	7,035	-	77,388	6,055	-
TF1 PUBLICATIONS*		75	(1,416)	99.88%	519	0	-	-	0	4	-
TF1 ENTREPRISES		3,000	11,020	100.00%	3,049	3,049	-	-	45,413	6,299	6,600
e-TF1		1,000	138	100.00%	1,000	1,000	-	-	87,978	12,724	10,260
TF1 THEMATIQUES		40,000	47,675	100.00%	209,452	89,000	-	-	84	(478)	-
EUROSPORT		17,182	515,374	80.00%	198,713	198,713	-	-	381,069	47,788	-
ONE CAST		3,000	1,302	100.00%	17,940	17,940	139	-	14,239	1,267	-
TF1 EXPANSION		269	322,269	100.00%	291,291	291,291	-	-	0	1,258	13,457
TF1 DROITS AUDIOVISUELS		40,000	(18,233)	100.00%	116,431	72,000	61	11,917	46,131	1,728	-
LA CHAINE INFO		4,500	80	100.00%	2,059	59	-	158	31,946	(6,671)	-
OUEST INFO		40	(371)	100.00%	1,617	1,417	96	-	2,147	(179)	-
TF1 PRODUCTION		10,080	3,472	100.00%	39,052	17,252	15,783	-	78,937	1,158	-
TF1 EVENTS		40	(269)	100.00%	590	590	48	-	1,490	(59)	-
TF1 MANAGEMENT		40	(22)	100.00%	40	40	-	-	0	(5)	-
WAT		100	246	100.00%	12,140	2,900	-	-	2,194	96	452
HD1		40	(1,741)	100.00%	40	40	12,253	-	12,900	(14,357)	-
PREFAS 18		73,000	(79)	80.00%	58,400	54,400	-	-	0	(15,823)	-
PREFAS 19		40	(3)	100.00%	40	40	-	-	0	(3)	-
PREFAS 20		40	(3)	100.00%	40	40	-	-	0	(3)	-
PREFAS 21		40	(3)	100.00%	40	40	-	-	0	(3)	-
PUBLICATIONS METRO FRANCE		100	1,428	100.00%	25,552	6,500	6,895	-	32,975	(6,695)	-
TF1 DISTRIBUTION		40	(387)	100.00%	40	40	3,436	-	62,535	(300)	-
HOP		11,624	37,054	100.00%	276,184	201,184	-	-	0	110,086	-
TF1 DS		100	0	100.00%	100	100	-	-	973	(29)	-
GIE ACQUISITION DE DROITS		0	0	93.00%	0	0	79,423	-	163,480	(6,286)	-

Company/Group	Currency	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)											
II. Affiliates (10% to 50% of the capital held by TF1 SA)											
■ MEDIAMETRIE*		930	23,195	10.80%	44	44	-	-	73,097	3,092	52
■ A1 INTERNATIONAL**		20	5,015	50.00%	12,809	0	-	-	0	(3,779)	-
■ MONTE-CARLO PARTICIPATION		12,642	(110,064)	50.00%	12,642	12,642	123,000	-	2,339	4,718	1,643
■ S M R 6		105	15	14.29%	15	15	5	-	78	(10)	9
■ GROUPE AB *		462,687	(415)	33.50%	74,602	74,602	26,798	-	987	69,650	-
■ MR5		38	(66)	33.33%	13	13	-	-	84	(2)	-
III. Other equity investments (less than 10% of the capital held by TF1 SA)											
■ E BUZZING*		9,434	51,209	9.06%	3,504	3,504	-	-	348	(8,622)	-
■ MEDIAMÉTRIE EXPANSION*		1,829	229	5.00%	91	0	-	-	0	180	7
■ TF6		80	(7)	0.02%	0	0	-	81	12,322	(1,292)	-
■ TF6 GESTION		80	15	0.001%	0	0	-	-	2	(4)	-
■ SERIECLUB		50	1,089	0.004%	2	2	-	-	8,805	525	-
■ APHÉLIE		2	14,894	0.05%	0	0	40	-	15,176	12,996	-
■ DUJARDIN (formerly REGAIN GALORE)		463	2,790	0.01%	1	1	-	-	18,902	1,005	-
TOTAL SUBSIDIARIES, AFFILIATES & EQUITY INVESTMENTS					**1,367,988**	**1,058,394**	**297,357**	**12,156**	**-**	**-**	**41,560**

(1) Includes transaction costs where relevant.
(2) "Guarantees provided" represent guarantees given by TF1 SA to cover possible default by a subsidiary, and are disclosed in off balance sheet commitments.
** Share capital, equity other than share capital and profit/loss, revenue, and profit/loss all relate to the 2012 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

Discovery Communications and the TF1 group signed an agreement on January 21, 2014, as described in note 1 "Significant Events".

5

STATUTORY AUDITORS' REPORT

5.1 STATUTORY AUDITORS' REPORT ON THE REPORT BY THE CHAIRMAN OF THE BOARD

This is a free translation into English of a report issued in French and provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with French law and professional 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, 2013

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, 2013.

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;
- 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 18, 2014

KPMG AUDIT IS	Mazars	
Stéphanie Ortega, Partner	Guillaume Potel, Partner	Olivier Thireau, Partner

5.2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking users. The Statutory Auditors' report includes information specifically required by French law in such reports. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information not derived from the consolidated financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended December 31, 2013

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, 2013, on:

- the audit of the accompanying consolidated financial statements of Télévision 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, 2013 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:

- in accordance with IFRS 5, notes 1, 2.15 and 4 to the consolidated financial statements set forth the recognition and presentation criteria for the activities of Eurosport International, which was being divested at December 31, 2013. In accordance with the accounting policies adopted by your company, we verified that the accounting methods and the disclosures thereon in the notes to the financial statements were appropriate and properly applied;
- each year end, the company performs impairment tests on goodwill and intangible assets with indefinite useful lives, and also assesses whether there is any indication of impairment of other tangible and intangible assets, according to the methods described in notes 2–10 and 7 to the consolidated financial statements. Based on the information available to us, we examined the methods used to test for impairment and the cash flow forecasts and ensured that the notes provide appropriate disclosures thereon;
- programmes and broadcasting rights are measured and recognised in accordance with the accounting rules and methods described in note 2.12 to the consolidated financial statements, which specifies how they are initially recognised as inventory, consumed and impaired. We examined the approaches chosen by the company and verified, using sampling techniques, that they had been applied. We verified that notes 2.12 and 11 provide appropriate information 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 18, 2014

KPMG AUDIT IS	Mazars	
Stéphanie Ortega, Partner	Guillaume Potel, Partner	Olivier Thireau, Partner

5.3 STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking users. The Statutory Auditors' report includes information specifically required by French law in such reports. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information not derived from the financial statements.

This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

Year ended December 31, 2013

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, 2013, on:

- the audit of the accompanying financial statements of Télévision 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, 2013 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 notes 2.4 and 3.3 were appropriate;
- programmes and broadcasting rights are recognised and measured in accordance with the accounting rules and methods described in note 2.5 to the consolidated financial statements, which specifies how the rights are initially entered as inventory, consumed, and written down. We examined the approaches chosen by the company and verified, using sampling techniques, that they had been applied. We verified that notes 2.5 and 3.4 provide appropriate information thereon.

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 18, 2014

KPMG AUDIT IS	Mazars	
Stéphanie Ortega, Partner	Guillaume Potel, Partner	Olivier Thireau, Partner

5.4 STATUTORY AUDITORS' REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

This is a free translation into English of a report issued in French and provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France.

General Meeting held to approve the financial statements for the year ended December 31, 2013

To the Shareholders,

As Statutory Auditors of your company, we hereby present our report on related party agreements and commitments.

It is our responsibility to inform you, on the basis of the information provided to us, of the terms and conditions of the agreements and commitments of which we were informed or encountered during our assignment. It is not our role to determine whether they are beneficial or appropriate or to ascertain whether any other related party agreements or commitments exist. It is your responsibility, under the terms of Article R. 225-31 of the French Commercial Code, to assess the merit of these agreements and commitments with a view to approving them.

It is also our responsibility to provide you, to the extent necessary, with the information stipulated in Article R. 225-31 of the French Commercial Code regarding the execution during the financial year now ended of the agreements and commitments already approved by the shareholders at their General Meeting.

We conducted the work we deemed necessary in accordance with the professional standards issued by the French institute of Statutory Auditors relating to this engagement. Those standards require that we plan and perform our work to verify that the information provided to us is consistent with the documents from which it was derived.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR APPROVAL BY SHAREHOLDERS AT THE GENERAL MEETING HELD TO APPROVE THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

I AGREEMENTS AND COMMITMENTS AUTHORISED DURING THE FINANCIAL YEAR

In accordance with Article L. 225-40 of the French Commercial Code, we have been informed of the following related party agreements and commitments previously authorised by your Board of Directors.

WITH BOUYGUES

Shared services agreement

Authorised by the Board of Directors on November 7, 2013

The Board of Directors authorised the renewal, for a period of one year from January 1, 2014, of the shared services agreement with Bouygues under which Bouygues provides services to TF1.

Benefits of this agreement

The purpose of this shared services agreement, a common arrangement in groups of companies, is to enable TF1 to benefit from services provided by its parent company, especially in the fields of management, human resources, information systems and finance.

Financial terms

This agreement is based on rules relating to the allocation and billing of the cost of support functions between companies using Bouygues services, including specific services provided at the request of TF1 and an allocation of a share of the residual costs. The amount invoiced is limited to a percentage of revenues.

The renewal of this agreement for 2014 had no financial impact during the 2013 financial year. Its effects will be recognised in the 2014 financial year.

Entities involved

- Bouygues: Martin Bouygues (Chairman and Chief Executive Officer), Olivier Bouygues and Nonce Paolini (Directors).
- Bouygues is a shareholder.

Top-up pension plan for key executives

Authorised by the Board of Directors on November 7, 2013

The Board of Directors authorised the renewal, for a period of one year from January 1, 2014, of the top-up pension for Nonce Paolini, provided under a collective defined-benefit pension plan operated by Bouygues, under which members of the Bouygues Management Committee are entitled to a top-up pension based on 0.92% of their reference salary for each year's membership of the plan. This top-up plan is capped at eight times the annual French social security ceiling, and is contracted out to an insurance company.

Benefits of this agreement

The purpose of this agreement is to secure the loyalty of members of the Management Committee, which includes Nonce Paolini.

Financial terms

Bouygues recharges TF1 for its share of the premiums paid to the insurance company.

The renewal of this agreement for 2014 had no financial impact during the 2013 financial year. Its effects will be recognised in the 2014 financial year.

Entities involved

- Bouygues: Martin Bouygues (Chairman and Chief Executive Officer), Olivier Bouygues and Nonce Paolini (Directors).
- Bouygues is a shareholder.

WITH THE ECONOMIC INTEREST GROUP GIE 32 AVENUE HOCHE

Provision of office space

Authorised by the Board of Directors on November 7, 2013

The Board of Directors authorised the renewal, for a period of one year from January 1, 2014, of the agreement to provide office space on the first floor at 32 avenue Hoche, Paris.

Benefits of this agreement

Under this agreement, TF1 benefits from office space and meeting rooms in the centre of Paris, as well as related services such as reception services, information systems and secretarial services.

Financial terms

This agreement is based on a fixed-price sum.

The renewal of this agreement for 2014 had no financial impact during the 2013 financial year. Its effects will be recognised in the 2014 financial year.

Entities involved

- Bouygues: Martin Bouygues (Chairman and Chief Executive Officer), Olivier Bouygues and Nonce Paolini (Directors).
- Bouygues is a member of the Economic Interest Group GIE 32 Avenue Hoche.

WITH AIRBY

Use of aircraft owned by AIRBY

Authorised by the Board of Directors on February 19, 2013

This agreement enables TF1 to use AIRBY, a general partnership held indirectly by Bouygues and SCDM, which operates a Global 5000 aircraft, or if the latter is unavailable, a Challenger 605 aircraft, or failing that an equivalent aircraft.

Authorised by the Board of Directors on November 7, 2013

The Board of Directors authorised the agreement enabling TF1 to use AIRBY, which operates a Global 5000 aircraft, and an amendment to the agreement taking into account the changes made in 2013 to Bouygues group's Aircraft procedure. As Bouygues group now owns only one aircraft, the Global 5000, when the aircraft is unavailable (*e.g.* due to maintenance or use by another user), AIRBY shall lease an aircraft meeting the company's requirements from another aircraft operator and shall make it available to the company. The purpose of the proposed amendment is to specify the financial terms applicable in the event that AIRBY leases an aircraft from outside the Bouygues group.

Benefits of this agreement

The agreement provides for use of the aircraft by Bouygues group, including the provision of the aircraft and all associated services (*e.g.* aircrew, fuel, etc.).

Financial terms

In accordance with the Board of Directors' authorisation of February 19, 2013, in the 2013 financial year a single flat-rate tariff of €7,000 (excluding taxes) was billed per flight hour, for provision of the aircraft and all associated services (aircrew, fuel, etc.) as and when the aircraft was used.

In accordance with the Board of Directors' authorisation of November 7, 2013, the provision of an aircraft leased by AIRBY from another aircraft operator shall be invoiced at the cost of leasing the aircraft plus €1,000 (excluding taxes) for each aircraft leased in consideration for the chartering service rendered to TF1 by AIRBY SNC. An invoice shall be issued for each aircraft leased.

TF1 did not use any aircraft during 2013, and nothing was invoiced by AIRBY.

The renewal of this agreement for 2014 had no financial impact during the 2013 financial year. Its effects will be recognised in the 2014 financial year.

Entities involved

- Bouygues: Martin Bouygues (Chairman and Chief Executive Officer), Olivier Bouygues and Nonce Paolini (Directors).
- Bouygues is a shareholder.

WITH WBTV, HOLDING COMPANY OWNING 100% OF BTV

Divestment by TF1 of its interest in WBTV

Authorised by the Board of Directors on February 19, 2013

Pursuant to the decision of the Board of Directors of November 13, 2012, as presented in the second part of our report, the Board of Directors authorised the final terms for the divestment by TF1 of its interest in WBTV. The transactions were to be undertaken by March 31, 2013 at the latest.

Benefits of this agreement

BTV has experienced difficult competitive and economic conditions for some years. It has made net losses since 2009 to such an extent that it is unable to settle its liabilities.

TF1, wishing to divest its interest in WBTV, signed an agreement on November 9, 2012 setting forth the terms of the divestment.

Financial terms

During the 2012 financial year, TF1 made a cash contribution of €3,737 thousand. The other transactions under the agreement had no financial impact during the 2012 financial year.

The agreement had the following effects during the year ended December 31, 2013:

- waiver by TF1 of the outstanding debt amounting to €328,112.22 owed to it by BTV, on March 29, 2013, after BTV repaid €365,107.78 of debt to TF1;
- sale by TF1 of its shares in WBTV to Claude Berda for €1 through the put option exercised on March 29, 2013.

Entities involved

- WBTV: Claude Berda (Director).
- TF1 is a shareholder.

WITH SUBSIDIARIES OF THE TF1 GROUP

Support function agreements

Authorised by the Board of Directors on November 7, 2013

The Board of Directors has authorised the renewal, for a period of one year from January 1, 2014, of support function agreements with subsidiaries of the Group. These agreements cover the provision by TF1 to its subsidiaries of various services, especially in the fields of management, human resources, consultancy, finance and strategy.

Benefits of these agreements

Support function agreements are common among groups of companies. The purpose of these agreements is to enable the subsidiaries to benefit from services provided by their parent company, and to allocate the corresponding expenses among the various companies using TF1 services.

Financial terms

This agreement is based on rules relating to the allocation and billing of the cost of support functions between companies using their services, including specific services provided at the request of the subsidiary and an allocation of a share of the residual costs. The amount invoiced is limited to a percentage of revenues.

The renewal of these agreements for 2014 had no financial impact during the 2013 financial year. Its effects will be recognised in the 2014 financial year.

Entities involved

- Eurosport: Olivier Bouygues (Director).
- TMC: Nonce Paolini (Director).
- TF1 is a shareholder.

WITH LA CHAÎNE INFO – LCI

Guarantee contract with La Chaîne Info – LCI for potential coverage of major events

Authorised by the Board of Directors on November 7, 2013

The Board of Directors authorised the renewal, for a period of one year from January 1, 2014, of the guarantee agreement with LCI for potential coverage of major events.

Benefits of this agreement

This agreement enables the TF1 channel to take live news feeds from the LCI channel to cover major breaking news stories, such that TF1 can be guaranteed immediate coverage.

Financial terms

This agreement is based on a fixed-price sum.

The renewal of this agreement for 2014 had no financial impact during the 2013 financial year. Its effects will be recognised in the 2014 financial year.

Entity concerned

- TF1 is a shareholder.

WITH e-TF1

Management lease agreement with e-TF1

Authorised by the Board of Directors on November 7, 2013

The Board of Directors authorised the renewal, for a period of one year from January 1, 2014, of the management lease.

Benefits of this agreement

This agreement enables e-TF1 to operate all its activities relating to interactive products or services under a management lease from TF1.

Financial terms

TF1 receives a royalty calculated by reference to e-TF1 revenue bands:

- (i) 5% of pre-tax revenue generated by e-TF1 in the revenue band between zero and €10 million;
- (ii) 2.5% of pre-tax revenue generated by e-TF1 in the revenue band between €10 and €20 million inclusive;
- (iii) 0.5% of pre-tax revenue generated by e-TF1 in the revenue band exceeding €20 million.

The renewal of this agreement for 2014 had no financial impact during the 2013 financial year. Its effects will be recognised in the 2014 financial year.

Entity concerned

- TF1 is a shareholder.

WITH TF1 ENTREPRISES

Management lease agreement with TF1 Entreprises

Authorised by the Board of Directors on November 7, 2013

The Board of Directors authorised the management lease for a period of one year from January 1, 2014.

Benefits of this agreement

This agreement enables TF1 Entreprises to use all rights (*e.g.* broadcasting, video, merchandising, publishing, film distribution, etc.) owned by TF1 in relation to its co-productions (co-production share), executive productions, and pre-purchased films.

Financial terms

TF1 receives a royalty calculated on the basis of the revenue generated by TF1 Entreprises.

The authorisation of this agreement for 2014 had no financial impact during the 2013 financial year. Its effects will be recognised in the 2014 financial year.

Entity concerned

- TF1 is a shareholder.

II AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL MEETING

A. AGREEMENTS AND COMMITMENTS THAT CONTINUED TO BE EXECUTED DURING THE FINANCIAL YEAR NOW ENDED

Pursuant to Article R. 225-30 of the French Commercial Code, we have been informed that the following agreements and commitments, already approved by the General Meeting, continued to be executed during the year now ended.

WITH BOUYGUES

Shared services agreement

Authorised by the Board of Directors on November 13, 2012

At their General Meeting on April 18, 2013, the shareholders approved the renewal, for a period of one year from January 1, 2013, of the shared services agreement with Bouygues under which Bouygues provides services to TF1, especially in the fields of management, human resources, information systems and finance.

The amount invoiced by Bouygues for the 2013 financial year was €3,352,480 (excluding taxes), comprising €3,475,504 (excluding taxes) in respect of 2013 and €123,024 (excluding taxes) as an adjustment in respect of the 2012 financial year.

Entities involved

- Bouygues: Martin Bouygues (Chairman and Chief Executive Officer), Olivier Bouygues and Nonce Paolini (Directors).
- Bouygues is a shareholder.

Top-up pension plan for key executives

Authorised by the Board of Directors on November 13, 2012

At their General Meeting on April 18, 2013, the shareholders approved the renewal, for a period of one year from January 1, 2013, of the top-up pension for Nonce Paolini, provided under a collective defined-benefit pension plan operated by Bouygues, under which members of the Bouygues Management Committee are entitled to a top-up pension based on 0.92% of their reference salary for each year's membership of the plan. This top-up plan is capped at eight times the annual French social security ceiling, and is contracted out to an insurance company.

The amount invoiced by Bouygues for the 2013 financial year was €601,109 (excluding taxes).

Entities involved

- Bouygues: Martin Bouygues (Chairman and Chief Executive Officer), Olivier Bouygues and Nonce Paolini (Directors).
- Bouygues is a shareholder.

WITH THE ECONOMIC INTEREST GROUP GIE 32 AVENUE HOCHE

Provision of office space

Authorised by the Board of Directors on November 13, 2012

At their General Meeting on April 18, 2013, the shareholders approved the renewal, for a period of one year from January 1, 2013, of the agreement to provide office space on the first floor at 32 avenue Hoche, Paris.

The amount paid to the Economic Interest Group GIE 32 Avenue Hoche for the provision of office space and related services in respect of the 2013 financial year was €15,815 (excluding taxes).

Entities involved

- Bouygues: Martin Bouygues (Chairman and Chief Executive Officer), Olivier Bouygues and Nonce Paolini (Directors).
- Bouygues is a member of GIE 32 Avenue Hoche.

WITH WBTV, HOLDING COMPANY OWNING 100% OF BTV

Divestment by TF1 of its interest in WBTV

Authorised by the Board of Directors on November 13, 2012

At their General Meeting on April 18, 2013, the shareholders approved the refinancing of WBTV *via* a cash contribution of €3,740 thousand by TF1, under the November 9, 2012 agreement defining the terms for TF1 to divest its interest in WBTV, a holding company which owns 100% of BTV (broadcaster of the AB3 and AB4 channels) and which itself is owned 49% by TF1 and 51% by Claude Berda.

The divestment had the following effects during the year ended December 31, 2013:

- waiver by TF1 of the outstanding debt amounting to €328,112.22 owed to it by BTV, on March 29, 2013, after BTV paid €365,107.78 of the debt to TF1;
- sale by TF1 of its shares in WBTV to Claude Berda for €1 under a put option exercised on March 29, 2013.

Entities involved

- WBTV: Claude Berda (Director).
- TF1 is a shareholder.

WITH SUBSIDIARIES OF THE TF1 GROUP

Support function agreements

Authorised by the Board of Directors on November 13, 2012

At their General Meeting on April 18, 2013, the shareholders approved the renewal, for a period of one year from January 1, 2013, of the support function agreements with subsidiaries of the Group. These agreements cover the provision by TF1 to its subsidiaries of various services, especially in the fields of management, human resources, consultancy, finance and strategy.

Financial terms

The amounts invoiced by TF1 to the subsidiaries concerned totalled €13,786 thousand, comprising:

- €14,171 thousand in respect of the 2013 financial year;
- €385 thousand in credit notes, representing adjustments in respect of the 2012 financial year.

In €K excl. taxes	2013 financial year	2012 financial year	Total
e-TF1	937	60	997
WAT	40	(15)	25
TF1 Entreprises	356	99	455
Une Musique	11	0	11
Dujardin	139	19	158
TMC	539	1	540
NT1	250	(11)	239
TF1 Publicité	4,334	(105)	4,229
TF1 Production	1,142	(34)	1,108
Eurosport SA	3,196	(194)	3,002
Eurosport FCE	472	(12)	460
TF1 Video	433	(75)	358
TF1 DA	309	(26)	283
TF1 Films Production	240	(15)	225
Téléshopping	642	(43)	599
Top Shopping	40	(5)	35
TV Breizh	200	15	215
Stylía	72	(1)	71
Histoire	51	(4)	47
Ushuaïa	21	(1)	20
One Cast	74	(2)	72
LCI	598	(48)	550
Ouest Info	72	10	82
TF1 Events	3	2	5
TOTAL	**14,171**	**(385)**	**13,786**

Entities involved

- Eurosport: Olivier Bouygues (Director).
- TMC: Nonce Paolini (Director).
- TF1 is a shareholder.

WITH LA CHAÎNE INFO – LCI

Guarantee contract with La Chaîne Info – LCI for potential coverage of major events

Authorised by the Board of Directors on November 13, 2012

At their General Meeting on April 18, 2013, the shareholders approved the renewal, for a period of one year from January 1, 2013, of the guarantee agreement with LCI for potential coverage of major events.

LCI received a fixed sum of €5 million (excluding taxes) in respect of the 2013 financial year.

Entity concerned

- TF1 is a shareholder.

WITH e-TF1

Management lease agreement with e-TF1

Authorised by the Board of Directors on November 13, 2012

At their General Meeting on April 18, 2013, the shareholders approved the renewal, for a period of one year from January 1, 2013, of the management lease.

The lease payments invoiced by TF1 in respect of the 2013 financial year amounted to €1,088,500 (excluding taxes).

Entity concerned

- TF1 is a shareholder.

B. AGREEMENTS AND COMMITMENTS APPROVED AT THE GENERAL MEETING IN PREVIOUS YEARS AND WHICH CONTINUED TO APPLY IN FINANCIAL YEAR 2013

WITH APHELIE SNC

Commercial lease

Authorised by the Board of Directors on May 13, 2009

At their General Meeting on April 15, 2010, the shareholders approved the commercial lease entered into with Aphélie SNC on June 19, 2009, covering the Tower, North Wing and Central buildings at the *Point du Jour* property complex.

The lease was signed for a term of nine years and nine days, with a firm commitment for six years and nine days.

The rent invoiced by Aphélie SNC for the 2013 financial year was €14,039,126.30 (excluding taxes).

Entity concerned

- TF1 is a shareholder in Aphélie SNC *via* its subsidiary TF1 Expansion.

WITH FIRELIE SAS

Commercial lease

Authorised by the Board of Directors on November 10, 2011

At their General Meeting on April 19, 2012, the shareholders approved the commercial lease entered into with Firélie SAS on January 9, 2012, covering the South Wing building.

The lease was signed for a term of nine years and ten days from December 22, 2011, with a firm commitment for six years, six months and ten days.

The annual rent invoiced by Firélie SAS to TF1 for the 2013 financial year was €3,415,042.12 (excluding taxes).

Entity concerned

- TF1 is a shareholder in Firélie SAS *via* its subsidiary TF1 Expansion.

The Statutory Auditors

Paris La Défense and Courbevoie, February 18, 2014

KPMG AUDIT IS	Mazars	
Stéphanie Ortega, Partner	Guillaume Potel, Partner	Olivier Thireau, Partner

5.5 STATUTORY AUDITORS' REPORT ON PROPOSED EQUITY TRANSACTIONS

This is a free translation into English of a report issued in French and provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

As Statutory Auditors of your company and in compliance with the assignment entrusted to us pursuant to the French Commercial Code, we hereby present our reports on the equity transactions submitted for your approval.

1. REPORT ON CAPITAL REDUCTION (RESOLUTION 10)

In compliance with the assignment entrusted to us pursuant to Article L. 225-209 of the French Commercial Code concerning the capital reduction through the cancellation of repurchased shares, we hereby report to you on our assessment of the causes and terms of the planned capital reduction.

Your Board of Directors proposes that you give it authority, for an 18-month period from the date of this Meeting, to cancel the shares bought under the authorisation to repurchase own shares pursuant to the provisions of the above-mentioned Article, up to a limit of 10% of share capital per 24-month period.

We conducted the work we deemed necessary in accordance with the professional standards issued by the French institute of Statutory Auditors relating to this engagement. Our work consisted in examining whether the causes and terms of the planned capital reduction, which will not be detrimental to shareholder equality, were fair.

We have no matters to report on the causes and terms of the planned capital reduction.

2. REPORT ON THE AUTHORISATION TO GRANT SHARE SUBSCRIPTION OR PURCHASE WARRANTS (RESOLUTION 11)

In compliance with the assignment entrusted to us pursuant to Articles L. 225-177 and R. 225-144 of the French Commercial Code, we hereby present our report on the authorisation to grant share subscription or purchase warrants to some or all employees and corporate officers of your company or of companies or economic interest groups that are related parties to TF1 under the conditions of Article L. 225-180 of the French Commercial Code. This resolution is submitted for your approval.

The total number of warrants granted under this authorisation may not confer the rights to subscribe to or purchase a number of shares representing over 3% of shareholders' equity. The same threshold applies to resolution 12 submitted to you at this Meeting, relating to the authorisation to grant free shares. Moreover, the number of warrants allotted to corporate officers under this authorisation may not be more than 5% of the total warrants granted by the Board of Directors.

Based on its report, your Board of Directors proposes that you give it authority, for a 38-month period from the date of this Meeting, to allot share purchase or subscription warrants.

It is the responsibility of the Board of Directors to prepare a report on the reasons for issuing share purchase or subscription warrants and on the proposed arrangements for setting the share purchase and subscription prices. It is our responsibility to provide an opinion on the proposed arrangements for setting the share purchase or subscription price.

We conducted the work we deemed necessary in accordance with the professional standards issued by the French institute of Statutory Auditors relating to this engagement. Our work consisted in verifying that the proposed arrangements for setting the share purchase or subscription price were set out in the Board of Directors' report, and that they complied with legal and regulatory requirements.

We have no matters to report concerning the proposed arrangements for setting the share purchase or subscription price.

3. REPORT ON THE AUTHORISATION TO GRANT EXISTING OR NEWLY-ISSUED FREE SHARES (RESOLUTION 12)

In compliance with the assignment entrusted to us pursuant to Article L. 225-197-1 of the French Commercial Code, we hereby present our report on the proposed authorisation to grant existing or newly-issued free shares to some or all of the employees and/or corporate officers of your company and companies and economic interest groups that are related parties to it in accordance with Article L. 225-197-2 of the French Commercial Code. This resolution is submitted for your approval.

The maximum number of existing or newly-issued shares to be granted under this authorisation may not exceed 3% of shareholders' equity. The same threshold applies to resolution 11 submitted to you at this Meeting, relating to the authorisation to grant share subscription or purchase warrants. In addition, the number of shares allotted to corporate officers under this authorisation may not represent over 5% of total free shares granted by the Board of Directors.

Based on its report, your Board of Directors proposes that you give it authority, for a 38-month period from the date of this Meeting, to grant existing or newly-issued free shares.

It is the responsibility of the Board of Directors to prepare a report on the transaction it wishes to undertake. It is our responsibility to report any matters to you that may come to our attention concerning the information provided relating to the planned transaction.

We conducted the work we deemed necessary in accordance with the professional standards issued by the French institute of Statutory Auditors relating to this engagement. Our work included verifying that the arrangements set out in the report of the Board of Directors comply with legal requirements.

We have no matters to report concerning the information provided in the report of the Board of Directors on the proposed authorisation to grant free shares.

The Statutory Auditors

Paris La Défense and Courbevoie, March 3, 2014

KPMG AUDIT IS	Mazars	
Stéphanie Ortega, Partner	Guillaume Potel, Partner	Olivier Thireau, Partner

5.6 INDEPENDENT THIRD-PARTY VERIFIER'S REPORT ON CONSOLIDATED SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION PRESENTED IN THE MANAGEMENT REPORT

To the shareholders,

In our quality as an independent third-party verifier of which the admissibility of the application for accreditation has been accepted by the COFRAC, under the number n° 3-1050, we present our report on the consolidated social, environmental and societal information established for the year ended on the 31st of December 2013, presented in chapter 7 of the management report, hereafter referred to as the "CSR Information," pursuant to the provisions of the Article L. 225-102-1 of the French Commercial Code (*Code de Commerce*).

RESPONSIBILITY OF THE COMPANY

It is the responsibility of the Board of Directors to establish a management report including CSR Information referred to in the Article R. 225-105-1 of the French Commercial Code (*Code de Commerce*), in accordance with the protocols used by the company such as protocols for HR reporting and the Extra-financial reporting guide of TF1 in their versions dated November 2013 and February 2014 (hereafter referred to as the "Criteria"), and are available on request at the company's headquarters.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by regulatory requirements, the Code of Ethics of our profession as well as the provisions in the Article L. 822-11 of the French Commercial Code (*Code de Commerce*). In addition, we have implemented a quality control system, including documented policies and procedures to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

RESPONSIBILITY OF THE INDEPENDENT THIRD-PARTY VERIFIER

It is our role, based on our work:

- to attest whether the required CSR Information is present in the management report or, in the case of its omission, that an appropriate explanation has been provided, in accordance with the third paragraph of R. 225-105 of the French Commercial Code (*Code de Commerce*) (Attestation of presence of CSR Information);
- to express a limited assurance conclusion, that the CSR Information, overall, is fairly presented, in all material aspects, in according with the Criteria (Opinion on fairness of CSR Information);

Our verification work was undertaken by a team of four people between October 2013 and December 2013 for an estimated duration of eight weeks.

We conducted the work described below in accordance with the professional standards applicable in France and the Order of May 13, 2013 determining the conditions under which an independent third-party verifier conducts its mission and in relation to the opinion of fairness and the reasonable assurance report, in accordance with the international standard ISAE 30001[1].

(1) ISAE 30001 – Assurance engagements other than audits or reviews of historical information.

1 ATTESTATION OF PRESENCE OF CSR INFORMATION

We obtained an understanding of the company's CSR issues, based on interviews with the management of relevant departments, a presentation of the company's strategy on sustainable development based on the social and environmental consequences linked to the activities of the company and its societal commitments, as well as, where appropriate, resulting actions or programmes.

We have compared the information presented in the management report with the list as provided for in the Article R. 225-105-1 of the French Commercial Code *(Code de Commerce)*.

In the absence of certain consolidated information, we have verified that the explanations were provided in accordance with the provisions in Article R. 225-105, paragraph 3, of the French Commercial Code *(Code de Commerce)*.

We verified that the information covers the consolidated perimeter, namely the entity and its subsidiaries, as aligned with the meaning of the Article L. 233-1 of the French Commercial Code *(Code de Commerce)* and the entities which it controls, as aligned with the meaning of the Article L. 233-3 of the same Code with the limitations specified in the chapters "7.1.2 Parameters of social reporting" and "7.2.2 Parameters of environmental reporting", notably regarding the subsidiaries Eurosport and Metronews.

Based on this work and given the limitations mentioned above, we confirm the presence in the management report of the required CSR information.

2 OPINION ON FAIRNESS OF CSR INFORMATION

NATURE AND SCOPE OF THE WORK

We undertook a dozen of interviews with sixteen people responsible for the preparation of the CSR Information in the different departments CSR, Purchasing, Compliance, Broadcasting, Human resources, Social affairs and the General Secretary, in charge of the data collection process and, if applicable, the people responsible for internal control processes and risk management, in order to:

- assess the suitability of the Criteria for reporting, in relation to their relevance, completeness, reliability, neutrality, and understandability, taking into consideration, if relevant, industry standards;
- verify the implementation of the process for the collection, compilation, processing and control for completeness and consistency of the CSR Information and identify the procedures for internal control and risk management related to the preparation of the CSR Information.

We determined the nature and extent of our tests and inspections based on the nature and importance of the CSR Information, in relation to the characteristics of the company, its social and environmental issues, its strategy in relation to sustainable development and industry best practices.

For the CSR Information which we considered the most important[(1)]:

- at the level of the consolidated entity, we consulted documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions, etc.), we implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and the compilation of the information, and also verified their coherence and consistency with the other information presented in the management report;
- we undertook interviews to verify the correct application of the procedures and undertook detailed tests on the basis of samples, consisting in verifying the calculations made and linking them with supporting documentation.

At this level, supporting documents are available regarding French workforce, which represents 83% of the Group's consolidated workforce, as well as supporting documents regarding the environmental information of the four main buildings in the Île-de-France region, that host 87% of the activity.

For the other consolidated CSR information, we assessed their consistency in relation to our knowledge of the company.

Finally, we assessed the relevance of the explanations provided, if appropriate, in the partial or total absence of certain information.

We consider that the sample methods and sizes of the samples that we considered by exercising our professional judgment allow us to formulate a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work. Due to the necessary use of sampling techniques and other limitations inherent in the functioning of any information and internal control system, the risk of non-detection of a significant anomaly in the CSR Information cannot be entirely eliminated.

(1) ***Social information:*** *Employment (workforce and rate of temporary staff), training policy (number of employees who benefited from a training), Health and Safety requirements at work (Frequency rate and Severity rate);*

Environmental information: *General policy with regard to the Environment and the firm's organization to tackle environmental issues and climate change (Scope 1 and 2 greenhouse gas emissions);*

Societal information: *The purchasing policy and supplier relationship with social and environmental stakes (the integration of CSR criteria on the expenditures), the fairness of commercial practices and undertaken actions in favor of Human Rights (rate of subtitled programs, number of CSA's interventions).*

CONCLUSION

Based on our work, we have not identified any significant misstatement that causes us to believe that the CSR Information, taken together, has not been presented sincerely, in compliance with the Criteria.

OBSERVATION

Without qualifying our conclusion above, we draw your attention to the fact that the environmental information regarding the subsidiary Metronews, which was acquired in 2011, are still not consolidated.

Paris-La Défense, February 18, 2014

French original signed by:

Independent Third-party Verifier

ERNST & YOUNG et Associés
Sustainable Development department

Expert, Sustainable Development

Éric Mugnier

Professional Accountant

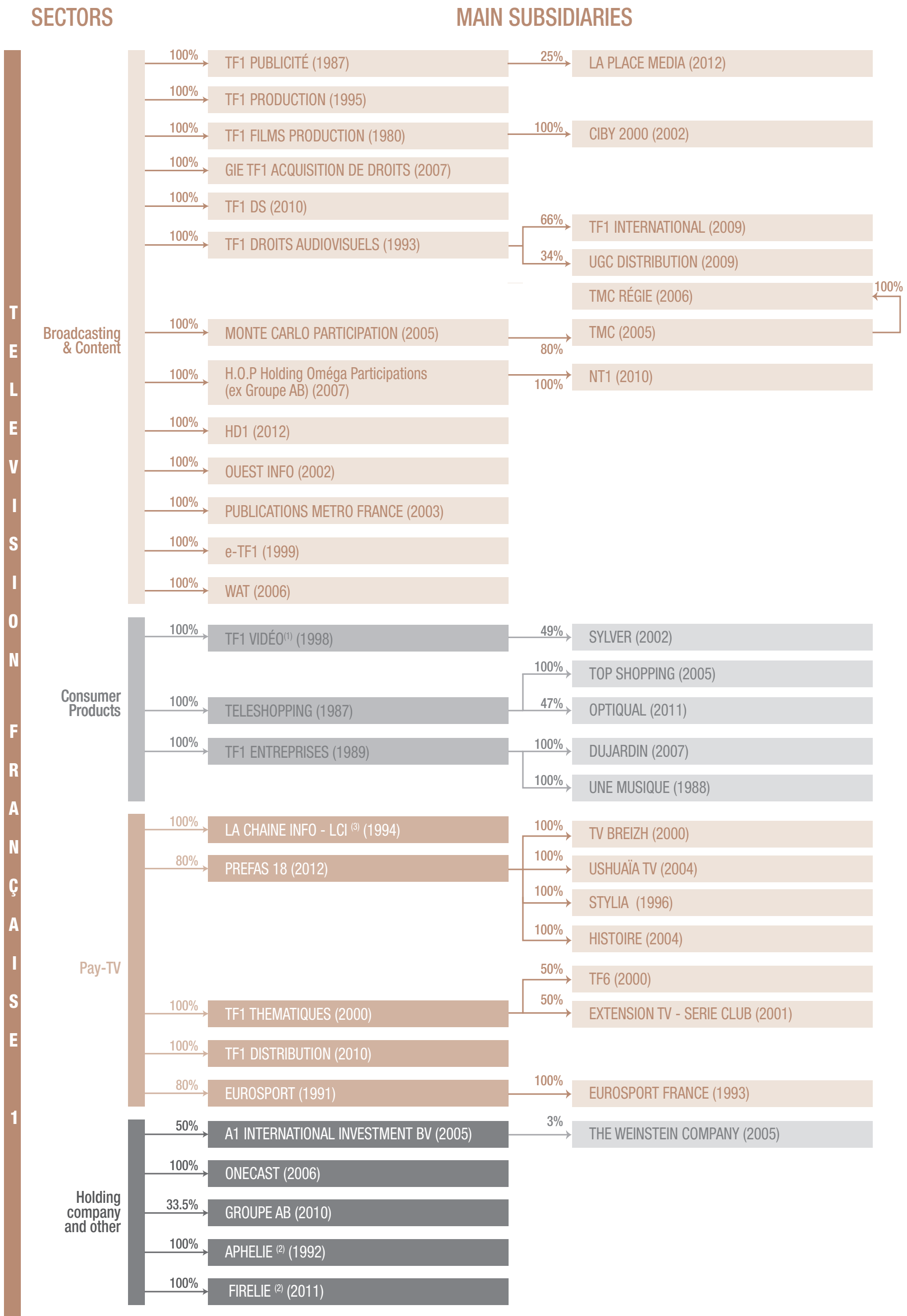
Bruno Perrin

6

INFORMATION ABOUT THE COMPANY AND ITS CAPITAL

6.1 INFORMATION ABOUT TF1

6.1.1 SIMPLIFIED ORGANIZATION CHART AT FEBRUARY 18, 2014



The year of creation and/or acquisition is between parentheses

(1) Held by TF1 DROITS AUDIOVISUELS
(2) Held by TF1 EXPANSION
(3) Held by TF1 MANAGEMENT

6.1.2 GENERAL INFORMATION

Corporate name: TÉLÉVISION FRANÇAISE 1 - TF1

Registered office: 1, quai du Point du Jour – 92100 Boulogne-Billancourt, France

Trade & Companies register number: 326 300 159 RCS Nanterre

Industry segment code: 6020A

Legal form: *Société Anonyme* (public limited company) under French law with a Board of Directors

Date of incorporation: September 17, 1982

Date of expiration: January 31, 2082

Financial year: January 1 to December 31

6.1.3 COMPANY PURPOSE (ART. 2 OF THE ARTICLES OF INCORPORATION)

The purpose of the company is to operate an audiovisual communication service, as authorised by the laws and regulations in force, comprising the conception, production, programming and broadcasting of television programmes, and including all advertising messages and announcements.

To carry out any industrial, commercial, financial, securities or property operations, within or outside France, directly or indirectly connected to this activity and to any similar, related or complementary objects, or any operations likely to facilitate their realisation or development or to any company asset, including:

- devising, producing, acquiring, selling, renting and exploiting all recordings of images and/or sound, news reports, and films intended for television, the cinema or broadcasting;
- undertaking advertising sales transactions;
- providing services of all kinds for sound broadcasting and television,

all of these directly or indirectly, on its own behalf or on behalf of third parties, either alone or with third parties, through the creation of new companies, contributions, limited partnerships, subscriptions, the purchase of company shares or rights, mergers, partnerships, joint ventures, acquisitions, gifts or the management of any property or rights, or otherwise.

Its action is undertaken in compliance with its contract conditions and the prevailing laws.

6.1.4 APPROPRIATION OF INCOME (ART. 26 OF THE ARTICLES OF INCORPORATION)

Five percent shall be deducted from net profits, after deduction of any previous losses, and appropriated to the legal reserve fund. This is no longer compulsory when the legal reserve reaches one-tenth of the registered capital. This deduction shall be resumed if for any reason the legal reserve falls below one-tenth of registered capital.

Distributable income comprises the year's profits plus retained earnings brought forward, minus previous losses and amounts credited to reserves, as required by law and these Articles of Incorporation.

This income shall be distributed between all shareholders in proportion to the number of shares they each own.

6.1.5 ANNUAL GENERAL MEETINGS (ART. 19-24 OF THE ARTICLES OF INCORPORATION)

The shareholders are convened in accordance with the rules laid down by law. General Meetings are intended for all shareholders, regardless of their holding.

6.1.6 RIGHTS ATTACHING TO SHARES (ART. 7–9 OF THE ARTICLES OF INCORPORATION)

All shares include a right to a share of the company's profits and assets in proportion to the portion of equity they represent. Each shareholder has as many voting rights and may cast as many votes at Meetings as he or she holds shares. Pecuniary and non-pecuniary rights may be restricted by law or the Articles of Incorporation. Under Article 7 of the Articles, shareholders who have not made themselves known to the company are stripped of their voting rights; Article 8 of the Articles refers to Article 39 of Act 86-1067 of September 30, 1986, as amended, which caps voting rights. The cap is described in points 6.2 "Legal environment" and 6.4 "Ownership structure".

6.1.7 IDENTIFIABLE BEARER SHARES (ART. 7 OF THE ARTICLES OF INCORPORATION)

The company reserves the right, under the legal and regulatory conditions in force, to request at any time and at its own expense, that the central custodian responsible for keeping the account of shares in issue (hereafter the "central custodian") provide the name of the person or entity, nationality, year of birth or constitution, and address of any holder of securities conferring, immediately or at a later time, the right to vote at its General Meetings. It may also request from the central custodian information as to the quantity of shares held by each shareholder, and if appropriate any restrictions that may apply to the shares. Without information, forfeit or suspension of all or part of the voting rights from the shares, and possibly of the corresponding dividends, may be ordered.

6.1.8 CROSSING STATUTORY THRESHOLDS (ART. 7 OF THE ARTICLES OF INCORPORATION)

All persons, acting alone or in concert, who acquire at least 1%, 2%, 3% or 4% of the capital or voting rights shall be bound, within five days of the registration on their account of the shares causing them to attain or exceed this threshold, to declare to the company the total number of shares and the number of voting rights they possess by means of a return-receipted registered letter sent to the registered office.

This declaration must be undertaken under the conditions stipulated above every time the threshold of 1%, 2%, 3% or 4% is overstepped in either direction.

If they have not been declared in accordance with the above conditions, shares exceeding the proportion that should have been declared shall forfeit their voting rights as provided by law, if one or several shareholders holding at least 5% of the capital so request during the General Meeting.

6.1.9 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 the threshold 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 6.9% of voting rights at December 31, 2013;
- agreements between shareholders known to the company that may lead to restrictions on the transfer of shares and the exercising of voting rights: not applicable;
- the prevailing rules on the appointment and replacement of Board members: the company is managed by a Board of Directors of twelve members subject to the dispensations provided by law. In application

of Article 66 of Act 86-1067 of September 30, 1986, two seats on the Board of Directors shall be allocated to staff representatives. The nomination and dismissal of Board members are subject to the legal and statutory rules set forth in Article 10 of the Articles of Incorporation. Directors who do not represent employees are appointed and renewed or may be dismissed at any time by the Ordinary Shareholders' Meeting. Directors representing employees are elected by TF1 employees and can be dismissed only for misconduct during the exercise of their activities by legal decision. Board members may always stand for re-election. Refer to the Chairman's report for more information;

- rules applicable to changes to the Articles of Incorporation. Such changes are made in line with the legal and regulatory provisions;
- the Board's powers to issue and buy back shares, information on which can be found in chapter 6 ("Information about the company and its capital") of this document;
- agreements signed by the company that are modified or come to an end owing to a change in control at the company: France's audiovisual industry regulator, CSA, may withdraw TF1's authorization (more information on the authorisation system in chapter 6.2, "Legal framework");
- agreements on remuneration for Board members or employees if they resign or are dismissed with no real and serious cause or if their job position is discontinued as a result of a public offering: not applicable. Although the issue does not concern a severance package, a Director who is a salaried employee of the company benefits from the applicable company agreement and, hence, the severance package set out in that agreement in the event of termination of an employment contract. Jean-Pierre Pernaut and Fanny Chabirand would qualify for such a severance package.

6.1.10 ARTICLES OF INCORPORATION

Updated on December 31, 2013.

ARTICLE 1

LEGAL FORM

A public limited company governed by current and future legislation in force and by these Articles of Incorporation has been formed between the owners of shares hereinafter created and of any shares subsequently created.

ARTICLE 2

CORPORATE PURPOSE

The purpose of the company is:

- To operate an audiovisual communication service, as authorised by the laws and regulations in force, comprising the conception, production, programming and broadcasting of television programmes, and including all advertising messages and announcements ;
- To carry out any industrial, commercial, financial, securities or property operations, within or outside France, directly or indirectly connected to this activity and to any similar, related or complementary objects, or any operations likely to facilitate their realisation or development or to any company asset, including:
  - devising, producing, acquiring, selling, renting and exploiting all recordings of images and/or sound, news reports, and films intended for television, the cinema or broadcasting;
  - undertaking advertising sales transactions;
  - providing services of all kinds for sound broadcasting and television,

  all of these directly or indirectly, on its own behalf or on behalf of third parties, either alone or with third parties, through the creation of new companies, contributions, limited partnerships, subscriptions, the purchase of company shares or rights, mergers, partnerships, joint ventures, acquisitions, gifts or the management of any property or rights, or otherwise.

Its action is undertaken in compliance with its contract conditions and the prevailing laws.

ARTICLE 3

NAME

Its corporate name is: "TÉLÉVISION FRANÇAISE 1" or its abbreviated form: "TF1."

All legal and other documents issued by the company must mention the corporate name, immediately preceded or followed by the words *société anonyme* ("public limited company") or the corresponding French initials "SA" and the share capital amount.

ARTICLE 4

REGISTERED OFFICE

The Registered office is located at Boulogne (92100) – 1, quai du Point du Jour.

It may be transferred to any other location in the same or an adjoining "department" (French administrative unit) by the decision of the Board of Directors, subject to ratification by the next Ordinary General Meeting, or anywhere else in France through a decision by the Extraordinary General Meeting of Shareholders.

If a transfer is decided by the Board of Directors, the latter shall be authorised to modify the Articles of Incorporation in consequence.

ARTICLE 5

DURATION

The duration of the company is set at ninety-nine (99) years as from the date of its registration in the Trade and Companies Register, except in the event of earlier dissolution or an extension decided by the Extraordinary General Meeting of Shareholders.

ARTICLE 6

AUTHORISED CAPITAL

The authorised capital is set at €42,252,002.60, divided into 211,260,013 shares with a par value of €0.20.

ARTICLE 7

FORM – PAYMENT – FRACTIONAL SHARES

I. The company's shares may be registered or bearer shares.

The shares and all other securities issued by the company shall be registered in their holders' names or, if appropriate, in the name of an intermediary, under the conditions set forth in the applicable legal and regulatory texts.

II. To identify holders of bearer shares, the company reserves the right, under the legal and regulatory conditions in force, to request at any time and at its own expense, that the central custodian responsible for keeping the account of shares in issue (hereafter the "central custodian") provide the name of the person or entity, nationality, year of birth or constitution, and address of any holder of securities conferring, immediately or at a later time, the right to vote at its General Meetings. It may also request from the central custodian information as to the quantity of shares held by each shareholder, and if appropriate any restrictions that may apply to the shares.

With respect to the list transmitted to the company by the central custodian, the company may request either from the central custodian or directly from the persons on this list whom the company believes may be registered as intermediaries for third-party accounts holding securities, the information noted in the previous paragraph concerning the owners of the securities.

These persons are required, if acting as intermediaries, to reveal the identities of the owners of the securities. The information shall be provided directly to the authorised account-keeping financial intermediary, who is responsible for transmitting it, as appropriate, to the issuing company or the central custodian.

With regard to securities in registered form, the company also reserves the right at any time to request that the registered intermediary for a third-party securities account reveal the identity of an owner of these securities.

For as long as the company believes that certain holders of its securities in either bearer or registered form, of whose identities it has been informed, are acting on behalf of third-party owners of the securities, it may request that these holders reveal the identities of the owners of these securities subject to the conditions stated above.

Following requests for information described above, the company may request any legal entity that is an owner of the company's shares representing more than one-fortieth of the share capital or voting rights to reveal to it the identity of persons holding directly or indirectly more than one-third of that legal entity's share capital or voting rights exercised at its General Meetings.

If a request is made pursuant to the stipulations of this Article 7.II and the information requested has not been transmitted within the legal and regulatory time limits, or if information transmitted is incomplete or erroneous with respect to the requested party's own status or the owners of the securities, then the shares or other securities conferring immediate or subsequent access to the capital and for which this person was registered shall forfeit their voting right for any General Meeting that may take place until the matter of identity is settled. Payment of any dividend is postponed until that date.

Furthermore, in the event that the registered person knowingly disregards the above stipulations, the court of competent jurisdiction in the area of the entity's registered office may, upon request by the company or one or more shareholders representing at least 5% of the share capital, decree the forfeit of all or part of the voting rights from the shares concerned for a period not to exceed five years. The court may also deprive the shares of the corresponding dividend for the same period.

III. All persons, acting alone or in concert, who acquire at least 1%, 2%, 3% or 4% of the capital or voting rights shall be bound, within five days of the registration on their account of the shares causing them to attain or exceed this threshold, to declare to the company the total number of shares and the number of voting rights they possess by means of a return-receipted registered letter sent to the registered office.

This declaration must be undertaken under the conditions stipulated above every time the threshold of 1%, 2%, 3% or 4% is overstepped in either direction.

If they have not been declared in accordance with the above conditions, shares exceeding the proportion that should have been declared shall forfeit their voting rights as provided by law, if one or several shareholders holding at least 5% of the capital so request during the General Meeting.

This provision is in addition to the legal provisions for declarations relative to the 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 per cent 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.

The age limit for exercising the duties of Chairman of the Board of Directors is set at sixty-seven years. Therefore, when the Chairman shall have reached the age of sixty-seven years, he shall be considered to have resigned.

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.

IV. The age limit for exercising the duties of Chief Executive Officer or Deputy Chief Executive Officer is set at sixty-seven years. Therefore, when the Chief Executive Officer or Deputy Chief Executive Officer shall have reached the age of sixty-seven years, he shall be considered to have resigned.

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 de Commerce*.

Shareholders that are legal entities shall participate in Meetings through their legal representatives or any person appointed for this purpose by the latter.

Any shareholder may, as provided by the law and regulations, vote by proxy or by correspondence at any General Meeting, either on paper or – upon the decision of the Board of Directors published in the notification of the Meeting and notification to attend, or, should the case arise, in the personal notification of the Meeting – by remote transmission.

ARTICLE 22

QUORUM – VOTING – NUMBER OF VOTES

I. In Ordinary and Extraordinary General Meetings, the quorum shall be calculated on the entire number of shares constituting the authorised capital, excluding non-voting shares as provided by law.

Where votes by correspondence are concerned, only slips received by the company before the Meeting, within the time limit and pursuant to the conditions provided by law, shall be taken into consideration for calculating the quorum.

Shareholders participating in the Meeting by videoconference, internet or by telecommunication means enabling them to be identified, the nature and conditions of which comply with the prevailing laws and regulations, shall be considered as present for the purposes of calculating the quorum and the majority.

II. Voting rights attached to shares are proportional to the capital they represent. At equal nominal value, each equity or dividend share entitles the holder to one vote.

III. If shares are held in usufruct, the voting rights attached to these shares shall belong to the beneficial owners in Ordinary General Meetings and to the bare owners in Extraordinary General Meetings.

ARTICLE 23

ORDINARY GENERAL MEETINGS

I. The Ordinary General Meeting shall be called upon to take all decisions that do not modify the Articles of Incorporation.

It shall meet at least once a year, within the time limits indicated by the prevailing laws and regulations, to rule on the financial statements of the previous business year.

II. The Ordinary General Meeting may not deliberate validly, upon the first notification to attend, unless the shareholders present, represented or having voted by correspondence possess at least one-fifth of the voting shares.

Upon a second notification to attend, no quorum shall be required.

It shall rule with a majority of the votes at the disposal of the shareholders present or represented, including shareholders having voted by correspondence.

ARTICLE 24

EXTRAORDINARY GENERAL MEETING

I. The Extraordinary General Meeting shall have the sole power to modify the Articles of Incorporation in all their provisions. However, it may not increase the commitments of shareholders, subject to operations resulting from the exchange or consolidation of shares decided and carried out in accordance with regulatory requirements.

II. In the absence of specific legal provisions, the Extraordinary General Meeting may not deliberate validly, unless the shareholders present, represented or having voted by correspondence possess, upon the first notification to attend, at least one-quarter, and upon the second notification, at least one-fifth of the voting shares.

Failing this latter quorum, the second Meeting may be adjourned to another date no later than two months after the original date for which it was convened.

Subject to the same specific provisions, it shall rule with a two-thirds majority of the votes at the disposal of the shareholders present or represented, including shareholders having voted by correspondence.

ARTICLE 25

BUSINESS YEAR

The business year shall begin on January 1st and end on December 31st each year.

Exceptionally, the current year shall extend from September 1, 1987 to December 31, 1988.

ARTICLE 26

DETERMINATION, APPROPRIATION AND DISTRIBUTION OF PROFITS

After the deduction of amortisation and provisions, any credit balance on the profit and loss account, summarising the revenues and charges for the year, represents the profit for the year.

Five percent shall be deducted from profits, after deduction of any previous losses, and appropriated to the legal reserve fund. This is no longer compulsory when the legal reserve reaches one-tenth of the registered capital. This deduction shall be resumed if for any reason the legal reserve falls below this one-tenth.

Distributable income shall comprise the year's profits plus retained earnings brought forward, minus previous losses and amounts credited to reserves, as required by law and these Articles of Incorporation.

This income shall be distributed between all shareholders in proportion to the number of shares they each own.

However, after deduction of the appropriations to reserves required by law, the General Meeting may appropriate any amount it deems necessary to any optional ordinary or extraordinary reserve funds, or carry it forward to future years.

Dividends are primarily taken out of the year's profits. The General Meeting may, in addition, decide to appropriate sums from available reserves, provided it explicitly specifies the reserves in question.

The Ordinary General Meeting of Shareholders may grant shareholders, in respect of all or part of the dividend and interim dividend, the option of taking the dividend and interim dividend in the form of either cash or shares.

Except in the case of a reduction in capital, no distribution to shareholders shall be allowed if the effect is or would be to reduce shareholders' equity below the amount of capital plus reserves required by the law and by these Articles of Incorporation for any distribution to be permitted. Revaluation reserves are not distributable but can be partially or fully incorporated into capital.

Any loss shall be carried forward, following the General Meeting's approval, and shall be deducted from the profits of subsequent years until such time as it is extinguished.

ARTICLE 27

DISSOLUTION-LIQUIDATION

Apart from dissolution provided for by law, the company shall be dissolved on expiry of the term as defined in the Articles of Incorporation or by the decision of the Extraordinary General Meeting of Shareholders.

One or several liquidators shall then be appointed by this Extraordinary General Meeting acting under the quorum and majority conditions stipulated for Ordinary General Meetings.

The liquidator shall represent the company. He shall be invested with the widest powers to realise the assets, even by private treaty. He shall be authorised to pay creditors and distribute the remaining balance.

The General Meeting of Shareholders may authorise him to continue any ongoing business or to undertake new business transactions for the purposes of liquidation.

The net assets remaining after repayment of the shares at their par value shall be distributed between the shareholders in the same proportions as their interest in capital.

ARTICLE 28

DISPUTES

All disputes in connection with company matters arising during the company's existence or during liquidation, either between the shareholders and the company or the members of its Board, or between the company and the members of its Board, or between the shareholders themselves and relating to company matters, will be referred to the competent courts of the registered office.

6.2 LEGAL ENVIRONMENT

6.2.1 OWNERSHIP STRUCTURE

Under the terms of Article 39 of Act 86-1067 of September 30, 1986 as amended, an individual or entity, acting alone or with others, shall not hold, directly or indirectly, more than 49% of the capital or voting rights of a company licensed to operate a domestic free-to-air terrestrial television service whose average annual audience (terrestrial, cable and satellite combined) is above 8% of the total television audience. A Council of State decree must define how channel audiences are to be calculated.

Under the terms of Article 39 of Act 86-1067 of September 30, 1986 as amended, when an individual or entity holds, directly or indirectly, more than 15% of the capital or voting rights of a company licensed to operate a national free-to-air television service, the same individual or entity shall not hold, directly or indirectly, more than 15% of the capital of another company holding a similar authorisation.

Under the terms of Article 40 of Act 86-1067 of September 30, 1986 as amended, no individual or entity of foreign nationality shall purchase an interest leading to foreign nationals holding, directly or indirectly, more than 20% of the capital of a company licensed to operate a domestic free-to-air television service.

Under the terms of Article 41 of the Act of September 30, 1986, as amended by the Act of July 9, 2004, one and the same person can hold, directly or indirectly, a maximum number of seven authorisations for a domestic free-to-air digital television service.

6.2.2 LICENCE CONDITIONS

TF1 is an audiovisual communications service subject to licence. The initial period of licence for use of frequencies, for a duration of 10 years from April 4, 1987 (Act of September 30, 1986), expired in 1997.

By reason of decision no. 96–614 of September 17, 1996, TF1 received a first renewal of its licence on April 16, 1997, without other candidates being considered, for five years.

In compliance with Article 28–1 of the Act of September 30, 1986, as modified by the Act of August 1, 2000, TF1 benefited from a second "automatic" renewal of its licence for the years 2002 to 2007, by decision of the CSA (the French audiovisual regulatory body) on November 20, 2001.

Under the terms of Article 82 of the Act of September 30, 1986, as amended, this authorisation can be automatically extended for five years (to 2012), by reason of the simultaneous broadcasting ("simulcast") of the channel's programmes by digital terrestrial transmission. By a decision of June 10, 2003, the CSA has modified TF1's licence in order to incorporate the provisions relating to the broadcasting of programmes on Digital Terrestrial Television.

Under the terms of Article 99 of the Act of September 30, 1986, as amended by Act 2007-309 of March 5, 2007, this authorisation is automatically extended for five years provided the channel is a member of a public interest group responsible for implementing the measures to discontinue analogue broadcasting and to ensure continued reception of the channels by viewers; on April 26, 2007, TF1 signed the agreement creating said public interest group.

Furthermore, under the terms of Article 96-2 of the Act of September 30, 1986, as amended by Act 2007-309 of March 5, 2007, this authorisation is also automatically extended by five years as of the discontinuation of analogue broadcasting provided the channel commits to ensuring the broadcasting of its programmes *via* digital free-to-air transmission to 95% of the French population. TF1 has already made this commitment to the CSA.

Consequently, the TF1 licence, according to the Act of March 5, 2007, stands as follows:

1. the term of the TF1 authorisation: 2012;
2. extension of the authorisation by 5 years under Article 99: 2017;
3. extension of the authorisation by 5 years under Article 96-2: 2022.

6.2.3 MAIN LEGAL PROVISIONS AND OBLIGATIONS

THE TEXTS

- Contract conditions set forth by Decree no. 87–43 of January 30, 1987 and the Decision regarding licensed use of frequencies of November 20, 2001, given to Télévision Française 1, complemented by the decision of June 10, 2003 and extended by the decision of February 20, 2007;
- Act 86-1067 of September 30, 1986 amended by act 94–88 of February 1, 1994, by Act 2000-719 of August 1, 2000, by Act 2005-102 of February 11, 2005, by Act 2007-309 of March 5, 2007, and by Act 2009-258 of March 5, 2009;

- European Directive on Television Without Borders of October 3, 1989 amended (latest amendment on December 11, 2007);
- Decree no. 2010-747 of July 2, 2010 on the contribution to the production of cinematographic and audiovisual works for terrestrial broadcast;
- Decree no. 90–66 of January 17, 1990, as amended by Decree no. 92–279 of March 27, 1992, by Decree no. 2001-1330 of December 28, 2001 and by Decree no. 2009-1271 of October 21, 2009 (broadcasting obligation);
- Decree no. 92–280 of March 27, 1992 as amended by Decree no. 2001-1331 of December 28, 2001, by Decree no. 2003-960 of October 7, 2003 and by Decree no. 2008-1392 of December 19, 2008 (obligations relating to advertising and sponsorship).

In terms of general obligations concerning broadcasting and investment in production, the main prevailing provisions are the following:

- a maximum of 192 cinema films per year may be broadcast, of which a maximum of 104 shall begin between 8.30pm and 10.30pm No cinema film shall be broadcast on Wednesday and Friday evenings, Saturday all day, or Sunday before 8.30pm;
- broadcasting quotas apply for the whole broadcasting time and for peak viewing hours, to cinema and audiovisual works. 60% of broadcast material shall be of European origin and 40% of French origin;
- a minimum of two-thirds of the annual broadcasting airtime shall be devoted to French-speaking programmes;
- obligation to broadcast annually a minimum of 1,000 hours of children's programmes including 50 hours of magazines and documentaries;
- obligation to broadcast annually 800 hours of television news bulletins and television news magazines;
- obligation to commission audiovisual products: invest 12.5% of the previous year's net annual advertising turnover for the commissioning of national heritage audiovisual works, of which at least 9.25% from independent producers, and to broadcast 120 hours of French-speaking or European unreleased audiovisual works (including 30 hours of rebroadcast), starting between 8pm and 9pm;
- obligation to invest 0.6% of the previous year's net advertising turnover for the commissioning of French-speaking and European cartoons (obligation as to French-speaking content included in the previous 12.5%), including at least 0.45% by independent producers;
- obligation to invest 3.2% of the previous year's net annual advertising turnover (with at least 2.5% dedicated to French-speaking cinema works and at least 75% commissioned from independent producers) in the co-production of European cinema works. This investment is to be achieved through a subsidiary of the broadcaster (TF1 Films Production) operating as a minority participator. The co-production element must be approximately equal to the broadcasting right element;
- obligation, within a period of five years following the publication of Act 2005-102 of February 11, 2005, to make accessible to the deaf and hearing-impaired all of the channel's programmes, with the exception of advertising. It is to be noted that the CSA (French audiovisual industry regulator) may exempt a section of programming from this obligation due to its nature (this concession is included in the agreement).

Respect of these legal obligations is monitored. The CSA can impose fines in compliance with the provisions of Articles 42 to 42-11 of the above Act of September 30, 1986.

In view of the need to protect children and young people, the TF1 channel has committed to adopt a 5-category signage code enabling viewers to gauge the acceptability of broadcast programmes.

6.2.4 HIGH DEFINITION AND PERSONAL MOBILE TELEVISION

On July 3, 2007 the French audiovisual industry regulator CSA launched a tender for candidates for the use of a radio-electric resource dedicated to broadcasting nationwide high-definition Digital Terrestrial Television services.

On November 21, 2007 the CSA selected TF1. The TF1 agreement was subsequently modified on May 6, 2008 (published in the Official Journal on May 31, 2008).

On November 8, 2007 the CSA launched a tender for candidates for personal mobile television (PMTV) services. On May 27, 2008, the CSA selected 13 candidates, including TF1. On February 14, 2012 the CSA withdrew the PMTV licences, including TF1's.

The CSA issued a call for candidates on October 27, 2011 for six new high-definition terrestrial television channels (in DVB-T MPEG 4) on the R7 and R8 multiplexes. Authorisations have been granted in first-half 2012 for a launch in late 2012. On launch, the new channels have been accessible *via* terrestrial broadcast for roughly 25% of the population. In the long term, by no later than 2014 according to the CSA schedule, they will be accessible for over 95% of the population.

6.3 CAPITAL

Relating to Article 6 of the Articles of Incorporation.

6.3.1 AMOUNT/CATEGORY OF SHARES

The corporation's capital structure is €42,252,002.60, divided into 211,260,013 shares with a par value of €0.20.

At February 18, 2014, 211,294,513 shares with a par value of €0.20, were in circulation following the exercise of options.

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 or preferred dividend shares.

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 2013 OF THE SHARE BUYBACK PROGRAMMES VOTED BY THE COMBINED ANNUAL GENERAL MEETINGS OF 2012 AND 2013

The Combined Annual General Meetings of April 19, 2012 and April 18, 2013 authorised the Board of Directors to buy shares in the company up to a limit of 5% 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 Meetings of April 19, 2012 and April 18, 2013 authorised the Board of Directors to reduce the share capital by cancelling purchased shares, up to a limit of 5% of the share capital per 24-month period.

Under the aforementioned authorisations, TF1 acquired 368,684 TF1 shares in 2013 at the weighted average price of €8.85 per share, for a total cost of €3.3 million, of which €9,139 in trading fees after corporate tax and TTF tax.

It cancelled all of the shares bought by the company February 19, 2013 and November 7, 2013, the second cancellation bringing the number of shares and voting rights to 211,093,892.

The table below, drawn up in compliance with Article L. 225-211 of the Commercial Code, recapitulates the transactions made as part of these authorisations.

TRANSACTIONS BY TF1 ON ITS OWN SHARES IN 2013

	Number of shares	Par value	Percentage of share capital
Number of shares held by the company on December 31, 2012	**0**	**€0**	**0%**
Number of shares purchased in the year	368,684 (2)	€73,737	0.18%
Number of shares cancelled in the year	(368,684) (3)	€(73,737)	0.18%
Number of shares sold in the year	-	-	-
Number of shares transferred in the year (1)	-	-	-
Purchase from third parties holding more than 10% of the share capital or from executives in the year	-	-	-
Number of shares held by the company on December 31, 2013	**-**	**-**	**-**
Book value of shares held by the company on December 31, 2013	-	-	-
Portfolio value on December 31, 2013 on the basis of the closing price of the share on that date	-	-	-

(1) *Exercise of options granted to employees, debt instruments giving access to capital, and others.*
(2) *Includes 368,684 shares purchased under the 8th resolution approved by the Annual General Meeting of April 19, 2012.*
(3) *Includes 338,684 shares cancelled under the 9th resolution approved by the Annual General Meeting of April 19, 2012, and 30,000 shares cancelled under the 18th resolution approved by the Annual General Meeting of April 18, 2013.*

Under the authorisations provided at the Combined General Meeting of February 18, 2013, TF1 did not acquired any shares on the market between January 1, 2014 and February 18, 2014.

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.

DETAIL OF TRANSACTIONS BY PURPOSE

	Number of shares	Par value	Percentage of share capital
Share cancellation			
Number of shares cancelled in 2013	368,684	€73,737	0.18%
Number of shares cancelled in 2014 – as at 18/02/2014	-	-	-
Reallocations to other objectives	-	-	-
Liquidity contract	-	-	-

The authorisation to buy back shares granted by the Combined Annual General Meeting of April 18, 2013 expires on October 18, 2014. Accordingly, a proposal will be submitted to the next Annual General Meeting on April 17, 2014 to renew that authorisation in compliance with the methods described below.

TRADING IN TF1 SHARES IN 2013 BY SENIOR MANAGERS OR BY THE PERSONS REFERRED TO IN ARTICLE L. 621-18-2 OF THE MONETARY AND FINANCIAL CODE

Person making the transaction	Title	Operation	Type of transaction	Number of transactions	Number of shares	Amount *(in euros)*
Nonce Paolini	Chief Executive Officer	Personal trading	Exercise	1	50,000	€299,000.00
			Sale	1	46,050	€639,542.40
Philippe Denery	Executive Vice President, Group Strategy, Purchasing and Finance	Personal trading	Exercise	2	25,000	€149,500.00
			Sale	1	15,000	€208,317.00

6.3.3 DESCRIPTION OF THE NEW SHARE BUYBACK PROGRAMME SUBMITTED FOR VOTE TO THE COMBINED ANNUAL GENERAL MEETING ON APRIL 17, 2014

Pursuant to Articles 241–1 and 241-3 of the AMF General Regulation and in accordance with European Regulation 2273/2003 of December 22, 2003, the company hereby provides a description of the share buyback programme that will be submitted for the approval of the Combined Annual General Meeting on April 17, 2014.

MAXIMUM PERCENTAGE OF CAPITAL – MAXIMUM NUMBER AND CHARACTERISTICS OF THE SHARES THAT THE COMPANY IS PROPOSING TO ACQUIRE – MAXIMUM PURCHASE PRICE

The Board of Directors has decided to ask the authorisation to buy 10% of the capital, with regard to the use of financial delegations.

TF1 will be empowered to acquire 10% of the total number of shares making up its share capital at the buyback date. As an illustration, based on the number of outstanding shares on February 18, 2014, this would amount to 21,129,451 shares.

TF1 has set the maximum amount allocated to the programme at €300 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 18, 2014, the company owns none of its shares. It has no open position on derivatives.

GOALS OF THE BUYBACK PROGRAMME

Shares bought back under the programme may be used for the following purposes:

- cancel shares under the conditions provided for by law, subject to authorisation from the Extraordinary General Meeting;
- allocate or transfer shares to employees or corporate officers of the company or of related companies, in accordance with the requirements and procedures provided for by law, and particularly in connection with profit-sharing or stock option plans, or through the allocation of bonus shares, or *via* company or intercompany savings schemes;
- ensure liquidity and make a market in the company's shares, through an investment services provider operating within the framework of a liquidity agreement that complies with an AMF-recognised Code of Conduct;
- hold shares and, as the case may be, use them as a means of payment or exchange in the event of an acquisition, merger, split-off or contribution, in accordance with AMF-recognised market practices and applicable regulations;
- hold shares and, as the case may be, allocate them following the exercise of rights attached to securities giving entitlement to the allocation of bonus shares in the company *via* redemption, conversion, exchange, presentation of a warrant or in any other way;
- implement any market practice accepted by the AMF and, more generally, conduct any transaction that complies with current regulations.

Shares may be acquired, sold, transferred or exchanged by any means allowed by the current regulations, *i.e.* on- or off-exchange, including on multilateral trading systems or on systematic internalisers, or 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 €25 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 10% of the share capital at that same date.

DURATION OF THE BUYBACK PROGRAMME

Eighteen months starting from the Combined Annual General Meeting of April 17, 2014.

6.3.4 AUTHORISATIONS AND FINANCIAL DELEGATIONS

FINANCIAL DELEGATIONS AND AUTHORISATIONS STILL IN EFFECT

In accordance with Article L. 225-100 of the Commercial Code, the following table summarises the delegations and authorisations still in effect and granted by the General Meeting to the Board of Directors, and the use made of such delegations and authorisations in full year 2013.

Within the framework of the Combined General Meeting on April 18, 2013, the maximum nominal amount of immediate and/or deferred capital increases that can be made by virtue of authorisations granted is fixed at €8.4 million with pre-emptive rights and €4.2 million without pre-emptive rights. The overall ceiling on financial delegations is €8.4 million, *i.e.* 20% of the company's capital at April 18, 2013.

Alongside this overall ceiling, a sub-ceiling of €4.2 million, or 10% of the capital at April 18, 2013, is applicable and is shared with other issues depending on the type of transactions planned. These possibilities are limited by the overall ceiling. The maximum nominal amount of debt securities that may be issued under the authorisations would be €900 million.

The following amounts will be deducted from the sub-ceiling:

- issues without pre-emptive rights (21st and 22nd resolutions of General Meeting of April 18, 2013 – capital increase without pre-emptive rights through the issuance of shares or securities *via* public offer or private placement);
- additional issues by application of the green-shoe clause, if the issue is organised without subscription rights (24th resolution of General Meeting of April 18, 2013);
- issues for in-kind contributions (25th resolution of General Meeting of April 18, 2013);
- issues for contributions of shares (26th resolution of General Meeting of April 18, 2013).

In regards to the capital increases reserved for salaried employees and/or corporate officers adhering to a company savings plan, an independent ceiling of 2% of the share capital is planned.

A common overall ceiling equal to 3% of the share capital is provided for share subscription options (28th resolution of General Meeting of April 14, 2011) and performance shares (29th resolution of General Meeting of April 14, 2011).

The authorisations for share purchases and capital reduction granted by the Annual General Meeting of April 18, 2013 expire in 2014. Authorisations to grant options and award performance shares granted by the Annual General Meeting of April 14, 2011 also expire in 2014.

Authorisation	Maximum nominal amount of capital increases	Maximum nominal amount of debt instruments	Authorisation valid	Time remaining(1)	Combined Annual General Meeting	Resolution no.	Use made of authorisation during the year
Share buyback and reduction of share capital							
Purchase by the company of its own shares	5% of capital		18 months	6 months	18/04/2013	17	This authorisation was not used
Capital reduction through cancellation of shares	5% of capital per 24-month period		18 months	6 months	18/04/2013	18	30,000 shares were cancelled(2)
Issuance of securities							
Capital increase with PR(3) through issuance of shares or securities	€8.4 million	€900 million	26 months	14 months	18/04/2013	19	This authorisation was not used
Capital increase through incorporation of issuance premiums, profits or reserves	€400 million		26 months	14 months	18/04/2013	20	This authorisation was not used
Capital increase without PR(3) through issuance of shares or securities by public offer	€4.2 million	€900 million	26 months	14 months	18/04/2013	21	This authorisation was not used
Capital increase without PR(3) through issuance of shares or securities in connection with a private placement	€4.2 million	€900 million	26 months	14 months	18/04/2013	22	This authorisation was not used
Setting of issue price, without PR(3), of shares or securities	10% of capital		26 months	14 months	18/04/2013	23	This authorisation was not used
Increase in the number of securities to be issued in the event of a capital increase with or without PR(3)	15% of initial issue		26 months	14 months	18/04/2013	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	18/04/2013	25	This authorisation was not used
Capital increase without PR(3) to remunerate securities tendered as part of a public exchange offer	€4.2 million	€900 million	26 months	14 months	18/04/2013	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	2 months	14/04/2011	28	This authorisation was not used
Free allotment of existing performance shares or shares to be issued in the future	3% of capital		38 months	2 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	18/04/2013	28	This authorisation was not used

(1) As from the vote of the AGM on April 17, 2014.
(2) 30,000 shares cancelled on November 7, 2013.
(3) PR: pre-emptive rights.

FINANCIAL DELEGATIONS AND AUTHORISATIONS SUBMITTED TO THE 2014 COMBINED ANNUAL GENERAL MEETING

The financial authorisations and delegations granted by the Annual General Meetings in 2011 and 2013 are reviewed here above.

The financial authorisations and delegations granted by the Combined General Meeting on April 18, 2013 will not expire prior to the Annual General Meeting in 2015, except the authorisations to buy back shares and to reduce the capital by cancelling shares, covered by the 17th and 18th resolutions which expire on October 18, 2014.

The authorisations to grant options and performance share allotments, covered by the 28th and 29th resolutions of the Combined Annual General Meeting on April 14, 2011, allowing the Board of Directors to proceed to a capital increase, in one or several times, to the benefit of the employees members and/or corporate officers, of both TF1 company and its related companies and economic interest group, mature this year and will expire on June 14, 2014.

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 17, 2014.

From the day they are approved by the Annual General Meeting, the various delegations and authorisations will replace, for their uncommitted portion where such is the case, those granted at an earlier date for the same purpose.

These new delegations are in the same vein as similar ones authorised by previous AGMs and are consistent with usual practice and recommendations concerning amounts, ceiling and duration.

Note that the company is not allowed to buy back its own shares during a public purchase, exchange or standing market offer. Moreover, derivatives could be used for these purchases. The Annual General Meeting has decided that the conditions offered by this way could be in the financial interest of the company and shareholders. In fact, the ceiling has been improved from 5% to 10% as the amount allocated, of €150 million to €300 million, to let a larger amplitude to the Board.

A common overall cap for issues reserved for salaried employees and managers remains provided for share options (11th resolution) and performance shares (12th resolution) and is set at 3% of capital. The 11th and 12th resolutions provides the setting of the conditions by the Annual General Meeting, especially the sub-ceiling as limits not to be exceeded for shares and options attributed to corporate officers, and performance criteria applicable to all beneficiaries.

Authorisation	Maximum nominal amount of capital increases	Validity of authorisation	Time remaining*	Combined Annual General Meeting	Resolution no.
Share buybacks and capital reduction					
Purchase by the company of its own shares	10% of capital	18 months	18 months	17/04/2014	9
Capital reduction through cancellation of shares	10% of capital per 24-month period	18 months	18 months	17/04/2014	10
Issues reserved for employees and managers					
Granting of share subscription and/or purchase options	3% of capital	38 months	38 months	17/04/2014	11
Allotment of performance shares, whether existing or to be issued	3% of capital	38 months	38 months	17/04/2014	12

(1) Effective as from the vote of the AGM of April 17, 2014.

6.3.5 POTENTIAL CAPITAL

As of February 18, 2014, the only potentially exercisable TF1 options were those in plan 11 (*i.e.* those no longer in lock-up period and whose exercise price was lower than the market price at that date), *i.e.* 672,013 remaining outstanding stock options (0.3% of the share capital).

There is no other form of potential capital.

Options remaining valid appear in chapter 2, note 2.3.2, page 65 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 18, 2014

Date	Corporate action	No. shares	Increase/decrease in capital *(in euros)* Nominal	Prime	Total share capital after increase *(in euros)*	New shares outstanding
20/02/2007	Cancellation of shares bought by the company	(251,537)	(50,307)	-	42,774,118	213,870,592
From 24/01/2007 to 16/07/2007	Exercise of share options in plan no. 7 at €20.20	339,900	67,980	6,798,000		
	Exercise of share options in plan no. 7 at €21.26[(1)]	100,000	20,000	2,106,000	42,862,098	214,310,492
12/11/2007	Cancellation of shares bought by the company	(900,000)	(180,000)	-	42,682,098	213,410,492
From 17/05/2011 to 19/08/2011	Exercise of share options in plan no. 11 at €5.98	8,311	1,662	48,038	42,683,760	213,418,803
10/11/2011	Cancellation of shares bought by the company	(2,388,600)	(477,720)	-	42,206,040	211,030,203
21/11/2011	Exercise of share options in plan no. 11 at €5.98	2,800	560	16,184	42,206,600	211,033,003
15/02/2012	Cancellation of shares bought by the company	(100,000)	(20,000)	-	42,186,600	210,933,003
13/11/2012	Cancellation of shares bought by the company	(311,682)	(62,336)	-	42,124,264	210,621,321
19/12/2012	Exercise of share options in plan no. 11 at €5.98	3,000	600	17,340	42,124,864	210,624,321
16/01/2013	Exercise of share options in plan no. 11 at €5.98	1,946	389	11,248	42,125,253	210,626,267
19/02/2013	Cancellation of shares bought by the company	(338,684)	(67,737)	-	42,057,517	210,287,583
From 25/03/2013 to 04/11/2013	Exercise of share options in plan no. 11 at €5.98	836,309	167,262	4,833,866	42,224,778	211,123,892
07/11/2013	Cancellation of shares bought by the company	(30,000)	(6,000)	-	42,218,778	211,093,892
From 08/11/2013 to 31/12/2013	Exercise of share options in plan no. 11 at €5.98	166,121	33,224	960,179	42,252,002	211,260,013
From 15/01/2014 to 20/01/2014	Exercise of share options in plan no. 11 at €5.98	34,500	6,900	199,410	42,258,903	211,294,513

(1) The 5% discount was not applied to stock options awarded to Executive Directors

6.4 OWNERSHIP STRUCTURE

6.4.1 MANAGEMENT OF TF1 SHARES

TF1, as issuing company, manages its own registrar and paying agent services.

6.4.2 SHAREHOLDERS' AGREEMENTS

TF1 has signed several shareholders agreements, the most significant of which are:

SHAREHOLDERS' AGREEMENTS WITH GROUPE AB

Since 2007 the TF1 group had held a 33.5% interest in the AB Group, which in turn held investments including a 40% interest in TMC and a 100% interest in NT1. TF1 also held a 40% direct interest in TMC, acquired in 2005.

On June 11, 2010, TF1 and the AB Group finalized the implementation of the agreement signed on June 10, 2009, as a result of which TF1 acquired from the other AB Group shareholders their remaining 66.5% stake in the AB Group's 40% interest in TMC and the 100% interest in NT1 held by the AB Group, for a total price of €194.9 million. As a result, the TMC and NT1 channels have been fully consolidated by the TF1 group since July 1, 2010.

TF1 has retained the same interest in the other activities of the AB Group (33.5%) as it held prior to this transaction, since the call option on this stake granted to the Groupe AB management team (Port Noir) at €155 million was unexercised when it expired on June 12, 2012.

TF1, Port Noir Investment and Claude Berda signed an agreement on their shareholding in the newly formed company Groupe AB. The salient points of agreement are as follows:

- TF1 is entitled to appoint a number of members to Groupe AB's Boards that is proportional to its holding, *i.e.* one-third of the members;
- TF1 has a pre-emptive right in the event of disposal of Groupe AB's assets or key business rights or of any ownership interests that the company might sell;
- TF1 has a joint right of disposal, notably if the controlling interest in Groupe AB is sold.
- Moreover, TF1 is committed to grant a squeeze-out right to Claude Berda under certain conditions, by means of an amendment (to be concluded) to the pact dated January 11, 2010.

SHAREHOLDERS' AGREEMENT FOR EUROSPORT, DECEMBER 21, 2012[1]

On December 21, 2012 TF1 and Discovery Communication finalised implementation of the exclusive negotiation agreement signed on November 13, 2012, whereby Discovery (Discovery France Holdings SAS, a subsidiary of Discovery Communications Inc., Delaware, USA) took a 20% interest in Eurosport SAS (which now holds 100% of the capital of the French channels, including Eurosport France SAS [the company holding a pay-to-view digital terrestrial TV licence and Eurosport's foreign subsidiaries], for approximately €170 million in cash).

TF1 and Discovery Communications signed an acquisition agreement and a shareholders' agreement concerning their holding in Eurosport SAS. The main provisions of those agreements are as follows:

- Discovery Communications has the right to appoint two of the seven members of the Board of Directors of Eurosport SAS, the Chairman of which is appointed from the Directors designated by TF1;
- Discovery Communications has the right, for one year starting December 21, 2014, to acquire 31% of Eurosport SAS, the parent company of the Eurosport group, thereby holding 51% of the company's capital;
- if Discovery Communications exercises that right, TF1 would have the right to sell the remainder of its holding in Eurosport SAS to Discovery Communications, *i.e.* 49% of the capital, for a period of one year starting from Discovery Communications' acquisition;
- Eurosport SAS securities cannot be transferred until Discovery's option exercise period expires.

This agreement does not alter the control of the channels belonging to Eurosport SAS.

SHAREHOLDERS' AGREEMENT ON PAY-TO-VIEW THEME CHANNELS, DECEMBER 21, 2012

On December 21, 2012 TF1 and Discovery Communication finalised implementation of the exclusive negotiation agreement signed on November 13, 2012, whereby Discovery (Discovery France Holdings SAS, a subsidiary of Discovery Communications Inc., Delaware, USA)

(1) *Following the agreements signed on January, 21 between TF1 group and Discovery Communications group, commitments made are detailed in note 5.1 to the Parent company financial statements on page 192 of the present registration document and annual financial report.*

took a 20% interest in Préfas 18 SAS (which now holds 100% of the capital of the theme channels TV Breizh, Ushuaia, Stylía and Histoire) for approximately €14 million in cash.

TF1 and Discovery signed an acquisition agreement and a shareholders' agreement concerning their holding in Préfas 18 SAS. The main provisions of those agreements are as follows:

- Discovery has the right to appoint two of the seven members of the Board of Directors of Préfas 18 SAS, the Chairman of which is appointed from the Directors designated by TF1;
- Discovery Communications has the right, for one year starting December 21, 2014, to acquire 29% of the capital of the pay-to-view theme channels, thereby holding 49%;
- if Discovery Communications acquires 31% of Eurosport SAS (see above) but does not acquire the 29% stake in the capital of the pay-to-view theme channels, TF1 can sell Discovery Communications 15% of the capital of the pay-to-view theme channels, thus giving Discovery Communications a 35% ownership interest;
- Préfas 18 SAS securities cannot be transferred until Discovery's option exercise period expires.

This agreement does not alter the control of TV Breizh, Ushuaia, Stylía and Histoire.

6.4.3 ACTION IN CONCERT

There is no concerted action to report relative to TF1.

6.4.4 SHAREHOLDERS AND OWNERSHIP STRUCTURE

CHANGE IN SHARE OWNERSHIP STRUCTURE

To the best knowledge of the Board of Directors, the company's share ownership is broken down as follows:

	December 31, 2013			December 31, 2012			December 31, 2011		
	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	43.5%	43.5%	91,946,297	43.7%	43.7%	91,946,297	43.6%	43.6%
Free float – rest of world(1)	78,671,183	37.2%	37.2%	76,846,349	36.5%	36.5%	76,953,711	36.5%	36.5%
Free float – France(1)(2)	25,934,835	12.3%	12.3%	26,570,241	12.6%	12.6%	28,873,082	13.7%	13.7%
TF1 employees	14,707,698	7.0%	7.0%	15,261,434	7.2%	7.2%	13,159,913	6.2%	6.2%
via the FCPE TF1 fund(3)	*14,543,101*	*6.9%*	*6.9%*	*15,176,013*	*7.2%*	*7.2%*	*13,071,427*	*6.2%*	*6.2%*
as registered shares	*164,597*	*0.1%*	*0.1%*	*85,421*	*0%*	*0%*	*88,486*	*0%*	*0%*
Treasury shares	-	-	-	-	-	-	100,000	0.05%	0.05%
TOTAL	**211,260,013**	**100.0%**	**100.0%**	**210,624,321**	**100.0%**	**100.0%**	**211,033,003**	**100.0%**	**100.0%**

(1) Estimates by Euroclear.
(2) Including non-identified holders.
(3) 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.

The number of shareholders is estimated at more than 100,000.

There is no difference between the total number of theoretical voting rights and the total number of voting rights that may be exercised in the Annual General Meeting.

Date	Number of shares making up the share capital	Total number of voting rights	
		Theoretical[(1)]	Exercisable[(2)]
December 31, 2013	211,260,013	211,260,013	211,260,013
December 31, 2012	210,624,321	210,624,321	210,624,321
December 31, 2011	211,033,003	211,033,003	210,933,003

(1) In compliance with Article 223-11 of the AMF General Regulation, the number is based on the total number of shares to which voting rights are attached, including shares from which voting rights have been stripped.
(2) For information, this number excludes non-voting shares.

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, 2013.

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 2013, including the legal notifications brought to the notice of the AMF, were as follows.

Date of notification	Date of operation	Listed intermediary or fund manager	By-law or legal threshold	Change in shareholding	Number of shares	% of capital	Total number of votes	% of total votes
20/02/2013	18/02/2013	Manning & Napier Advisors, LLC	10%	Down	20,976,474	9.96%	20,976,474	9.96%
09/04/2013	05/04/2013	UBS AG	1%	Up	2,415,329	1.15%	2,415,329	1.15%
17/04/2013	15/04/2013	UBS AG	2%	Up	4,287,561	2.04%	4,287,561	2.04%
19/04/2013	17/04/2013	UBS AG	2%	Down	4,071,295	1.94%	4,071,295	1.94%
24/04/2013	22/04/2013	UBS AG	2%	Up	4,546,997	2.16%	4,546,997	2.16%
09/05/2013	07/05/2013	UBS AG	1%	Down	1,785,871	0.85%	1,785,871	0.85%
13/05/2013	09/05/2013	UBS AG	1%	Up	2,171,202	1.03%	2,171,202	1.03%
14/05/2013	10/05/2013	UBS AG	1%	Down	1,969,103	0.94%	1,969,103	0.94%
08/07/2013	03/07/2013	Bestinver	2%	Down	4,175,037	1.98%	4,175,037	1.98%
10/07/2013	05/07/2013	Classic Fund Management AG	1%	Up	2,152,071	1.02%	2,152,071	1.02%
30/09/2013	25/09/2013	Bestinver	1%	Down	1,897,049	0.90%	1,897,049	0.90%
14/10/2013	08/10/2013	Classic Fund Management AG	1%	Down	2,024,281	0.96%	2,024,281	0.96%
18/10/2013	16/10/2013	UBS AG	1%	Up	2,743,488	1.30%	2,743,488	1.30%
18/10/2013	18/10/2013	Artisan Partners	3%	Down	5,977,370	2.83%	5,977,370	2.83%
28/10/2013	25/10/2013	DNCA Finance	1%	Down	1,988,000	0.94%	1,988,000	0.94%
07/11/2013	06/11/2013	Manning & Napier Advisors, LLC	5%	Down	10,515,449	4.98%	10,515,449	4.98%
22/11/2013	20/11/2013	UBS AG	2%	Up	5,267,556	2.50%	5,267,556	2.50%
02/12/2013	28/11/2013	DNCA Finance	1%	Up	2,114,000	1.00%	2,114,000	1.00%
19/12/2013	18/12/2013	Amundi Asset Management	2%	Up	4,243,674	2.01%	4,243,674	2.01%

To the best knowledge of the company, there are no shareholders other than Bouygues, FCPE TF1 Actions 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 6.9% of the capital at December 31, 2013.

6.5 STOCK MARKET INFORMATION

6.5.1 DESCRIPTION OF TF1 SHARES

TF1 shares are quoted on Euronext Paris, compartment A.

ISIN code: FR0000054900, CFI: ESVUFB, ICB: 5553 – Audiovisual and entertainment, Mnemonic: TFI.

At December 31, 2013, TF1 shares were included in the following stock market indices: SBF 120, EURO STOXX® TMI Media, STOXX® Europe 600, CAC MID 60, NEXT 150® and CAC Média.

TF1 shares are also included in the following Environmental, Social and Governance (ESG) indices: FTSE4Good Index, Euronext FAS IAS, Ethibel EXCELLENCE EURO, Dow Jones Sustainability World Index, Dow Jones Sustainability Europe Index (Dow Jones Sustainability Indexes).

There is currently no request for admission to another stock exchange.

6.5.2 PRICE AND VOLUMES

At December 31, 2013, TF1 closed at €14.01, a year-on-year increase of 58%, compared with gains of 18% for the CAC 40 index and 19% for the SBF 120.

Media indices also advanced during 2013, with gains of 34% for Euro STOXX® Media and 23% for the CAC Média.

In 2013, daily turnover of TF1 shares(2) averaged out at 336,777, down 33% on 2012. The biggest turnover day of the period was October 24, when 1,746,426 shares(2) were traded.

The stock market valuation of the TF1 group was €3.0 billion at December 31, 2013. PER (based on net income Group share) was 21 compared with 14 at December 30, 2012.

TF1 (ISIN code: FR0000054900) share price and transaction volumes over the year:

	Highest(1)	Lowest(1)	Last		
Month	Euros	Euros	Euros	Number of shares traded(2)	Capitalisation(3) *(€m)*
January	9.34	8.54	8.90	264,299	1,875
February	9.59	8.20	8.62	426,780	1,812
March	9.20	8.21	8.75	222.233	1,839
April	8.80	7.51	8.03	269,161	1,690
May	8.85	7.63	8.76	295,905	1,844
June	9.39	8.45	9.19	332,341	1,936
July	11.80	9.15	11.13	339,154	2,345
August	11.51	10.03	10.09	187,522	2,126
September	13.49	10.14	12.87	486,348	2,715
October	14.40	12.83	14.20	562,835	2,984
November	14.40	13.09	13.75	312,651	2,903
December	14.16	12.65	14.01	331,205	2,960

Source: NYSE Euronext.
(1) The highest and lowest prices quoted refer to extreme values achieved during the session.
(2) Volumes exchanged refer to the average volume of 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 2013 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 shares as of December 31	Dividends* paid in the business year *(net in euros)*	Paid	Stock market price* *(in euros)* Closing price			Gross return based on last price
				Highest	Lowest	Last	
2009	213,410,492	0.43	May 3, 2010	12.9	5.2	12.9	3.3%
2010	213,410,492	0.55	April 26, 2011	14.6	10.2	13.0	4.2%
2011	211,033,003	0.55	May 2, 2012	15.0	7.1	7.5	7.3%
2012	210,624,321	0.55	April 30, 2013	9.6	5.3	8.9	6.2%
2013	211,260,013	0.55*	April 29, 2014	14.4	7.5	14.0	3.9%

* *Dividends submitted to General Meeting for approval on April 17, 2014.*

7

CORPORATE SOCIAL RESPONSIBILITY

FOREWORD

ISSUES AND COMMITMENTS

As a media group, public trust is a crucial issue for TF1. As such, the quality of the information produced and broadcast on the Group's channels and websites and the compliance of all its programmes with commitments made to the community are key issues in its societal impact. The importance of these issues, which the Group treats as a priority, is strengthened by TF1's unique position as a leading French audiovisual group by share of audience.

The Group's social responsibility policy is built on the application of ethical and responsible principles vis-à-vis the regulator, the public, customers, suppliers and employees. This policy applies both to corporate governance and to the Group's activities. In 2013, TF1 undertook to compile a set of documents formalising all principles and practices relating to ethics.

The TF1 group encourages the creativity and involvement of its employees, develops their skills, fosters their professional growth and offers them a high-quality working environment. As well as being evident in actions taken by the Human Resources Division, efforts to prevent discrimination and promote equal opportunities are reflected in the fact that every component of the society is represented in its programmes. The Group's continued efforts in this direction are demonstrated by its having secured and renewed the Diversity Label.

The Group integrates sustainable development issues into the design and use of its productions, products and innovations. The same applies to the management of its head offices.

The Group instils this approach into its value chain and, in particular, among its suppliers, through its responsible purchasing policy, which was extended in 2013 to cover the acquisition of audiovisual rights and purchases by Téléshopping.

TF1 plays a unifying role in the profession through the animation of the CSR Media Forum, which proposes French Media to develop sector indicators and best practices exchange. The «CSR Guide for the Media sector», the Group's first deliverable, has been presented during a public event at the beginning of March 2014. This Guide, along with news from the group, is available for consultation http://www.orse.org/nos_publications-52.html.

TF1 is also a founding partner of the Ecoprod collective, in order to integrate environmental concerns in audiovisual production activities (www.ecoprod.com).

An initial analysis of the TF1 group's economic contribution has been incorporated into the paragraph «Regional, economic and social impact», on page 267. A more comprehensive evaluation of the Group's societal impact and the risks associated with sector-specific challenges will be developed in 2014.

In 2013, the Remuneration Committee has decided to include a qualitative criterion linked to the Group's CSR performance (maintaining the presence of TF1 in at least three CSR stock market indices) in the remuneration of the Executive Director.

The Group's corporate social responsibility approach and the quality, completeness and transparency of associated reporting are intended to help strengthen stakeholder dialogue, win trust and secure buy-in so as to make the Group's actions more sustainable.

ORGANISATION

All areas of the Group work together across the social, environmental and societal aspects of the Group's corporate social responsibility (CSR) policy, coordinated by the CSR Department.

The CSR Department, which was set up in 2005 and has two full-time employees, falls under the responsibility of an Executive Vice President who is also responsible for the Technology and Information Systems Department. A high-level roadmap proposed by the CSR Department is signed off by the CSR Committee, which brings together all stakeholders annually.

All non-financial reporting is carried out in cooperation with the Investor Relations Department, supported by the Internal Control Department, the General Secretariat and the Legal Affairs Department. An update on the activities of the CSR Department is presented at each Meeting of the Board of Directors by the Chairman of the Board, Nonce Paolini.

The CSR Department can be contacted by e-mail at rse@tf1.fr.

STAKEHOLDERS IN AND CONTRIBUTORS TO CSR REPORTING WITHIN THE TF1 GROUP

Policy	CSR topics	Main TF1 Departments concerned
Coordination	All	CSR Department
Non-financial reporting	All	Investor Relations/CSR Department
Sign-off of actions	All	CSR Committee/Board of Directors
Social information	Employee/management dialogue, remuneration policy, forward-looking management of jobs and skills, health/ safety/security, equal opportunities, etc.	HR, Social Affairs, Group Disability/Diversity Officer
Social information	Raising employee awareness of CSR	CSR Department, Internal Communication
Environmental information	Environmental management of head offices, Green IT, Green IT, Ecoprod	Corporate Services, Information Systems, CSR Department
Societal information	Governments, business ethics, transparency	General Secretariat, Legal Department, Purchasing Department, Investor Relations Department
Societal information	Stakeholder dialogue Dialogue with the public	External communication, any department involved in a relationship, whether or not contractual
Societal information	Compliance of programmes, journalistic ethics	Channel management, Group News Department, Compliance Department
Societal information	Raising public awareness of major issues	News Department, TF1 programming units, themed channels
Societal information	Solidarity/diversity	Corporate Foundation, Solidarity Committee, Diversity Committee, Group Disability/Diversity Officer
Societal information	Responsible Advertising and Consumption	TF1 Publicité, CSR Department
Societal information	Responsible purchasing	Purchasing Department, Responsible Purchasing Committee
Other	Specific topics at subsidiaries	CSR correspondents at Metronews, Digital activities, TF1 Entreprises, Téléshopping

REFERENCE FRAMEWORKS GOVERNING GROUP CSR REPORTING AND IMPLEMENTATION OF THE "COMPLY OR EXPLAIN" PRINCIPLE

The Group's CSR report takes into account recommendations by the AMF as set out in the document "AMF report on social and environmental responsibility information published by listed companies" published on November 5, 2013.

Non-financial report covering the Group's social, environmental and societal responsibilities is presented in this registration document in accordance with the French regulatory requirements laid down in Decree 2012-557 of April 24, 2012 relating to Article 225 of the Grenelle 2 Act. The reporting requirement is linked to the requirement to obtain third party verification covering the required indicators. The Group's CSR information is to be audited for the second year running.

The Group's CSR report meets all criteria laid down in law, in accordance with the "comply or explain" principle.

A comprehensive report covering, in particular, the Group's sector-specific challenges, will be made available online at the Group's corporate website, www.groupe-tf1.fr/rse, in May 2014. This report will be prepared in accordance with version G4 of the Global Reporting Initiative media-specific reporting guidelines, with which TF1 will do its utmost to comply, in accordance with international best practice. The following documents will also be available on the site: the carbon emissions report required by law (Decree 2011-829 published on July 11, 2011) and the Group's CSR news.

REPORTING METHODOLOGY FOR NON-FINANCIAL INDICATORS

The method for defining and collecting social, environmental and societal indicators is covered by two methodological guides shared with contributors, correspondents within Bouygues SA's Sustainable Development Department and the independent third party organisation.

To facilitate the consolidation of data and the verification of the information notably at the Bouygues group level, environmental and societal indicators are presented for a reporting period that runs from October 1, 2012 to September 30, 2013, thus overlapping with the previous report as regards the final quarter of 2012. The social indicators cover the period from January to December 2013.

Indicators relating to programme compliance cover calendar year 2012, in line with the report on the activities of TF1 published by the CSA in December 2013 (http://www.csa.fr/Etudes-et-publications/Les-comptes-rendus-et-les-bilans/Les-comptes-rendus-et-les-bilans-des-chaines-de-television-publiques-et-privees/Rapport-de-la-societe-TF1-Annee-2012).

SCOPE AND GENERAL PRINCIPLE OF COMPANY CONSOLIDATION

Most of the TF1 group's revenues are generated in France. The breakdown is as follows: France 82.6%, European Union (excluding France) 14.9% and other countries 2.5%.

Fully and partially consolidated companies are included in reporting except where the TF1 group does not operate the company (*i.e.* does not have management responsibility for it). An entity has management responsibility when it has the power to make decisions on the operational procedures of an entity.

TABLE OF KEY OBJECTIVES

Objective	Indicator	Unit	2013	2012	Review of the year – comment on trend	2014 objective
Social information						
Promoting diversity within the company and on air	Employees having attended training	No.	More than 1,000 in the past three years – i.e. all staff excluding those in new roles	364	Completion of Diversity Label follow-up audit	Renew Diversity Label
Environmental information						
Managing electricity consumption	Consumption	MWh	29,790	30,789	Achieved reduction of 3.2%, vs. targeted reduction of 1.0%	Enlarge EMS perimeter (Environment Management System) to Metro France and Téléshopping
Societal information						
Observance of ethical and compliance rules in content	Number of CSA interventions (warnings/ cautions)*		-	4	Ongoing dialogue; signature of new Obesity Charter	Write and distribute Editorial Code of Ethics
CSR governance						
Incorporation of CSR criteria in management team's variable remuneration			-			Incorporate CSR qualitative criterion into compensation paid to the Executive Director

* *This indicator presented here covers the year 2012. The 2013 report will be published by the CSA in the fourth quarter of 2014. The document can be obtained from the CSA's website (http://www.csa.fr/Etudes-et-publications/Les-comptes-rendus-et-les-bilans/Les-comptes-rendus-et-les-bilans-des-chaines-de-television-publiques-et-privees/Rapport-de-la-societe-TF1-Annee-2012).*

RECOGNITION OF TF1'S PERFORMANCE IN STOCK MARKET INDICES ON SUSTAINABLE DEVELOPMENT

In 2013, TF1 was once again included in the DJSI World and DJSI Europe indices (http://www.sustainability-indices.com/index.jsp)

TF1 is ranked second in the sector ranking produced by VIGEO (http://www.vigeo.com).

TF1 is also in second place in the GAIA ranking of mid caps (http://www.gaia-index.com/).

7.1 SOCIAL INFORMATION

7.1.1 EMPLOYEE POLICY AND EMPLOYEE RISKS

The TF1 group considers it essential to develop its employees' professional skills and monitor the quality of working relationships and the working environment. A number of company-wide agreements provide for an enviable employee status in terms of social protection, employee savings and access to training.

In spite of France's economic difficulties and their knock-on effects on the TF1 group, this policy was maintained in 2013. The Group adapted to the prevailing conditions by exercising wage restraint and significantly scaling back recruitment. No additional use was made of temporary staff or freelancers, who remain a marginal component of the workforce.

The Group's highly skilled and decentralised HR staff are based close to employees, enabling them to deliver appropriate activities, particularly with regard to internal job transfers, a priority focus within the 2013 HR policy.

Since 2007, the year in which the TF1 Foundation and "Mission Handicap" were created, the TF1 group has endeavoured to encourage job applications from those who would not otherwise apply. The Group has since stepped up its efforts to prevent discrimination, as attested by its securing the Diversity Label in 2010.

The huge level of employee participation in the 2013 professional elections, particularly within TF1 SA, underlines the vitality of employee relations.

Concerning promotion and compliance with the provisions of the fundamental agreements of the ILO, TF1, which is a French company and whose workforce is mainly French, applies French, European and international law.

HUMAN RESOURCES RISK

RISK IDENTIFICATION

The openness, quality and commitment of TF1's staff are critical to the Group's success. Should the Group find itself unable to attract and retain the required expertise and talent, this could affect TF1's ability to achieve its objectives and have an adverse effect on its results.

RISK MANAGEMENT

The Group's subsidiaries and management closely monitor employee indicators, the findings of annual employee surveys and the appeal of TF1 among the current and future working population. The Group has also put in place a mechanism for employees to raise concerns and an employee whistleblowing procedure.

To attract, develop and retain talented individuals, the Group focuses its efforts on remuneration policy, training and career development programmes and activities in universities and schools to strengthen relationships with the talent of the future.

7.1.2 SOCIAL REPORTING PARAMETERS

Perimeter: the Group (100% of revenues) or France (82.6% of revenues to December 31, 2013). Eurosport, which has employees abroad (excl. Monaco), will no longer be consolidated with the Group's subsidiaries as of the first quarter of 2014. As a consequence, the perimeter will be 100% of revenues for the next report.

Period under consideration: reporting covers the period from January to December 2013.

7.1.3 THE WORKFORCE

The workforce of the TF1 Group is broken down as follows.

OPEN-ENDED (OE) AND FIXED-TERM (FT) CONTRACTS

INDICATOR: GROUP OE AND FT WORKFORCE

At 31/12 *(Perimeter: world, OE, FT)*	**% revenues**	**2013**	**2012**	**2011**
Clerical, administration, technical and supervisory staff	100	900	986	987
Managers	100	2,252	2,377	2,457
Journalists	100	618	627	678
TOTAL	**100**	**3,770**	**3,990**	**4,122**

INDICATOR: OE AND FT WORKFORCE BY GEOGRAPHIC REGION

At 31/12 *(Perimeter: world, OE, FT)*	**% revenues**	**2013**	**2012**	**2011**
France(1)	82.6	**3,502**	**3,701**	**3,818**
Europe (excl. France)	14.9	249	266	278
Africa and Middle East	2.5	5	7	8
North America		1	2	2
Central and South America		0	-	-
Asia-Pacific		13	14	16
International	17.4	**268**	**289**	**304**
TOTAL	**100**	**3,770**	**3,990**	**4,122**

(1) Metropolitan France and Overseas Departments and Territories.

INDICATOR: AGE PYRAMID AND AVERAGE LENGTH OF SERVICE

As of 31/12 *(Perimeter: France, OE, FT)*	**% revenues**	**2013**	**2012**	**2011**
25 and under	82.6	206	211	183
25-34 years	82.6	998	1,095	1,268
35-44 years	82.6	1,209	1,305	1,325
45-54 years	82.6	859	857	817
55 and over	82.6	230	233	225
Average age	82.6	40	39	39
Average length of service at TF1 group	82.6	11	10	10

INDICATOR: TYPE OF WORK CONTRACT

As of 31/12 *(Perimeter: world, OE, FT)*	**% revenues**	**2013**	**2012**	**2011**
Number of employees on OE contract	100	3,451	3,680	3,810
Number of employees on FT contract (including apprenticeship, work-study, youth work contracts)	100	319	310	312
Of which number of employees on youth work contracts	*100*	*171*	*122*	*67*
Of which number of employees on apprenticeship contracts	*100*	*54*	*49*	*29*

SHORT-TERM CONTRACT WORKERS

TF1 GROUP POLICY ON THE USE OF TEMPORARY WORKERS

The TF1 group has endeavoured to maintain an extremely low rate of temporary staff (technical temporary workers, free-lance actors and musicians, and directors). The rate for the TF1 group was 8.4% in 2013 and the rate for the TF1 channel was less than 2.5% – the lowest rate of any company in the television broadcasting sector.

Today, temporary employment within the Group is mainly concentrated in TF1 Production (the production of drama is, by nature, unpredictable) and Eurosport (with numerous live sports events spread unevenly throughout the year).

This is the result, firstly, of determined action by TF1, which for several years has preferred to bring non-permanent employees onto permanent contracts as soon as activity levels permit and, secondly, the application of the 2006 Broadcasting Sector National Agreement for workers employed on very short or part-time fixed-term contracts. TF1 played an active role in these negotiations under the auspices of STP (comprising TF1, M6 and Canal+). Since 2007, TF1 has also sought to apply this agreement with its trade unions in the form of a collective agreement on the use of very short or part-time contracts in order to monitor and control the use of this type of contract, restricting it to only those cases where the specifics and requirements justify it within TF1.

STATUS OF TEMPORARY STAFF IN THE TF1 GROUP

Wishing to provide temporary staff with high-quality social security cover, in 2008, the STP signed the National Inter-Sector Collective Agreement, establishing collective cover for death and disability insurance.

The TF1 group also allows temporary staff who fulfil the eligibility conditions to benefit from the social and cultural activities offered by the TF1 Works Councils.

Temporary staff working at TF1 are also eligible for the Group's compulsory and voluntary profit-sharing schemes, which draw on the Bouygues group's leveraged employee savings schemes.

Throughout the entire Group, the Full Time Equivalent, over 12 months, of non-permanent employees was as follows:

INDICATOR: RATE OF FULL-TIME EQUIVALENT WORKERS OVER 12 MONTHS REPRESENTED BY NON-PERMANENT EMPLOYEES

[Jan.-Dec.] *(Perimeter: world, total month-end short-term contract workers/total month-end short term contract workers + year-end OE workforce)*	% revenues	2013	2012	2011
Share of full-time equivalent workers represented by non-permanent employees (short-term contract workers excl. freelancers)	100	8.4	8.4	7.1

EMPLOYEES FROM OUTSIDE TF1

INDICATOR: FTES OVER 12 MONTHS REPRESENTED BY TEMPORARY STAFF

[Jan.-Dec.] *(Perimeter: France, short-team contract workers)*	% revenues	2013	2012	2011
Number of temporary workers as FTEs	82.6	20.6	18.8	16.4

The use of employees external to the TF1 group (temporary workers) corresponds to a full time equivalent figure of 20.6, representing only 0.6% of the Group's permanent workforce (the FTE figure for 2012 was 18.8, representing 0.5% of the permanent workforce).

HIRING AND DEPARTURES

INDICATORS: HIRING AND DEPARTURES

[Jan.-Dec.] *Perimeter: (Perimeter: world, OE, FT)*	% revenues	2013	2012	2011
Employees hired on OE, FT, apprenticeship contracts, etc. Perimeter: world, OE, FT	100	517	652	754
Including OE recruitment France	*82.6*	*112*	*211*	*275*
Number of resignations Perimeter: France, OE	82.6	82	89	98
Number of compulsory retirements Perimeter: France, OE	82.6	0	0	0
Number of retirements Perimeter: France, OE	82.6	2	4	0
Number of redundancies Perimeter: France, OE	82.6	154	92	78
Number of contracts terminated by mutual agreement Perimeter: France, OE	82.6	43	104	74
Number of terminations of FT contracts Perimeter: France, OE	82.6	255	335	NA

Faced with a difficult economic environment over the last 4 years, the TF1 group has limited recruitment (excluding cyclic professions or those related to production and excluding disabled hires). Each request for employment is subject to an electronic "request for authorisation to hire", duly completed and ultimately signed off by the TF1 group's HR Director. This is in order to make sure that it is absolutely necessary. This decision paved the way for synergies between departments, helped by a proactive job mobility policy. It should be noted that hiring of disabled workers, which is covered by a three-yearly agreement, and hiring under work-experience contracts are not concerned by these restrictions, but rather are encouraged to reach the thresholds defined in our agreements.

INDICATOR: INSTABILITY RATE

[Jan.-Dec.] *(Perimeter: France, OE)* *(∑ resignation OE + ∑ lay-off OE + ∑ mutually agreed termination of contract)/average workforce OE x 100*	**% revenues**	**2013**	**2012**	**2011**
Instability rate	82.6	8.5%	8.1%	6.6%

The TF1 group endeavours to support employees who leave it (other than through resignation). To this end, company-wide agreements in place within TF1 group companies provide for significantly higher levels of compensation for dismissed personnel than the minimum amounts required under the French Employment Code (between 33% and 100% of a month's salary per year of service, versus 20%).

Forty-four redundancies on economic grounds: 24 in TF1 Vidéo, 7 in TF1 Entreprises, 5 in TV Breizh, 5 in SF2J, 2 in e-TF1 and 1 in LCI.

- TV Breizh's activities were relocated to Boulogne-Billancourt in 2012. While the company offered to retain most of its workforce, some staff declined this offer. Those staff who rejected the company's offer were made redundant and were eligible for a package of measures designed in consultation with employee representatives.
- The activities of TF1 Vidéo have been heavily affected by the widespread decline in DVD sales and the rise in online piracy. As a result, 26 employees were made redundant in 2012. The Group has entered into a partnership with Paramount to rationalise distribution. An employment protection plan was put in place to support the affected employees.

7.1.4 ORGANISATION OF WORKING HOURS

ANNUAL WORKTIME: SUMMARY OF WORKTIME ADJUSTMENT AGREEMENTS

Agreements on adjusting and reducing working hours (Time Off In Lieu, or "TOIL", agreements) have been reached in all Group companies. They govern the different staff categories according to status, with agreements for permanent staff (production, technical and administrative staff and journalists) and for temporary workers.

Under the agreements applicable within TF1, non-managerial personnel work 37 hours per week and have 14 days of TOIL per year, and managerial staff, under a fixed number of working days (213 to 216 days) have 12 or 13 days of TOIL per year. Thus, the TOIL agreements negotiated allow all these personnel to work on the basis of an annual duration that is less than the reference legal durations (1,607 and 218 days).

BONUSES RELATED TO WORKING TIME

The TOIL agreements established within the Group also provide for a set of bonuses to compensate for the constraints related to specific work organisations, given the constraints of the audiovisual business (working in cycles, unconventional hours, working at weekends, etc.). Each year, as part of the Mandatory Annual Negotiation (MAN), the management and the trade unions examine changes to the amount of these bonuses.

POLICY ON TAKING REST DAYS AND LEAVE

All TF1 group companies are governed by worktime adjustment agreements that enable staff to manage their time off, provided that each department continues to operate smoothly.

Likewise, to ensure that all staff have the opportunity to acquire new skills, for their own personal development and with no specific links to their jobs, the company allows days of TOIL to be converted for personal development. The days of TOIL can thus be used by employers in order to finance all or part of the cost of the educational training chosen by the employee.

INDICATOR: ANNUAL WORKTIME OF PTAS[1]

Status of PTAS* *(Perimeter: France, OE, FT)*	**Annual worktime of PTAS***
Non-management in constant hours and cycles (employees and supervisory staff)	From 1,569 to 1,576 hours
Managers working in cycles	From 1,584 to 1,591 hours
Managers with a fixed number of annual days	213-216 days
Senior managers	NA

(1) Production, technical and administrative staff.

INDICATOR: ANNUAL WORKTIME OF JOURNALISTS

Status of journalists *(Perimeter: France, OE, FT)*	**Journalists' annual worktime**
Journalists with a fixed number of annual days	208-215 days
Senior managers	NA

ANNUAL WORKTIME: PART-TIME EMPLOYEES

On average 226 permanent/fixed term staff were employed part-time in 2013. The decision to work part-time is a personal choice in practically all cases in the TF1 group.

INDICATOR: NUMBER OF PART-TIME EMPLOYEES

[Average Jan.-Dec.] *(Perimeter: France, OE, FT)*	**% revenues**	**2013**	**2012**	**2011**
Part-time employees	82.6	226	240	256
Percentage of part-time employees	82.6	6.5	6.5	6.7

OVERTIME HOURS

INDICATOR: NUMBER AND AMOUNT PAID IN OVERTIME HOURS

[Jan.-Dec.] *(Perimeter: France, OE, FT, short-term contract workers)*	**% revenues**	**2013**	**2012**	**2011**
Overtime hours	82.6	50,141	63,762	56,423
Amount *(in euros)*		1,627,364	2,020,868	1,766,180

ABSENTEEISM AND REASONS FOR ABSENCE IN THE TF1 GROUP

INDICATOR: ABSENTEEISM

[Jan.-Dec.][1] *(Perimeter: OE, FT)*	**% revenues**	**2013**	**2012**	**2011**
Rates of absenteeism	82.6	2.27%	2.06%	2.04%
Total days' absence	82.6	26,877	26,462	28,159
Days absent for sickness	82.6	25,965	25,036	24,977
Days absent for occupational injury	82.6	514	674	1,836
Number of days of absence for commuting accidents	82.6	398	671	981
Days absent for work-related illness[2]	82.6	0	81	365

(1) Total number of calendar days' work stoppage, travel time, occupational diseases and diseases for OE/average workforce x 365. Calculation method changed from 2011 (2011 data recalculated).
(2) It should be noted that, in 2013, no work-related illness was recognised.

The Group's concern about the health and safety of its employees is important, and the implementation of an action plan allows to counter absenteeism.

The Medical Department has run flu vaccination campaigns for many years. It also offers booster vaccinations and first aid kits to staff travelling on reporting assignments. Occupational health physicians raise awareness of lifestyle issues among the workforce and alert HR if and when they identify psychosocial risks.

It should also be noted that employees regularly attend medical examinations arranged by TF1's Medical Department.

The Group's management, the Health, Safety and Working Conditions Committee and the occupational health team regularly issue recommendations on driving while on professional assignment. These various stakeholders work together to ensure that regular training is provided in life saving and first aid.

In 2013, 802 employees received such training.

7.1.5 COMPENSATION AND EMPLOYEE SAVINGS

GROSS COMPENSATION

A review of compensation takes place each year as part of arrangements for individual pay rises that take into account individual performance, the potential of each person and the employment market. Particular attention is paid to the lowest salaries. Lastly, a specific budget is assigned to salary equality between women and men.

INDICATOR: AVERAGE GROSS ANNUAL COMPENSATION PER PROFESSIONAL CATEGORY IN THE TF1 GROUP

(Perimeter: France, OE, excluding suspended contracts) (in euros)	% revenues	2013	2012	2011
Supervisory Staff	82.6	38,505	37,102	36,577
Managers	82.6	65,977	65,737	64,349
Journalists	82.6	71,811	70,803	70,658
All categories	82.6	62,124	61,302	60,026

VOLUNTARY AND COMPULSORY PROFIT-SHARING AND EMPLOYEE SAVINGS

The TF1 group launched its employee savings scheme on December 15, 1992.

In all, 73.4% of eligible employees were members of the scheme at December 31, 2013 (up from 72.5% in 2012). The company's maximum matching contribution is €3,750 gross per employee per year, making a total gross contribution of €7.6 million. The matching contribution is 200% on the first 300 euros paid, which encourages saving by employees with the lowest remuneration, then 100% up to an annual limit of €3,750.

To help employees prepare to fund their retirement, the Bouygues group has set up a retirement savings plan (PERCO). In all, 14.7% of eligible employees were members of the scheme at December 31, 2013. The company's matching contribution varies from 20% to 100% depending on the amount invested by the employee, with a maximum of €1,290 gross per employee per year. The total amount of employer's contributions was €362,526.

INDICATOR: RATES OF MEMBERSHIP OF GROUP RETIREMENT AND SAVINGS FUND

(Perimeter: France, OE, FT)	% revenues	2013	2012	2011
Percentage of eligible employees who belong to the company savings scheme *(%)*	82.6	73.4	72.5	75.6
Percentage of eligible employees who belong to the Group retirement savings fund *(%)*	82.6	14.7	14.7	14.0

INDICATOR: AVERAGE GROSS AMOUNT PAID PER EMPLOYEE (PROFIT-SHARING AND INCENTIVE SCHEMES)

Payout year *(Perimeter: France, all contracts)*	% revenues	2013	2012	2011
Average gross amount paid per employee under profit-sharing scheme *(€)*	82.6	1,540	2,196	1,542
Average gross amount paid per employee under incentive scheme *(€)*	82.6	0	0	3,260

Group employees owned 6.9% of TF1's share capital in 2013 (down from 7.2% in 2011) through the TF1 Actions group investment fund.

7.1.6 PROFESSIONAL RELATIONSHIPS AND REPORT ON COLLECTIVE AGREEMENTS

OVERVIEW OF PROFESSIONAL RELATIONSHIPS WITHIN THE TF1 GROUP

All companies of the Group have personnel-representative bodies: employee representatives, Works Councils, Combined Works Council and employee representatives, health, safety and Working-Conditions Committee and trade union delegates, representing a total of 35 bodies and 237 elected representatives within the TF1 group.

In application of the 2006 agreement on resources devoted to TF1's trade unions, it should be noted that the unions have full-time union officials (5 in total within TF1 SA). Furthermore, in 2013, TF1 granted a budget of €15,711 for economic, social and trade union training, which paid for 25 days of training in this area.

REPORT ON COLLECTIVE AGREEMENTS

As it does every year, the TF1 group signed agreements on the Mandatory Annual Negotiations (MAN) in all companies concerned.

The TF1 group signed a number of agreements in accordance with trade unions in 2013:

- amendment 3 to the voluntary profit-sharing scheme;
- amendment 1 to the health expenses agreement, which adjusted health cover and resulted in a representative reduction in both employees' and employer's contributions, which are equally split (50/50).

In January 2013, TF1 negotiated and entered into an agreement covering the following:

- a salary increase of 2.5% for employees whose monthly salary is less than or equal to €2,600;
- a salary increase of 1.8% for employees whose monthly salary is more than €2,600;
- the allocation of 0.1% of total payroll to gender equality initiatives;
- the reimbursement of travel expenses at a rate of 80%;
- full pay during paternal leave;
- the revaluation of bonuses.

These provisions are negotiated under the same conditions for subsidiaries of the TF1 group.

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 13th month into days off.

AGREEMENT RELATIVE TO THE PRIVATE HEALTH INSURANCE SCHEME

With the aim of maintaining the financial equilibrium of the health insurance scheme, a benchmarking survey was carried out in 2012 among companies in the audiovisual sector. Following several Working Meetings of the Death and Disability Insurance Coordination Committee, an amendment to the collective agreement on health expenses for the TF1 group, applicable from January 1, 2013, was signed by the trade unions (CFTC, FO, CGC, CFDT) in order to adjust the contributions and cover, while maintaining high-quality social security coverage that is consistent with prices available in the market.

INDICATOR: TRADE UNION REPRESENTATION IN THE GROUP (PERMANENT MEMBERS)

2013 STATISTICS FOR THE TF1 GROUP AS A WHOLE

(Perimeter: France)	Works Council	Personnel delegates	Combined delegates	Board of Directors	Total
CFTC	17	25	38	16	96
FO	2	6	0	2	10
CGC	1	1	0	0	2
CGT	1	1	0	0	2
CFDT	6	13	0	2	21
Independent	0	2	0	3	5
TOTAL	**27**	**48**	**38**	**23**	**136**

Number of Meetings with employee representatives (Works Council + personnel delegates + Health & Safety Committee + Board of Directors + combined delegates)	330
Number of Collective Bargaining Meetings with union delegates	58
Number of collective agreements signed during the year	40

INDICATOR: PARTICIPATION RATE IN WORKS COUNCIL ELECTIONS

(Perimeter: France)	% revenues	2013	2012	2011
Rate of participation in latest Works Council elections	82.6	77.3	73.2	74.1

7.1.7 EQUAL OPPORTUNITIES AND THE FIGHT AGAINST DISCRIMINATION

DIVERSITY: FROM CHARTER TO LABEL

As a mark of its commitment to openness to all, the TF1 group signed the Diversity Charter on January 11, 2010 before applying for Label Diversité accreditation, which was secured on December 14, 2010.

The Group proactively deployed its diversity policy as part of an approach named "from Charter to label" geared to make the transition from charter to accreditation. The requirements of the label set out a rigorous framework for leading the whole company through an overall process of continuous improvement.

In three years, all target populations (managers, employees involved in programme-making, viewer services staff and HR), totalling more than a thousand people, received training in issues relating to diversity and the prevention of discrimination.

A counselling service dedicated to fighting discrimination was established at the end of 2012.

The TF1 group is a member of the AFMD (the French Association of Diversity Managers) and has a seat on its Board of Directors.

The Group was inspected by AFNOR during the week of November 26, 2012 for the intermediate monitoring audit scheduled for two years after the label is awarded. The report, delivered in 2013, highlighted the dynamism and effectiveness of the process as a whole, thanks to the relevance of the actions affecting diversity and equality of opportunities within the Group.

INDICATOR: NUMBER OF EMPLOYEES WHO RECEIVED TRAINING ON DIVERSITY AT WORK

(Perimeter: France)	% revenues	2013	2012	2011
Number of employees who received training on diversity	82.6	67	364	459

DISABLED EMPLOYEES

The second three-year agreement (2010-2013), approved by DIRRECTE, placed the emphasis on recruitment. In spite of the unfavourable employment climate, the Group met its target of recruiting 27 people with disabilities onto either permanent contracts or fixed-term contracts of more than six months. Given the lack of candidates for qualifying positions, work/study contracts are a favoured approach. For the first time, the Group has worked with Cap Emploi to run an external campaign to recruit people with disabilities between the ages of 20 and 50 onto work/study programmes.

For existing employees with disabilities, for the past several years – and again in 2013 – all requests for changes to the working environment (which affect 50% of such employees) have been met through co-financing of equipment, transport agreements, TadeoBox sign-language equipment for the hard of hearing, table-side service, modifications to the working environment, etc.

To raise awareness of its open policy towards people with disabilities, TF1 maintains a number of partnerships with associations (for example Osons l'égalité, Tremplin and Arpejeh) and takes part in targeted campaigns such as Handichat and recruitment forums, including in particular the forum run by the CIDJ. TF1 raises awareness among its target educational institutions and contributed to the first "Tous HanScène" disability video challenge organised by the association Tremplin.

Each day of the 2013 disability week, a humorous video sketch featuring able-bodied or disabled Group employees was broadcast *via* the Internet. The involvement of well-known TF1 broadcasters like Évelyne Dhéliat, Christian Jeanpierre, Harry Roselmack and Nikos Aliagas, as well as members of senior management like TF1 group Chairman and CEO Nonce Paolini, significantly boosted the impact of these awareness-raising activities.

INDICATOR: NUMBER OF DISABLED WORKERS EMPLOYED BY THE COMPANY

(Perimeter: France)	% revenues	2013	2012	2011
Number of disabled workers in the company as of 31/12 (all contract types)	82.6	77	81	71
Disabled workers hired during the course of the year (fixed-term and permanent contracts)	82.6	13	15	13

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.

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 the 2010 company-wide agreement "Working Better Together" extended by amendment on December 31, 2012 until December 31, 2013).

In 2012, in consultation with the trade unions, TF1 signed a Group agreement on professional equality between women and men for a period of 3 years.

In 2013, a new version of the "Women in Leadership" training was delivered. A joint mentoring programme with Bouygues Telecom is in progress.

INDICATOR: PROPORTION OF WOMEN BY STATUS

At 31 Dec *(2013 perimeter: world, OE, FT)* *(2011/2012 perimeter: France, OE, FT)*	**% revenues**	**2013**	**2012**	**2011**
% of women, clerical, administrative, technical and supervisory staff	100 in 2013	54.3	54.0	54.4
% of women, managers	100 in 2013	48.4	49.0	48.9
% of women, journalists	100 in 2013	35.0	36.2	35.3
% women, total	100 in 2013	47.6	48.2	47.9

This balance is in evidence in the management ranks, since 49% of managers are women. Moreover, the proportion of female managers (heads of department and above) was 34.7% in 2013, unchanged from the previous year.

INDICATOR: NUMBER OF NEW HIRES, WOMEN AND MEN

Hires *(Perimeter: France, OE, FT)*	**% revenues**	**2013**	**2012**	**2011**
Women	82.6	284	334	380
Men	82.6	233	318	374
TOTAL	**82.6**	**517**	**652**	**754**

INDICATORS: SALARIES, WOMEN AND MEN

Average gross annual starting salary (in euros)[(1)] *(Perimeter: France, OE)*	**% revenues**	**Supervisory staff**	**Managers**	**Journalists**
Women				
2011		26,260	32,967	34,450
2012		26,093	32,820	-
2013	82.6	23,400	32,338	-
Men				
2011		24,145	33,611	32,933
2012		-	34,378	
2013	82.6	20,367	32,500	-

(1) Employees aged between 18 and 25 and with less than one year's service. At an equivalent qualification level, men and women are hired at the same salary.

In 2013, for the third year running, a specific budget was set aside to establish pay equity (0.1% of total payroll, compared with 0.3% in 2011 and 0.2% in 2012).

As they do every year, female staff on maternity leave received at least the average salary increase negotiated with the trade unions. For 2013, this was 1.8%, or 2.5% for employees whose gross monthly salary was less than or equal to €2,600.

INDICATOR: PROPORTION OF WOMEN AND MEN PROMOTED

Rates of promotion[(1)] *(Perimeter: France, OE)*	**% revenues**	**2013**	**2012**	**2011**
Women	82.6	9.9	11.1	14.7
Men	82.6	11.3	10.3	13.9

(1) Whether or not the promotion entails a change of professional category.

TF1 MEASURES FOR SENIORS

On October 30, 2009, the TF1 group, in consultation with the trade unions, concluded an agreement for a period of 3 years (2010-2011-2012) on the employment of senior staff, with the main aim of keeping employees aged 55 years and over in employment.

The main purpose of the agreement was to set a target of keeping 184 employees aged 55 years and over in employment within the TF1 group.

The company exceeded this target, with 229 employees aged 55 years and over in 2013.

To perpetuate the TF1 group's policy on seniors, this item was included in the "Generation contract" agreement signed on September 24, 2013, with an effective date of January 1, 2014.

7.1.8 HEALTH AND SAFETY

For the TF1 group, the policy on health and safety for employees has been a priority for many years and is applied in all of its activities. The management seeks to raise employee awareness about preventing occupational hazards and implementing safety measures.

INDICATORS: OCCUPATIONAL ACCIDENTS

(Perimeter: world, all contracts)	**% revenues**	**2013**	**2012**	**2011**
Number of occupational accidents with time off	100	28	24	25
Number of fatal occupational accidents (work-related/commuting)	100	0	0	0
Employees trained in health and safety	100	722	802	495
Frequency rate (of accidents)	100	4.056	3.537	3.651
Severity rate (of accidents)	100	0.075	0.064	0.136

Frequency rate = (total occupational accidents with time off/total hours worked) × 1,000,000
Severity rate = (total days' leave/total hours worked) × 1,000.

The use of a management chart covering indicators relative to work-related accidents for contractors is in the process of preparation.

THE PLAYERS IN THE HEALTH AND SAFETY POLICY

The two occupational health services in the TF1 group (two occupational health physicians and four nurses), and a social worker, play a central role in matters of health and safety. Firstly, they provide day-to-day medical monitoring of employees and, secondly, specific examinations of certain staff, whose jobs present specific risks. These services also carry out preventive campaigns that go well beyond legal obligations, such as vaccination against flu, the prevention of auditory disorders and cardiovascular illnesses. The Corporate Services and Security Department regularly intervenes, in cooperation with the occupational health physicians and the Human Resources Department, on questions relative to health, safety and working conditions, particularly in matters of the layout of premises, working tools (robotic cameras in the studios, scenery, etc.) or concerning the ergonomics of workstations.

The duty of the HSWCC, for the companies that have one, is to contribute to protecting the health and safety of employees and to improve their working conditions. The TF1 group's health and safety policy involves the upstream prevention of occupational risks. With this aim, the exposure to occupational risks of employees of the TF1 group are assessed each year, profession by profession, particularly through the master occupational risks document. This work is done by the Human Resources Department with the support of occupational health physicians and the Corporate Services and Security Department, in consultation with the elected representatives on the HSWCC. This document lists the occupational risks identified and the corresponding collective preventive measures, in order to reduce or eliminate the risks found (work instructions, training courses, etc.). In accordance with legislation, risk information sheets have been created for each role. These are passed to the occupational health physician, who is tasked with handing them to employees when they attend their periodic medical examinations.

The TF1 group agreement "Working Better Together" that was signed in 2010, covering the prevention of psychosocial risks and, more generally, the improvement of working conditions, was extended until December 31, 2013, with the agreement of the management and unions.

For the prevention of psychosocial risks, an observatory on health and well-being at work was established in 2008, on the initiative of the Occupational Physicians Department. Employees are asked to complete a questionnaire when visiting the doctor. The aim of the observatory is to identify levels of stress and anxiety and, if necessary, implement corrective actions according to the results found. Works Councils and Health, Safety and Working Conditions Committees within the TF1 group were informed of these results in March 2013. Within TF1, a subcommittee of the Health, Safety and Working Conditions Committee has been formed consisting of elected representatives and members of the Human Resources Department with the aim of carrying out a more detailed study of the two business areas with the highest rates of stress. This subcommittee will submit proposals on concluding its study.

HEALTH AND SAFETY TRAINING

Training on health and safety was delivered to 587 employees in 2013 (vs 593 in 2012), reflecting the Group's concern for its employees.

A key focus of these training courses is reporting staff, who get special training on driving news vehicles, first aid, risk zones and «My Ostéopratic». Technical staff also attend mandatory courses on electrical accreditation: 225 trainees in 2013 (59 in 2012).

TF1 group has also developed a range of training in the field of work-life balance (167 trainees in 2013, 126 in 2012) and the prevention of psychosocial risks. In addition, all formations integrated into the management Group career development course include a section on this topic. The Group continued awareness to the first-aids for this 2nd year of implementation: 116 participants in 2013 (165 in 2012).

7.1.9 EMPLOYEE SUPPORT

RELATIONS WITH SCHOOLS, ACCOMMODATING INTERN SHIP AND WORK/STUDY PROGRAMMES

In 2013, the TF1 group hosted 296 approved trainees and 171 students on work/study programmes (38 on apprenticeship contracts and 133 on professional training contracts), in a number of sectors: audiovisual, production, graphic design, journalism, programming, acquisition, marketing, sales, communication, web, IT, engineering, finance, HR, purchasing, assistance, catering, etc.

In accordance with TF1's proactive policy, there is strong growth in the use of work/study contracts, in line with the levels targeted by legislation. Work/study programmes have the benefit of creating a long-term relationships between each student and one of the TF1 group's 180 tutors. They encourage diversity, including in particular social diversity, since young people are paid and their education costs are covered. Finally, it is vital to TF1's development to incorporate this generation's customs and practices into the Group's products and processes, particularly in the digital arena.

The first "Back to school lecture" for those on work/study programmes was held in October 2013. This event was designed to foster a Group dynamic, provide detailed information about the company and give students an opportunity to create a community and broaden their networks.

All this does not mean that trainees are given less consideration. They receive payment provided that their training course lasts longer than two months. These payments are significantly higher than the legally required amount (€600 per month for degree courses, €1,000 for Masters 1 courses and €1,200 for Masters 2 courses, with 80% of the cost of the Navigo travel pass covered for all).

This ambitious policy for both trainees and those on work/study programmes reflects a desire to help train young people, identify the best talent and put the creativity of the younger generations to work within the company.

To make the TF1 brand attractive and, in particular, to associate it with the value of "innovation", which is highly developed within the Group but insufficiently recognised externally, concrete partnerships are entered into with universities and schools. For example, a competition was run at the 3IS school to create a video tutorial explaining the rules of two games, *Mille Bornes* and *Cochon qui Rit*. The winning video will be shown on the TF1 Games website. At a wider level, in 2013 TF1 organised its second innovation challenge open to all students (http://www.studyka.com/fr/challenges/challenge-the-voice).

Since 2012, TF1 has also been a partner of the ESSEC business school's Media Chair. Research and Development topics are set for teams of students, supervised by operational tutors and ESSEC research professors.

NUMBER OF INTERNS UNDER AGREEMENTS WITH SCHOOLS

(Perimeter: France, interns)	% revenues	2013	2012	2011
Interns under agreements with schools	82.6	296	406	391

VOCATIONAL TRAINING

TF1's training policy is designed to support changes and transformations within the Group:

- by helping staff adapt to numerous technological changes in the areas of broadcasting, transmission, image and sound in a multi-channel environment, as well as regulatory changes, changes caused by the rise in HD in all its forms and changes in systems;
- by running learning initiatives fostering understanding of new ecosystems entailed by digital technology: digital marketing, digital communication strategies, new customs and practices, the customer view and advertiser approaches;
- by boosting investment in training in relation to internal job transfers;
- by continuing the systematic training effort for managers, through two multi-year courses for team managers and managers of managers. Delivering training activities aimed at developing agility and innovation in cross-functional project and activity management complete the offer for managers;
- by continuing to deliver training activities aimed at boosting individual professional skills and increasing listening, understanding and working together between employees, in particular to develop "Working Better Together".

In 2013, Group employees received 53,383 hours' training (compared with 61,186 hours in 2012):

- 31,876 hours (54.6% of the total) in developing professional skills;
- 14,305 hours (24.5% of the total) in management and human relations;
- 4,929 hours (8.4% of the total) in safety and security;
- 7,273 hours (12.5% of the total) in language learning.

All training courses are assessed and are the subject of regular reports and adjustments.

VOCATIONAL TRAINING, STATUTORY TRAINING ENTITLEMENTS

(Perimeter: France, OE)	**% revenues (France)**		**2013**	**2012**	**2011**
Number and % of OE contract staff receiving training	82.6	Number	2,074	2,476	2,578
	82.6	%	67,3	72.7	74.4
Proportion of payroll spent on training	82.6	%	2,5	2.6	2.6
Total training hours, all training systems	82.6	Number	58,383	61,186	69,426
Total training hours, training plan	82.6	Number	18,521	26,541	31,238
Statutory training entitlement (DIF) requests granted	82.6	Number	1,458	1,506	1,459

PROCEDURES FOR DIALOGUING WITH EMPLOYEES AND APPRAISING PERFORMANCE

In 2010, TF1 introduced its first employee opinion survey, to which 68% of employees responded. In April 2012, 70% of employees took part in the second survey. The 2012 survey confirmed the overall positive trend that was already shown in 2010 (with an average of 70% of positive opinions for the questionnaire as a whole). The survey is carried out every 18 months, with the next one scheduled for the end of the first half.

Each employee receives personalised monitoring and coaching. 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 assessment training day forms part of compulsory training for all staff promoted to management and for all managers who join the Group.

For the 2013 campaign, six management attributes considered crucial in the current environment were identified and mandatorily assessed by managers of managers. The attributes in question are commitment, openness and innovation, collaborative working, a forward-looking approach, a focus on performance, and staff development and employability.

The remuneration paid to the top 500 managers in the TF1 group includes a variable component linked to quantitative and qualitative objectives, the achievement of which is assessed during the annual interview.

INDICATORS: PROPORTION OF EMPLOYEES WHO HAD AN ANNUAL PERFORMANCE APPRAISAL AND PROPORTION OF EMPLOYEES WHO COMPLETED A SATISFACTION SURVEY

(Perimeter: France, OE)	**% revenues**	**2013**	**2012**	**2011**
% of employees who had an annual performance appraisal	82.6	84.3	84.3	89.6
% of employees who completed the 2012 satisfaction survey[1]	82.6	-	93.9	-

(1) 100% of the French perimeter.

INTERNAL TRANSFERS

In an economic environment in which recruitment has declined significantly, the success of the Group's policy on internal transfers is crucial to the proper allocation of resources and the professional development of staff. To bring this policy to life, a Human Resources Manager has been appointed whose sole responsibility is to focus on internal transfers. To explain and raise awareness of this policy, a section on the Group intranet titled "Transfers of the month" sets out a brief overview of a number of internal transfers (averaging more than ten a month). Internal communications media (the intranet, the internal paper magazine and video) are also used to highlight internal transfers from various angles (employees' stories, descriptions of the processes involved, etc.).

In 2013, 131 employees were transferred internally (of which 4 come from the Bouygues group) and 108 were recruited externally. In other words, 55% of available positions were filled through internal transfers of existing Group employees.

INDICATOR: INTERNAL TRANSFERS AS A PROPORTION OF TOTAL RECRUITMENT

(Perimeter: France, OE contracts) *Transfers within TF1 group + arrivals from Bouygues group/ external recruits onto OE contracts + transfers within TF1 group + arrivals from Bouygues group*	% revenues	2013	2012	2011
Internal transfers as a proportion of total recruitment *(%)*	82.6	54.8	37.5	44.0

7.1.10 EMPLOYEE BENEFITS

Childcare allowance

To facilitate childcare arrangements, a subsidy of €8 a day is awarded to employees with children under four years old cared for in a crèche or by a nursery assistant or childminder.

The amount awarded is limited to €1,830 a year. Works Councils are responsible for managing childcare allowances.

Housing assistance

The TF1 group has relationships with two collecting bodies, Solendi and Amallia.

In 2013, employees of the TF1 group received various forms of assistance under the housing assistance scheme: 26 employees were allocated housing, 10 were granted first-time buyer loans, 13 were granted loans to pay rental deposits, one was awarded a professional relocation package, 32 have benefitted from housing-aids for young adults (under 30 year-old), 2 were awarded renovation loans and 97 received advice from the relevant organisations about their house purchase plans. A total of 181 TF1 group employees benefited from the housing assistance scheme in 2013.

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 2013, a representative was available on four occasions.

Fitness area

TF1 also endeavours to offer its employees a pleasant working environment by providing them with a fitness room at a preferential rate of €20 a month for a one-year subscription.

Eleven sports instructors are available to employees Monday to Saturday. In addition to 28 group classes, the fitness room has 14 cardio-training machines (treadmills, bikes etc.), 18 exercise machines and two steam rooms.

Social worker

A social worker, who is bound by professional secrecy rules, is available during fixed weekly hours to talk with employees encountering difficulties. Her role covers a wide range of areas: help with initial and ongoing access to housing, family budgeting, debt mediation, education, family relationships (family mediation), prevention of psychosocial risks (professional mediation), health (including dependency and mental health), care for those with long-term illnesses, disability and inability to work. Part of her role is also to raise the alert if social difficulties are identified. She can provide employees with concrete answers and solutions to the difficulties they may encounter.

Sports association

Through TF1's sports association, the Group enables employees to practice sports in a number of areas. In 2012-13, the association had 17 sections and 320 members. The association offers preferential subscriptions for sports clubs (e.g. Forest Hill and Club Med Gym).

Gras Savoye

A representative is available every week to advise employees on procedures in connection with medical issues or help them secure reimbursement under their supplementary health insurance schemes.

7.2 ENVIRONMENTAL INFORMATION

7.2.1 ENVIRONMENTAL POLICY AND ENVIRONMENTAL RISKS

The media sector, sometimes seen as having a smaller environmental footprint than other industries, has an impact that is at least the equivalent of the tertiary sector in terms of greenhouse gas (GHG) emissions. It consumes transport services, purchases electronic products and uses power. Media companies also owe it to their stakeholders to set an example. This is why the TF1 group has made a dual commitment: in the "Ecoprod" initiative, which endeavours to introduce eco-design into audiovisual production, and in the management of its internal processes.

In 2012 the first HQE Exploitation certificate was obtained by the Group for one of its largest buildings. This initiative is being continued in other buildings. TF1 leads a far-reaching policy in all of its building and in all the areas within its control, the consumption of fluids, and electric power in particular, raw materials (e.g. paper) and waste management. The measures introduced by the Group always go well beyond legal requirements. Collective catering, an environmental challenge but also a subject on which employees need to be educated, is the subject of an action plan carried out by the partner ARPEGE in close cooperation with the Corporate Services Department. Increasingly, energy consumption and waste management are factored in at an early stage of any project involving the technical solutions used by the Reporting Department, or all department using fixed installation.

The environmental impact of a media group is also indirect: it manifests itself through its ability to raise public awareness of this issue. Apart from the 20-year broadcast of the Ushuaïa programme on TF1, the TF1 group's channels and websites raise the environmental awareness of viewers and web users year round in several areas, including weather reports, TV news stories, the Ushuaïa TV theme channel, and a campaign on environmental information for children.

ENVIRONMENTAL RISK FACTORS

RISK FACTORS AND THE RISK MANAGEMENT POLICY

TF1's activities do not incur any significant direct environmental risks raised by climate change, even in the event of sudden rises in energy prices or taxes on carbon emissions. Only the geographic situation of the head office of TF1 along the Seine required the implementation of a plan to prevent flooding. This plan is described in the chapter «Industrial Risks» on page 71.

7.2.2 THE ENVIRONMENTAL REPORTING PARAMETERS

The scope of indicators: Environmental Management System (the buildings in Boulogne-Billancourt and Issy-les-Moulineaux host 87% of the Group's worldwide employees). The activity that takes place in these buildings accounts for 87% of the Group's revenues (on 30/09/2013).

Perimeter considered for next reporting in 2014 will be more complete: it will include Metro France, Téléshopping (headquarter and activity), but not Eurosport, which is no longer consolidated in the accounts of TF1 since 1st quarter 2014.

Reference period: 01/10/2012 to 30/09/2013.

7.2.3 THE ENVIRONMENTAL FOOTPRINT OF PRODUCTION

The audiovisual sector emits roughly one million tonnes of CO_2 equivalent a year into the atmosphere, around a quarter of which is directly linked to shoots, according to a study of key figures in the industry made in 2011 and available at www.ecoprod.com (scope of the study: production of movies, video and television programs, sound recording and music publishing, television programming and broadcasting, i.e entreprises with codes of French classification of activities 59 and 60).

To better take account of the environment in the audiovisual sector, TF1 launched the Ecoprod initiative in 2009 with five partners (ADEME, Audience, Commission du Film d'Île de France, DIRRECTE IDF, France Télévisions), which have since been joined by the Pôle Médias du Grand Paris, the CNC and the Région Rhône Alpes.

The Ecoprod collective first launched an online resource centre including best practices by sector, available at www.ecoprod.com. In 2010, it developped and uploaded a carbon footprint indicator for audiovisual productions (on the Carbon'Clap page). In 2012, the Eco-production guide was unveiled in Cannes with testimonials for producers and other professionals in the industry. In 2013, the collective conducted a survey of waste produced by the industry, and in particular studio décor.

TF1's internal productions, in particular RIS, apply Ecoprod guidelines. In partnership with TF1 and Ecoprod, the producer Lagardère Active filmed eight episodes of *Jo*, the first carbon-neutral TV series, that were broadcast in April and May 2013.

As the major part of the programs are carried out by external producers to broadcasting companies, the effort of the collective are turned to the awareness of the industry. The tools are freely available to industry professionals and regularly presented through events and partnerships with specialized media.

7.2.4 FROM EMS TOWARDS HQE CERTIFICATION

THE ENVIRONMENTAL MANAGEMENT SYSTEM (EMS)

The EMS that was established draws on quality processes and in particular the "plan/do/check/act" cycle of ISO 9001-type systems. The system applies to TF1's three buildings in Boulogne-Billancourt (La Tour, Atrium and Delta) and Eurosport's head office in Issy-les-Moulineaux (Amiral), for a total useable area of 81,000 square metres. The EMS is limited to the buildings managed directly by the Group's Corporate Services Department in order to remain within a scope where consumption is measurable and the latitude exists to take action. These four buildings host 3,400 employees (87% of Group employees). In 2014, the EMS will be extended to include Metro France and Téléshopping.

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. It is kept up to date by an employee in Corporate Services, who also collects and centralises the environmental indicators. Managers at Corporate Services and CSR approve the objectives, ensure actions are implemented, monitor the effectiveness of those actions and handle feedback.

A FIRST BUILDING CERTIFIED "HQE EXPLOITATION"

At the end of 2011, a process of "HQE Exploitation" certification was undertaken for the three buildings in Boulogne-Billancourt. The first certification for the Delta building was obtained in November 2012. Based on the experience acquired, a study began at the end of 2012 for the La Tour building, which TF1 SA owns through FIRELIE and APHELIE, which are wholly-owned by TF1 SA. The first step consists of identifying any roadblocks and the type of HQE certification for which the Group can apply. A person has been appointed to manage this analysis.

7.2.5 ENVIRONMENTAL MANAGEMENT

HOW THE INDICATORS ARE READ

The measures and objectives defined apply within the framework of the EMS.

- Water and steam consumption measures are based on meter readings;
- Electricity consumption data is taken from remote readings obtained from EDF's internet site through a load-graph monitoring contract and corroborated through the invoices;
- Bulky waste (skips), compacted paper, food waste, damp packaging, glass, used oil, batteries, printing consumables and electronic waste are weighed by the contractor (invoiced by weight).

WATER CONSUMPTION

Water is consumed mainly in the air conditioning circuit, the washrooms and the kitchens. The rise in water consumption in the La Tour building in 2013 is directly related to the air conditioning. The high temperatures in the summer resulted in an increase in the consumption of water that is used to spray the water circuit inside the air cooler towers. But this increase in consumption did in fact make the closed water circuit more efficient, thereby reducing the consumption of electricity by the air conditioning terminals.

Metro France, a 100%-owned subsidiary of the TF1 group since 2011, publishes the free daily Metronews, France's second most popular newspaper, with 2.9 million readers every day. The design of the new format launched on March 5, 2012 took into account the environmental impact of its activity. Metronews is now printed in the Paris region using the waterless process, saving a significant amount of water each year, and the printers have eliminated chemical additives, which are essential in "conventional" printing.

INDICATOR: WATER CONSUMPTION (IN CUBIC METRES)

Site	% revenues	01/10/2012 to 30/09/2013	2012	2011
TOTAL HEAD OFFICES	**87%**	**61,369**	**48,992**	**52,858**

ACTION TAKEN SINCE 2011

- The faulty pumping system in the high pressure mixed-water network was replaced;
- Automatic detectors and electrically operated flow control valves have been installed on the washroom basins to reduce consumption;
- Service providers have been made more aware of reducing consumption;
- Leak detection campaigns are conducted on a regular basis;
- To cut water usage in vehicle maintenance, the mobile video units have introduced a waterless "ecowash" solution;
- Concerning the catering contract 2012-2014, consumption indicators specific to collective catering are in place.

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. A number of measures have been taken to limit internal consumption, which totalled 111 tonnes in 2013: introduction of electronic internal publications, deployment of multi-function printers, systematic duplex printing. The paper used bears the European eco-Label. Its weight was reduced from 75g to 70g per sheet in 2011.

Paper consumption is a key factor of Metro France's environmental footprint. During this period, 7,625 tonnes of paper were used to print the freesheet, or an average of 635 tonnes per month. This new indicator in TF1's reporting system could fluctuate depending on the following parameters, which will be explained:

- total number of copies printed according to the paper's positioning from one year to the next in view of the competition (number of editions and of cities and the corresponding circulations);
- number of pages per edition, which varies according to the local and national business activity;
- the number of days on which the freesheet is published, which varies from one year to another.

The daily is printed by seven printers spread all over the country in order to limit travel by road. The freesheet is printed on 100% recycled paper (environmental management). At the end of the life-cycle, non-distributed copies of Metronews (1% of copies according to figures from the Association for the control of the media diffusion http://www.ojd.com/adherent/3581) are recovered the following day by the deliverer and returned to the printer. The paper is then recycled by a specialist, such as Paprec. Metronews plans to grow by increasing its readership thanks to new technologies, rather than by multiplying the number of paper copies. In 2013, the paper innovated on the various types of screens and, on November 5, 2013, launched a flat-design version of its application for smartphones.

INDICATOR: PAPER CONSUMPTION (IN TONNES)

Site	% revenues	01/10/2012 to 30/09/2013	2012	2011
Total Head Offices	87%	111	119	139
Metro	1%	7,625	-	-

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 for its everyday activities[(1)], kitchen equipment and to power and cool the equipment used for producing and broadcasting programmes (studio lighting, machine rooms, final production, etc.). In 2013 the systems used to broadcast the new TNT HD1 channel and the theme-based channels and the production platform for the trailers of all the Group's channels were installed. Electricity is also used for lighting and office equipment.

Since 2010 TF1 has aimed to reduce electricity consumption by 1% a year. This reduction began in 2010 (-1%), and continued during the period covered by this report, with an overall drop in consumption of 3.2%. The decrease, which exceeded the fixed objective, was facilitated by halting dual systems, improved management of facilities through the technical management of the building, increased efficiency of the closed water circuit in the air conditioning system and by switching off the air conditioning equipment when the buildings are empty.

INDICATOR: ELECTRICITY CONSUMPTION (IN KILOWATT HOURS – KWH)

	% revenues	01/10/2012 to 30/09/2013	2012	2011
Total electricity	87%	29,790,413	30,788,572	31,640,707

(1) The primary air conditioning system, which produces chilled water that is pumped through the closed water circuit to the air conditioning terminals, air treatment, surveillance and control equipment and riser pumps, since the site is located close to a groundwater table.

FUEL OIL

Fuel oil is used in the electrical generator units on the production sites. These serve as the emergency power source in the event of an EDF power cut to continue broadcasts and other key processes. The monthly tests of the generator units showed that consumption for the period totalled **15,534** litres.

The fuel consumption of the vehicles used to film reports for TF1 and LCI (motorbikes, cars, mobile video trucks), a new indicator that will be monitored in future, amounted to 45,178 litres of Premier and Exellium diesel, Super 98 or lead-free 95 petrol.

INDICATOR: FUEL CONSUMPTION (IN LITRES – L)

	% revenues	01/10/2012 to 30/09/2013	2012	2011
Total generator fuel oil	87%	15,534	16,500	18,200
Total Fuel consumption of the TF1 and LCI cars, motorbikes and mobile video units used for reporting purposes	87%	45,178	-	-

MEASURES TAKEN TO IMPROVE ENERGY EFFICIENCY

BUILDING MANAGEMENT

- Shorter working hours of the terminal equipment in the offices (air conditioning);
- More precise control of the shutdowns of the air treatment units in the studios.

IN PRODUCTION PROCESSES (STUDIOS/NEWS COVERAGE/ BROADCASTING)

Eurosport and LCI have designed their new studios with lighting provided entirely by LED bulbs, which last longer, consume less energy and do not heat up. The new lighting arrangements at LCI have cut the studio's total consumption (lighting and A/C) to 7 KWh on average – a tenth of the consumption of a studio lit with conventional systems.

The three new mobile video units are lighter, more modern and completely autonomous. They are also fitted with batteries that recharge as the vehicle moves, thus reducing energy consumption. All vehicles comply with the "Euro 4" standard. They are fitted with 6-speed gearboxes to limit consumption. A small generator, connected to a Vitron system, provides energy when needed. Equipment is switched on individually and only as required.

Onecast, a subsidiary of TF1 and a telecommunications operator, now offers its customers a new range of Digital Terrestrial Television transmitters that use less energy (from -7% to -20% depending on the models), also with a significant reduction in ground footprint. This new offer is incorporated in the responses to future calls for tenders.

IN THE IT FIELD

- virtualisation drive with servers;
- existing machines replaced with less energy-hungry equipment (the "Star Energy" and "EPEAT Gold" standards are included in the specifications for call for tender);
- implementation of the Econoposte process, which switches IT workstations off if they stand idle for four hours, the IT Department carried out tests on the technical environment at the Group over a period of several months and chose an external solution for coordinating the electricity consumption of the Group's 4,000 workstations. The solution, which is robust and does not affect network security, is in place. It saves 60% to 75% of the electricity consumption of current workstations, representing around €100,000 and 125 tonnes equivalent CO_2 each year;
- deployment of an air flow management system, temperature sensors and a cold corridor policy:
  - relocation of the racks (2012),
  - closure of the racks with blanking panels (2012-2013),
  - study of the installation of plastic curtains to keep in the cold (2013). A pilot testing this measure was launched in one of the server rooms in October.

HARDWARE LIFE CYCLE MANAGEMENT, USE OF IT SYSTEM

- 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;
- Continuation of an ambitious printing policy:
  - replacement of toner cartridges with less polluting cartridges,
  - 50% cut in colour printouts in 1 year (2013);
- 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

In 2013, the TF1 group signed a contract with EDF for the supply of "KWH équilibre" labelled electricity in 2015 and 2016. For every KWH consumed by TF1, EDF is committed to producing the same quantity of electricity using renewable energy sources.

GREENHOUSE GASES (GHG)

GHG emissions were assessed within the scope of the EMS using the Bilan Carbone® carbon audit method.

Scopes 1 and 2 were updated with the activity data from 01/10/2012 to 30/09/2013. Scope 3 will be updated in the next report.

Bilan Carbone® emissions by source	Uncertainty	Emissions, equivalent tonnes of CO_2
Energy	12.5%	3,366
Non-energy	30%	115
Programme grid (*using* Carbon'Clap)	50%	71,474
Other inputs	50%	46,617
Commuting and professional travel	18%	9,065
Direct waste	48%	231
Fixed assets (computer hardware)	48%	812
TOTAL (EXCL. PRODUCT USE)		**131,680**

Emissions by scope	Uncertainty	Emissions, equivalent tonnes of CO_2
Scope 1 (emissions from generator fuel oil (46), diesel consumed by the mobile video units (132), coolant gases (115))	23%	293
Scope 2 (electricity (2,735 with line losses) and vapour purchases (585))	10%	3,320
Carbon intensity (sum total of scopes 1 and 2 in tonnes, divided by revenue in millions on 01/10/2013)		*1.35*
Scope 3 in part (programme grid, other inputs, travel excluding mobile video units, waste, fixed assets)	50%	128,190
TOTAL SCOPES 1+2+3 (EXCL. PRODUCT USE)		**131,802**
GHG emissions stemming from electricity consumed by TV viewers (TF1 audience basis)		190,000

The "Carbon'Clap" resource, developed by the Ecoprod collective of which TF1 is a founding partner, is being used to measure greenhouse gas emissions for internal channel productions. Initial key figures have been established by production type (e.g., average hour of non-scripted programme: 8 tonnes; drama filmed in Île de France: 25 tonnes; drama filmed in Europe: 45 tonnes; one-off events (Rugby World Cup): 1,550 tonnes.)

Other purchases ("Other inputs") are estimated on the basis of a financial factor. This value will be reassessed every three years, *i.e.* in 2014.

Downstream external GHG emissions, caused by electricity consumption by viewers watching TF1 programmes, have been calculated to represent 190,000 tonnes of CO_2 equivalent, exceeding the totality of upstream Group emissions.

These figures were consolidated with those of the Bouygues group, as part of the Group's carbon accounting. They were communicated to the Police Prefecture as required by the Grenelle 2 Act voted in July 2010 and more precisely decree no. 2011-829 published on July 11, 2011 (BEGES - Statement on greenhouse gas emissions)

ACTION PLAN CONCERNING INTERNAL GHG EMISSIONS, WITH THE ASSISTANCE OF THE BOUYGUES GROUP

- Plan to reduce electricity consumption with an objective of a 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 through the reimbursement of public transport passes and bike-hire subscriptions raised from 60% to 80%,
  - use of Excellium diesel in report vehicles, hybrid car testing under way,
  - launch of the commuting plan in 2010,
  - introduction of an electric vehicle car sharing service for employees' professional travel, replacing the use of taxis.

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. The Group calls on an acoustic engineering consultant when building works take place on its premises in order to measure potential noise pollution affecting employees. The results are submitted to the Health and Safety Committees.

During renovation of the headquarters generators, a venturi-type ventilation system was installed on the generator exhausts to improve the air mixture and consequently reduce the impact of exhaust gases.

WASTE MANAGEMENT

The weight of waste has dropped significantly in comparison with 2012. This decrease is the result, in part, of the drop in bulky waste, due in turn to the limited building works, and of the efforts made by the catering contractor to reduce packaging materials upstream.

In July 2013, the TF1 group introduced a radical change by outsourcing its waste management process to a single company, GDA, a subsidiary of the SAMSIC group. Every item of waste is tracked using a waste control form, in accordance with the applicable regulations (Article R. 541-43 of the French Environmental Code). All waste is tracked in the waste registry, in accordance with the same regulations. A person has been appointed to manage this tracking process.

Waste is sorted and recycled (41% of total waste) or incinerated to produce energy.

INDICATOR: QUANTITY OF COLLECTED WASTE (IN TONNES)

Site	01/10/2012 to 30/09/2013	2012	2011
GROUP TOTAL	**611**	**965**	**970**
Total recycled waste	*251 (41%)*	*473 (49%)*	*476 (49%)*

OIW (ORDINARY INDUSTRIAL WASTE), PAPER, WET WASTE

209 tons of OIW were collected in 2013. The main producers of waste are restaurants. Sorting is done when unpacking to make the recycling of cardboard packaging. These join the wastes from office. Waste sorting has been developed wherever feasible. Eurosport has installed dual-container waste bins (paper/other waste). At TF1 headquarters, in the La Tour and Atrium buildings, 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 and is located in the La Tour building. Sorting is managed by Cycléade that re-sells the waste collected for recycling (around 75%). The service includes final manual fine sorting before recycling and reuse.

37 tons of paper are also directly collected on days dedicated to tidying up desks (Cleaning Day) and via the treatment of confidential papers. The paper is 100% recycled.

Wet waste (134 tons) are treated with GDA, subsidiary of SAMSIC group, or with provider PAPREC for Eurosport. TF1 providers are aware of the problem of waste by introducing criteria in tenders and contracts, but also by joint actions during the service. They do not use wipes for cleaning or non-biodegradable products.

NEON LIGHT BULBS AND TONERS

Bouygues Énergie et Services, the company responsible for on-site multi-purpose maintenance, collects used neon light bulbs. All changed neon light bulbs are sent for retreatment prior to the reuse of the materials (glass, fluorescent metal powder) by Indaver Doel in Belgium.

AMETIS collects and recycles toner and ink cartridges from the printers and copiers. 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 accredited company SCRELEC Eco collects and treats the materials prior to reuse in the Euro Dieuze, GDE and Valdi Fleurs centres.

COOKING OIL

Cooking oil is collected in 150-litre containers by Coisplet-Deboffle, under the supervision of the catering contractor ARPEGE, and loaded onto heavy vehicles for transportation to the final treatment plant, operated by Vital Fettrecycling GmbH in Germany.

The treatment consists of adding methanol, followed by catalysis that transforms 100% of the oil into biodiesel.

FOOD WASTE

Waste from food preparation and meal trays (98 tons) are collected in the canteens in special containers supplied by Serval. These containers are stored in a refrigerated room awaiting collection twice a week, and are sent to the Bionerval processing facility. The waste is methanised and the dry residue is used to improve farming land.

GLASS

Glass is collected in special containers by Cycléade, and sent to the sorting centre for reuse of the secondary raw materials by the glass manufacturer Saint Gobain.

ELECTRONIC WASTE

Corporate Services has provided employees with collectors for 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.

End-of-life computer equipment can be given away to non-profit organisations and the sheltered sector or be sold to brokers. A total 5.7 tonnes of IT equipment was collected in 2013 and treated by the Waste Electrical and Electronic Equipment (WEEE) sector, with 4.6 tonnes dismantled for recycling and 1.1 tonne reused.

OTHER ACTIONS, REDUCTION OF WASTE, IMPROVEMENT OF RECYCLING

- Introduction of upstream sorting in TF1's canteens, with the separation of food waste from humid waste and clean packaging materials;
- Introduction of transparent bags to collect office waste to make downstream sorting easier when the waste leaves the compressor;
- Sorting when removing trays at the restaurant.

EMISSIONS INTO WATER AND SOIL AND MEASURES TO LIMIT IMPACT ON ECO-BALANCE

In the specifications written by our maintenance contractors, the Group requires them not to use products that are harmful for the environment. Our maintenance partner, SAMSIC, has introduced a solution for producing surface-cleaning detergents and disinfectants using fresh water and salt *via* a water electrolysis process. Our catering contractor, ARPEGE, has introduced the same type of process to clean the kitchens.

In accordance with the regulations, waste water from the canteens is filtered in a grease tank that is regularly emptied by PFD. Similarly, the surface water from the car parks is collected in a special tank for water containing hydrocarbons that is emptied by PFD.

EXPENDITURE ON PREVENTING THE ENVIRONMENTAL IMPACTS OF OUR ACTIVITY

TF1 contributes €10,000 a year to the Ecoprod initiative (on developing tools to measure and reduce the carbon footprint of audiovisual production).

Moreover, TF1's 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 these regulations 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. All these installations complied with ICPE regulations and do not cause any nuisance. The checks made by TF1's maintenance teams are drastic and all the compulsory sanitary checks are compiled in an annual report that is sent to the policing authority.

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. Delta was the Group's first building to receive "HQE Exploitation" certification in 2012.

IN-HOUSE ENVIRONMENTAL MANAGEMENT STRUCTURES

Corporate Services is in charge of all of the plans to control consumption and manage waste. Two employees work full-time on keeping track of the action plans, and in particular for waste management, on collecting the indicators, on managing the "HQE Exploitation" certification application and on keeping the EMS up to date. Coordination is organised with the CSR Department.

STAFF TRAINING AND COMMUNICATION

Staff are regularly made aware of the subject of sustainable development through sections in the internal publication *Regards* (quarterly), on the Internet site and during dedicated events.

Each year, two managers from TF1 attend the seminar "IMB – Social and Environmental Responsibility" organised by the Bouygues group and regularly enhanced with new perspectives on sustainable development and the Group's strategy.

All contributors to TF1's CSR process meet each year to update knowledge and have a combined overview of roadmaps in a Meeting of the CSR Committee.

TF1 is a founding partner of the Nicolas Hulot Foundation, and each year it distributes its communications material internally (green booklet, newspaper, "carbon coach" internet application).

EFFECT OF RADIOWAVES ON HEALTH

The broadcasting aerials located on the roof of the main TF1 building in Boulogne-Billancourt were monitored in 2007. The resulting measurements, which were passed on to the Health & Safety Committee, showed that authorised levels in the approach area around the aerials were not exceeded. Entrance to this area is reserved for a few technicians only, and the security zone is clearly marked and off-limits to unauthorised personnel. The instructions are updated in the SNG (Satellite News Gathering) cars.

Mobile aerials (broadcasting vehicles, air-transportable aerials) were assessed by APAVE, which found no anomalies. Operators must follow safety procedures when installing such aerials, and a one-and-a-half metre safety zone is marked out around such equipment when on the ground.

Concerning the 3G transmission system used during news coverage operations, measurements made by the EMITECH laboratory show that the Specific Absorption Rates or SAR are clearly complied with. The maximum SAR for the head and the trunk must not exceed 2W/kg and the SAR measured by the laboratory EMITECH is 0.795W/kg. The usage instructions are displayed with news coverage logistics arrangements and supplied to the News Coverage Department.

The Medical Department is highly vigilant and examines every radiowave-emitting system that is put into service.

As was the case for the deployment of a Wi-Fi network, each new installation undergoes measurements by an APAVE-accredited laboratory.

A report was submitted to TF1 SA's Health and Safety Committee in 2013.

7.3 SOCIETAL INFORMATION

7.3.1 SOCIETAL POLICY AND SOCIAL RISK

The TF1 group encourages respectful and constructive dialogue with all its stakeholders, both contractual and non-contractual. The development of a close relationship with the public, bringing all individuals the opportunity to dialogue with the Group, is a key element in its communications policy.

In the governance of the company and in its activities, the TF1 group applies ethical and responsible principles, be it regarding the regulator, the public, customers, suppliers or its employees. It reports exhaustively and transparently on its activities to the community. The development of a textual corpus on Group ethics, available in 2014, testifies to the Group's structuring and transparency efforts.

The Purchasing Department introduced a "Responsible Purchasing" policy when it was created in 2008. This policy has been extended in 2013 to include rights purchasing and Téléshopping.

Lastly, because this issue is central to its sector-based responsibility, the TF1 group commits to ensuring the compliance of its programmes with the ethical commitments made to the community[1], the quality of the news broadcast on Group channels, the diversity of programmes and representations, their inclusive and non-discriminatory nature, the promotion of solidarity, social links, and awareness-raising on key environmental issues.

The presentation in this document of issues related to product content goes above and beyond the requirements in France's Grenelle 2 Act, as they are a particularly relevant topic for TF1.

SOCIETAL RISK FACTORS

RISKS LINKED TO IMAGE AND ETHICAL NON-COMPLIANCE

The main societal risk for TF1 consists in failing to respect the Group's public commitments in the ethics and compliance of the content it produces and broadcasts. From this standpoint, TF1 has a particular responsibility given its leading-channel status. It also represents a licence-to-operate risk, if the regulator were to identify major cases of non-compliance.

RISK MANAGEMENT POLICY

Deliver on its commitments is a by concern for the Group. The entire system implemented to ensure:

- the compliance of programmes, under the authority of the General Secretariat and the Broadcasting Department;
- the responsibility and independence of the News Department;
- the training of all programme-contributing staff by the Legal Department on their rights and duties.

7.3.2 TF1, A "CONTRIBUTING" COMPANY

The TF1 group has for several years worked to reduce and improve its impacts, be they environmental, labour-based or social. To foster strong ambitions in this area and maintain momentum through its actions plans, the Group has launched a study on the concept of the "contributing company". The idea is to go beyond the often restrictive approach of conventional CSR policies, focused on minimising impact, and adopt a more positive and innovative approach that seeks to identify in which ways the company makes a contribution to society.

This broader sense of value creation has a number of dimensions at TF1 given its intangible activities. The economic contribution (purchases from content producers and suppliers, taxes, salaries, etc.) is clearly the most evident of these and is extremely important for a Group that is the leader in its sector. But there are also contributions in terms of employment (strengthening employability, integration, diversity, etc.) and society (free access to news and entertainment, innovation, the promotion of causes, etc.) that the company has highlighted very little thus far. As such, the initial aim of the study, carried out through interviews with staff and stakeholders, is to identify and quantify the fields in which the TF1 group makes a contribution. The Group will then work on reinforcing its social contribution in the wide sense of the term.

TF1 is also seeking to facilitate buy-in of the new G4 version of the Global Reporting Initiative guidelines. In France, the Group hosted the launch event in France on November 27, 2013, attended by 150 participants from government, businesses, ratings agencies and universities.

(1) TF1 Agreement: http://www.csa.fr/infos/textes/textes_detail.php?id=8169.

7.3.3 SOCIAL REPORTING PARAMETERS

Scope:

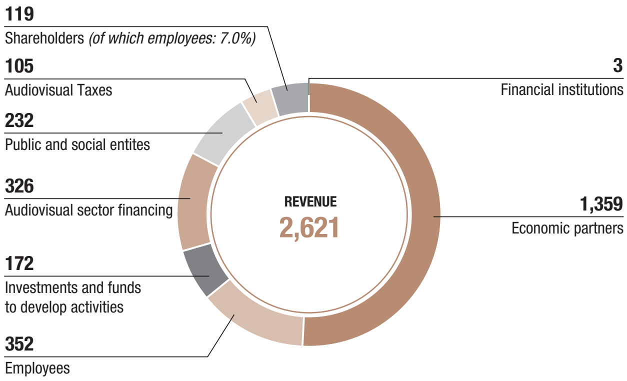
- ethics: the entire Group;
- solidarity, purchasing: the entire Group excluding Eurosport;
- programme compliance, audience relations: TF1 and the theme channels, TMC, NT1, LCI.

Period under review:

- ethics: no quantitative indicator;
- audience relations, solidarity, purchasing: reporting for the period 1/10/2012 to 30/09/2013;
- programme compliance: 2012.

7.3.4 TERRITORIAL, ECONOMIC AND SOCIAL IMPACT

ECONOMIC CONTRIBUTION OF THE COMPANY



The diagram above shows the distribution of TF1 group 2012 revenues among its main stakeholders.

It illustrates the Group's contribution in particular to the audiovisual sector, through the payment of taxes (€105 million) and the support it provides (€326 million) through its production obligations and the royalties it pays to societies of authors.

In all, the TF1 group in 2012 contributed €431 million to the audiovisual sector, or 24.8% of the 2012 revenue of the Broadcasting sector and 2.8 times the current operating income of this sector.

The amount invested by TF1 in national heritage audiovisual works every year (191 million in 2012) makes the Group a major player in French production. TF1 programme units, particularly the Drama Department, are in constant contact with professionals in the sector.

In addition, TF1 paid €232 million to the government and social welfare bodies in 2013.

In all, regulations and taxes represented a charge of €663 million in 2012, or 25% of the TF1 group's consolidated revenue and 3.2 times the Group's operating income.

CORPORATE FOUNDATION INITIATIVES

The TF1 Corporate Foundation, set up in 2007, focuses on diversity and professional integration. Every year, the Foundation holds a competition to hire people aged between 18 and 30 from working-class areas. Candidates are selected by a jury of professionals and are offered a two-year apprenticeship with the TF1 group, along with training and individual tutoring. Each person is mentored by a company employee, who shares his or her own network and experience. A total 62 recruits have joined the TF1 Corporate Foundation since it was founded. The scheme spans 20 professions. For the 2013 class, 13 young people were recruited, following a selection process involving 350 applications and 90 interviews.

To extend its tutoring work, in 2012 the TF1 Corporate Foundation joined the Passeport Avenir association, which works to help young people from working-class districts access top-ranking higher-education establishments. With Passeport Avenir, the TF1 Foundation is extending its initiatives to include students in sectors of excellence. In 2012-2013, 11 employees mentored 11 young students.

INDICATORS: CORPORATE FOUNDATION INITIATIVES

At 31/12	2013	2012	2011
Young people from working-class districts recruited by the TF1 Corporate Foundation	13	12	12
High schools visited (students concerned)	20 (2,500)	19 (2,300)	20 (2,350)

7.3.5 DIALOGUE WITH STAKEHOLDERS

TABLE OF STAKEHOLDERS, ISSUES AND DIALOGUE METHODS

Stakeholder	TF1 actor	Issue	Dialogue method (examples)
Regulatory authorities: CSA(1), ARPP(2), Competition Authority	General Secretariat, Compliance Department, Broadcasting, TF1 Publicité	Programme compliance, journalistic ethics	Participation in working groups, production of reports, proposals
Public	External Communication Department (including Public Relations Department), News mediator, News Team Journalists	Raising public awareness on major issues, media education	Personalised answers to emails, phone calls and letters, debates with channel personalities journalists' blogs
Advertisers	Sales Department, Business Development Department, TF1 Publicité	Responsible advertising and consumption	Direct Meetings with advertisers, general terms and conditions of sales posted on line, www.tf1pub.fr website, Références magazine, events, Campus
Employees and trade unions	Management, Social Affairs and HR Directors	Employee-management dialogue, pay policy, forward-looking management of employment and skills, health/safety/security, equal opportunities	Negotiation of agreements with trade unions, internal communication publications, satisfaction barometer, annual performance review
Suppliers and service providers	Central Purchasing Department	Including suppliers in TF1 policy, supplier assessment, "Green Purchases", used of sheltered sector	Questionnaires on CSR policy, including sustainable development in specifications
Associations, NGOs	Broadcasting, Solidarity Committee, Social Affairs, incl. Mission Handicap	Mass-public visibility of associations, solidarity/diversity	Free spaces provided via SNPTV, donations in kind, multi-year contracts and partnerships
Shareholders and financial community, non-financial rating agencies	Financial Communication, CSR coordination	Governance, business ethics, transparency	Annual General Meeting, registration document, roadshows with institutional investors, Meetings and tele-conferences with analysts, regular phone contact, website, internet site
Audiovisual content creators	Programme units	Cultural diversity, Ecoprod initiatives	Very frequent Meetings, Creation workshops, training

(1) French audiovisual regulator
(2) French advertising regulation authority

AUDIENCE RELATIONS

AUDIENCE RELATIONS DEPARTMENT

The rollout of the policy on audience dialogue is a key feature of TF1's aim to forge closer ties with viewers, the aim being to make TF1 an accessible media fostering interactive contacts with its audiences and bringing diversified programmes to its viewers.

The Audience Relations Department (ARD) was set up to implement a broad range of initiatives forging constant relations with the public across France and in the social networks. The Group wants to raise the channel's profile and share its values with viewers and reviewers alike. Using the communications tools put in place – TF1&Vous section accessible from the main navigation bar on the MYTF1.fr homepage, TF1's significant presence in social networks, letters and phone calls – viewers can share their views on programmes and presenters at any time. TF1's offering was recognised in 2013 with the 2013 Qualiweb award for Best Online Customer Relations in the news and media sector.

The ARD provided 90,421 individual responses in the period under review. A CRM system was introduced in January 2013 to manage relations with our viewers (emails, letters, phone calls) along with a new interactive vocal server (IVS) that guides viewers toward the right answer to their question on our website. The IVS led to a roughly 60% decrease in calls on 2012.

SOCIAL NETWORKS, GRASSROOTS EVENTS

TF1's presence in the social networks, through Twitter, Facebook, Google+ and, more recently, Instagram, is part of the same drive to build close presence, by offering people a unique space in which to dialogue and interact. Each day, TF1's community managers lead and take part in discussions with over 20 million fans subscribed to pages, presenters' programme accounts and *via* the TF1 group's corporate communications. Subscribers get exclusive programme information and loyalty offers (invitations, goodies, advance showings, etc.). They can also share their views on programmes and services. The TF1 group is present on Twitter through its hosts, many of whom dialogue with their subscribers.

This approach has a number of advantages, engaging another form of dialogue, strengthening our visibility, boosting our image, creating a connection with audiences, dialoguing about our programmes, promoting our content, generating traffic on our websites (including MYTF1.fr), ensuring a watch and extending our e-reputation. Throughout the year, TF1 innovates and rolls out communication initiatives in the social networks highlighting exclusive content supplementing that on the channel and MYTF1.fr. Always ready to enter new fields and innovate, TF1 is currently trying out new social networks, including Tumblr, Pinterest, Vine and Instagram, to further heighten its visibility.

The channel has for two years been going out to meet with viewers, often using local partner media. TF1 personalities have visited some 100 towns and cities across France during that time. The key idea informing these events is summed up in the name "Journées de Proximité", or "Grassroots Days", which feature dialogue, new discoveries and gifts. Through this initiative, TF1 is creating an authentic link with its audiences. Meetings with schoolchildren, dialogue with viewers and discussions with local media are the focus of these regional trips.

INDICATORS: AUDIENCE RELATIONS

	01/10/2012 to 30/09/2013	2012	2011
Replies to contact by e-mail, letters and calls to the ARD(1)	90,421	122,359	143,954
Messages or comments posted on the TF1 Facebook page(2)	3.6 million		Not available
Number of tweets about TF1 or its programmes(3)	19 million	13.5 million	Not available
Number of fans in all the social networks (4)	20 million	15 million	Not available

(1) *Audience Relations Department.*
(2) *Average number of interactions per month (Likes, comments, shares) x 12 months.*
(3) *Source: TvTweet January to September 2013 (data not available before this date).*
(4) *Aggregation of all accounts and all fan pages for programmes, presenters and TF1 on Facebook, Twitter and Google+…*

NEWS OMBUDSMAN

News ombudsman Françoise-Marie Morel receives the public's opinions, requests for explanations and complaints *via* the Audience Relations Department (on tf1.fr). She listens to comments about presenters and the treatment (or non-treatment) of news stories. The news ombudsman replies on her web page http://lci.tf1.fr/redaction-lci/redaction-vous-repond/. She explains how newscasts are put together and what the rules are, and can also reply to individual queries. She advises the Editorial team when many people express similar reactions on a given issue.

7.3.6 PARTNERSHIP AND SPONSORSHIP INITIATIVES

The Solidarity Committee, created in 2001, groups various company representatives (Broadcasting, Advertising, Human Resources, Corporate Foundation and CSR). It coordinates TF1's community-minded initiatives with requests from organisations. For information on how the Solidarity Committee operates and its criteria, go to: http://www.fondationtf1.fr/index.php?comite-de-solidarite.

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, providing a range of assistance measures corresponding to a broad spectrum of social issues.

Air time is offered to a varied range of organisations and causes. The Pièces Jaunes, Les Restos du Cœur, Sidaction, ELA (the fight against leukodystrophy) and now the Association Laurette Fugain have become very important recurring operations. The employees and presenters of TF1 rallied alongside Restos du Cœur to defend European food aid in the European budget by taking part in the Airfoodproject action.

From 01/10/2012 to 30/09/2013, the Group donated a total €38.2 million to 131 organisations.

PHILANTHROPY INDICATORS: NUMBER OF ORGANISATIONS CONCERNED, NATURE AND AMOUNT OF DONATIONS

At 31/12	01/10/2012 to 30/09/2013	2012	2011
Number of organisations having received donations	131	168	125
Cash donations to organisations *(€000)* (1)	2,206	2,466	2,913(2)
Donations in kind *(value in €000)* (2)	34,497	26,436	18,403
Sponsorship administrative costs and contributions to Foundations *(€000)*	1,528	160	155
Total value of initiatives *(€000)*	**38,232**	**30,431**	**22,889**

(1) Cash donations: gifts from the Solidarity Committee and passing on the profits from certain televised games.
(2) Gifts in kind: Value of free channel airtime and advertising airtime granted to campaigns, technical services, production of advertisements and material assets.

7.3.7 ETHICS AND GOVERNANCE, HONEST PRACTICES

LEGAL FRAMEWORK FOR THE GROUP'S ACTIVITIES

The Group operates in a complex legal environment. The main legal provisions are detailed on page 226 of this registration document and annual financial report.

The TF1 group has made a public commitment that its broadcasting will comply with the ethical and compliance principles set out in the agreement signed with the CSA (website: http://www.csa.fr/).

TF1 CODE OF ETHICS, GLOBAL COMPACT

TF1 complies with the Code of Ethics of the Bouygues group. In 2013 the TF1 group decided to establish its own Code of Ethics to better take account of the specific nature of its business. The Group set about drafting a set of documents which will be made available in the course of 2014, covering its ethical and governance principles, such as respect for the law, the superior interests of the Group, intra-group relations, the protection of assets, honesty in communication and information, internal control, conflicts of interest, corruption, political activity, institutional relations, and business conduct. The Code of Ethics also sets out the Group's commitments on social responsibility. A new whistleblowing system has to be put in place.

The Code of Ethics will be organised into four programmes of compliance on major issues: anti-corruption, conflicts of interest, competition and the stock market environment.

Three charters feature in the appendices of the Code addressing topics that are more specific to certain activities, including a Charter of Institutional Relations, a Charter of the Editorial Team and a Charter of Responsible Purchasing.

This work is coordinated by the Group's Corporate Secretary, who is also responsible for ethics with the collaboration of the Legal Affairs Department, the Finance Division, the Human Resources Department, the editorial team, and the CSR Department.

TF1 staff have access to Group agreements and internal regulations on the company intranet.

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.

The Eticnet Charter developed by TF1 applies to use of 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.

In 2013 the TF1 group renewed its commitment alongside French and international companies to respecting and promoting the ten principles of the Global Compact on human rights, labour rights, the environment, and the fight against corruption.

7.3.8 RESPONSIBLE PURCHASING POLICY

TF1 purchases large contracts outside the company, worth an overall €1,632.8 million – a significant part of its revenue.

To ensure that the Group's CSR policy and values are shared, the Purchasing Department introduced a "Responsible Purchasing" policy when it was created in 2008 for all the Group's external expenditure, excluding rights acquisitions. In 2013 the scope of Responsible Purchasing was extended to include Rights Acquisitions, covering the acquisitions of rights to broadcast programmes and live sporting events with a view to feeding the Group's different channels, and purchases by the Téléshopping company.

The Responsible Purchasing Committee annually brings together the heads of the main structures to review actions. Chaired by Jean-Michel Gras, Head of Purchasing, the committee includes managers from the main operational departments and human resources. It disseminates the "Responsible Purchasing" policy throughout the Group, reports on the progress of activities, develops the use of workshops in the protected/adapted sector and sets the strategic guidelines for the TF1 group's responsible purchasing policy

In 2014, TF1 obtained the Responsible Supplier Relations Label, awarded by the Inter-company Mediation body and the CDAF purchasing managers association.

EXTERNAL EXPENDITURE EXCLUDING RIGHTS

The TF1 group Purchasing Department, part of the Finance Division (DGASFA), is responsible for all external expenditure.

The remit of the Group Purchasing Department is to optimise all the Group's contractual conditions while maintaining the quality of the goods and services procured and seeking to build well-balanced and lasting relations with suppliers.

The Purchasing Department upholds the following values, which are posted for employees on a special intranet site: ethics and compliance (as expressed by the Responsible Purchasing and Diversity policy), a clear and objective purchasing process, global management of supplier relations, two-way respect for contractual commitments, cross-functionality and synergies at Group level, responsible purchasing and diversity.

A section of the Responsible Purchasing Policy covers subcontractors' commitments to comply with the company's labour agreements and uphold its values. The system for compliance and fighting corruption consists of four sections:

- respect for suppliers and partnership;
- the efficiency and security of the purchasing process;
- the independence and compliance of purchasers.

The purchasing process is secured within SAP and complies with the principles of internal control concerning the separation of roles and responsibilities for making supplier orders.

In January 2012, the Purchasing Department signed the Charter on Inter-Company Relationships under the authority of the Ombudsman in charge of inter-company relationships, the Ombudsman in charge of credit and the purchasing managers association, CDAF.

RIGHTS ACQUISITION

RIGHTS ACQUISITION PROCESS

The rights acquisition process at the TF1 group respects the Group's internal control procedures, presented in detail in paragraph 2.2.2 on page 49 in this document.

The Group endeavours to assess and control the risks inherent in all envisaged acquisitions.

To that end, the rights acquisition process is secured at each key step of the commitment by the multiplicity of the players involved, with any engagement made as part of a collegial decision and backed by a formal process including numerous indicators.

These last enable the strict respect of Group objectives on compliance in business, law and competition and the Diversity Charter. By rallying managers and employees around shared values, the Group pays particular attention to the prohibition and prevention of anti-competitive, dishonest and corrupt practices. As stated in paragraph 7.3.7 on page 270 of this document, TF1 has for several years renewed its membership in the United Nations Global Compact, one of whose principles is aimed at fighting against corruption in all its forms. TF1 also committed in January 2012 to the Responsible Supplier Relations Charter under the authority of the French Inter-company Mediation. The Group is now aiming to obtain the Responsible Supplier Relations label. In 2013 the Group sought to reassert these values by drafting a textual corpus formalising all topics related to ethics in the company's business and behaviour.

THE ACQUISITION OF AUDIOVISUAL PROGRAMMES (EXCLUDING SPORTS RIGHTS)

The TF1 Rights Acquisition consortium, including all of the Group's channels, and the Rights Acquisition and Trading Department (DGAAN), tasked with acquiring rights and optimising their circulation within the Group, acquire broadcasting rights for feature films, series and TV films. They sell rights that are not being used by Group broadcasters to third parties to optimise inventory management.

The channels send their firm purchase requests to their representative in the consortium and the Executive Committee. A committee grouping the representatives of the consortium member channels is tasked with approving with the members the overall breakdown of the ordered rights, then sends on these requests and their breakdown to the DGAAN so as to proceed with the purchase of the programmes.

The Group calls on a broad range of producers. Acquisition decisions are based on the artistic quality of programmes and on the editorial policy of the Group's channels. TF1 is committed to favouring diversity and working with a diverse range of suppliers (location, size, innovation, etc.) in accordance with the principles of the Diversity Charter.

Acquisitions are approved by *ad hoc* committees grouping all the decision makers on the basis of objective criteria defined beforehand:

- the DGAAN presents an overview of the project characteristics: unit price, number of broadcasts, rights transformation procedures, programming slots in the grids of the ordering parties, rights use period, sub-licensing (where applicable), territory, secondary use, and payment conditions;
- the Artistic Department is responsible for the compliance of the programme with the editorial line;

- the Programming Department ensures that the rights correspond to the programming grids of the Group's channels, ratings objectives and the channels' inventory control;
- the Deputy Director of the Finance Division approves the inscription of the acquisition in the cost of the programmes and the investment budget of the Programme Unit, the projected profitability of the acquisition, the inventory level, the compliance of the acquisition cost with the market price and the plan, and the presence of performance clauses.

Final approval is made by the Chairman and Chief Executive Officer of the Group or Chief Executive Officer of the channel, in line with existing delegations of powers.

The Legal Affairs Department then drafts the legal documents for the commitments.

The Rights Acquisition Department is responsible for updating the programmable inventory of broadcasters and ensuring the respect of contractual provisions concerning payment.

ACQUISITION OF SPORTS RIGHTS

Sports rights are acquired by the department responsible for sports, generally through calls for tender initiated by the rights-holders of sports events (federations, rights agencies, etc.). The calls for tender respect European and national regulations (Sports Code). For the most significant projects, the Board of Directors of the TF1 group forms an *ad hoc* committee responsible for validating the proposals.

MAIN INITIATIVES

SUPPLIER ASSESSMENT WITH ECOVADIS

The CSR policy of suppliers of ex-rights purchases has since 2009 been assessed using the Ecovadis platform 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. Significant contracts (above €500,000) are accompanied by a CSR rating of potential "new" suppliers.

Some 169 Group suppliers were assessed at end-2013 with Ecovadis. Analysis of these conclusions further contributes to the successful management of supplier relations and is also used to coordinate CSR initiatives with service providers.

In 2013, CSR assessments of suppliers were extended to purchases of rights and products by the Téléshopping company. The Acquisitions Department launched an assessment campaign with 16 companies (French drama, non-scripted programmes and rights purchasing companies). Five major suppliers are currently under assessment for the Téléshopping subsidiary. The expansion of CSR assessments is part of the global policy of the TF1 group on responsible purchasing in all purchasing families.

PURCHASER TRAINING AND INVOLVEMENT

All the buyers at the Purchasing Department, as well as some of the buyers at Téléshopping, have attended training on the Responsible Purchasing policy. Further training courses with rights buyers will be organised in 2014 to strengthen internal skills on CSR.

In addition, 20% to 30% of the variable remuneration of buyers at the TF1 group Purchasing Department has for several years depended on their CSR actions and purchasing diversity, with assessments and improvement plans, sheltered sector sourcing, and communication on the Responsible Supplier Relations Charter.

USE OF THE SHELTERED/ADAPTED SECTOR

The Purchasing Department maintains a list of establishments in the sheltered sector for a range of services, including printing, catering, packaging, creation, communication, and the maintenance of green spaces. It raises awareness of the sheltered sector *via* internal communication tools, the responsible purchasing committee and the Diversity Committee. It supports decision-makers and ensures the diversification of services.

COMMUNICATION

The Purchasing Department won the "Responsible Purchasing and Diversity" award in June 2013 at last year's Trophées des Achats awards organised by the French purchasing managers' association, CDAF.

This award goes to the purchasing policy that best integrates diversity on a day-to-day basis, either through the implementation of a diversity programme (diversity identified in supplier panel, diversity factored into supplier selection, action plans) or by encouraging or supporting the company's own suppliers to foster diversity.

ENVIRONMENTAL, LABOUR AND SOCIAL CLAUSES IN CALLS FOR BIDS

Sustainable Development and Diversity clauses are included in contracts and in Purchasing Terms and Conditions stating that TF1 and TF1 group companies are signatories of the UN Global Compact. The Group's entities make a commitment to other French and international companies to respect and promote the ten principles of the Compact in human rights, labour rights, the environment and the fight against corruption.

TF1 has also signed the Diversity Charter and the Responsible Supplier Relations Charter whereby the Group and its companies commit to fostering diversity in general and with suppliers (in terms of their location, size and innovation) and to respecting and promoting the principles set out in the two charters.

The contractor thus commits to respecting the principles set forth in the Compact and the Charter, available on the Internet, and makes sure its subcontractors do the same. The contractor is informed that not respecting these principles will result in contract termination and cause serious damage to the image of the TF1 group.

These principles are also integrated and restated in calls for bids.

More specific "Sustainable Development and Diversity" clauses may be included in calls for bids. For example, contracts for tour events require measures on the environmental footprint of the event and suggest ways to reduce it.

RESPONSIBLE PURCHASING INDICATORS

	01/10/2012 to 30/09/2013	2012	2011
Total business scope *(€m)* (1)	1,623.8	1,702.9	1,604.9
Expenses addressed by CSR criteria	1,623.8		
Scope managed by the Purchasing Department *(€m)* (2)	671.2	650	650
Share of expenses addressed by CSR criteria	671.2		
Number of suppliers assessed by Ecovadis or in the process of assessment	169	214	148
Revenue of the Purchasing Department covered by an assessment by Ecovadis or in the process of assessment(2) *(€m)*	115.6	150	139
Revenue with the sheltered/adapted sector *(€000)*	304.3	321	319
% of buyers trained in responsible purchasing (100% at the Purchasing Department)	50(3)	100	100

(1) Total business scope includes external charges, the consumption of external production and other purchases consumed and the corresponding variation in inventory:
- *for 2013 the total of these items for Q4 2012 + the first 9 months of 2013;*

(2)
- *for 2011 and 2012 the total of these items respectively for the 4 quarters of 2011 and the 4 quarters of 2012. Corresponds to the purchasing revenue in SAP orders from 1/10/2012 to 30/09/2013 represented by the total number of suppliers assessed by Ecovadis.*

(3) Scope extended to Rights Acquisitions Department buyers in 2013.

7.3.9 RESPECT OF ETHICS AND COMPLIANCE RULES IN CONTENT

The issues covered in this document on produced and distributed content go above and beyond the requirements of the Grenelle 2 Act, as they are of particular importance for TF1.

The General Secretariat is responsible for the respect of commitments made through agreements signed by TF1, TMC, NT1 and, now, HD1, and for dialogue with the CSA through a body of legal specialists. This last structure works closely with the Compliance Department, part of Broadcasting and in particular tasked with verifying commitments on programme compliance and the protection of young viewers. Dialogue with the regulator is carried out *via* hearings and written contributions, giving rise to requests and proposals on quantified commitments and the drafting of reports.The choice has been made to focus on the two channels that broadcast News programmes, TF1 and LCI, as this theme comprises key societal stakes. Both channels are also audience leaders ont their markets.

7.3.10 NEWS

NEWS DEPARTMENT, SOCIETY OF JOURNALISTS

The News Department is in charge of ensuring that the ethical principles of the profession are applied.

It ensures the independence of the editorial staff. Through dialogue and debate, it creates an initial barrier against any attempt to breach the ethical boundaries of journalism. The editorial staff may tackle any issue and strive to treat each one in a balanced fashion, taking an approach that is commensurate with the importance of the news. Concerning possible conflicts of interest with the Group's main shareholder, the editorial team assumes that the identity of the owner is known to everyone, and so no specific precautions are taken to cover the activities of the Group owner.

The Society of Journalists, created following the privatisation of TF1, has as members 75% of the 230 or so journalists who make up the editorial team. Presenters and the News and Information and Editorial Team Directors are not members of the Society. The Society's role is to create a space for dialogue in which members of the editorial staff may broach any question concerning compliance in journalistic practice and the integrity and independence of journalists. The Society of Journalists promotes the concept of responsibility in journalism as a profession. The News Department meets with the Society upon request throughout the year.

CHARTER OF PROFESSIONAL ETHICS FOR JOURNALISTS

The main unions representing journalists in France have adopted the Charter of Professional Ethics for Journalists, which is posted on the website of the National Union of Journalists (SNJ): www.snj.fr/IMG/pdf/Charte2011-SNJ.pdf. The National Collective Labour Agreement for journalists (CCNTJ), which applies to all 37,000 press card-carrying journalists in France, also establishes ethical principles.

The journalists of the Group's editorial teams, who all hold the Press Card, have *de facto* adopted these rules and principles.

A Charter of Ethics specific to the TF1 editorial team is currently being drafted for release in 2014.

NEWS ITEM VIEWING AND ERROR CORRECTION

Each news item is viewed by at least 4 persons: the assistant chief editor, the managing editor, the chief editor and the presenter. The Director of the Editorial Team also views many stories. If a mistake is made on air, it is usually corrected before the end of the programme by the presenter.

PRESS TRIPS AND EMBEDDED JOURNALISTS

The new News Department management no longer allows any press trips, other than official trips and certain medical conferences featuring presentations by specialist speakers, for the reimbursement of travel expenses.

TF1 regularly sends embedded journalists (those incorporated into the Armed Forces on the ground) with French and American forces, without, however, cutting itself off from other sources, because this offers a way to get physically closer to war zones. The journalist is rarely the only special correspondent on the ground. TF1 tries to do stories on peripheral topics outside the army. The practice of "embedding" is announced when the news coverage is broadcast.

TREATMENT OF HUMAN INTEREST STORIES, PREVENTION OF UPSETTING IMAGES

TF1 does not cover human interest stories unless they link to a wider social issue. The Editorial team endeavours to gauge this dimension by reading dispatches and conducting preliminary investigations.

One of the Editorial Department's principles is to avoid showing gratuitous violent images. If a story may be difficult to watch, the presenter will warn viewers, saying that "some of the following issues may be upsetting". Sources are always given for images. Also, images are never modified, except to add graphics.

QUALITY OF IMAGE SOURCES, AMATEUR VIDEO

The Editorial team pays very close attention to the quality of image sources, and the use of home videos is banned unless the source can be properly checked. When such material (which may be cropped and mounted) is used, the words "Home Video" are displayed and, if necessary, the date when the video was shot will be shown. These videos are paid for according to the type of event, the quality and the duration of the sequence used. Since demands for payment are on the increase, TF1 has established a scale that takes into account the event, video quality and duration.

STATUS OF GROUP JOURNALISTS' BLOGS

If a journalist writes in the name of the channel, the Editorial Department considers that his or her contributions to blogs or social networks create exposure to personal and corporate liability. The rules that apply on air also apply to blogs. Any failure to act impartially will not be tolerated any more than it would be on the channel and penalties are possible.

UNDERCOVER WORK

The editorial team considers that it is the duty of journalists to report what goes on even in closed countries. Outside war zones, experienced journalists from TF1's Investigations unit may work undercover if the subject justifies it, usually for social or economic subjects.

TRAINING PERSONNEL ON MEETING THEIR OBLIGATIONS

The Legal and Regulatory Affairs Department organises regular seminars on freedom and responsibility for all staff members involved in preparing reports for TF1 televised news broadcasts. Participants are reminded of the laws that apply to them in their role as news providers. In addition to the rights of the press, the seminars also discuss CSA rules and oversight.

INDICATORS ON THE CONFORMITY OF PROGRAMMES WITH THE ETHICAL AND COMPLIANCE COMMITMENTS FOR THE TF1 CHANNEL

The scope for all content-related items is 2012, thus taking account of the CSA review on TF1 and LCI activity relating to the signed agreements. The CSA review for 2012 establishes the number of actions at four: three warnings and one caution.

The channel broadcast 7,312 hours of programmes (excluding advertising and channel advertising) and more than 10,000 topics in TV news programmes.

Subject	Programme	Type of breach	CSA action
News compliance Pluralism of information	*Electoral campaign*	Breach of the principle of political pluralism. Under-exposure of the representatives of the parliamentary opposition, the parliamentary majority, and parties not represented in Parliament.	Warning
News compliance Pluralism of information	*Electoral campaign*	Disregard for Article L. 52-2 of the Electoral Code, with the channel having disclosed precise indications on vote results before 8pm.	Caution
News compliance Pluralism of information	*Electoral campaign*	Broadcast of voters' opinions on the first day of the vote, infringing Article L. 49 of the Electoral Code.	Warning
News compliance	Sept à Huit	Lack of rigour in the presentation and treatment of news. Report in *Sept à Huit* programme including recordings of dialogue between the police and Mohamed Merah. (Lack of prior warning as to the dramatic events included). Lack of restraint in the coverage of a judicial enquiry underway.	Warning

Reminder of the gradual scale of the CSA's measures: Letter – Warning – Caution – Penalty.

Also of note was a CSA warning concerning the *Appels d'urgence* programme broadcast on December 6, 2011 for lack of rigour in the presentation and treatment of news, as set forth in Article 22 of the TF1 agreement. The broadcast of two sequences show video-surveillance images supposedly to describe attacks against the elderly in France but actually filmed in Washington in 2005 and New York in 2008. This opinion, handed down at the Plenary Assembly of January 25, 2012, was not able to be included in the previous report. It takes the total CSA actions in 2011 to five warnings and one caution.

7.3.11 PROTECTION OF YOUNG VIEWERS

RATING INFORMATION FOR YOUNG VIEWERS AND YOUTH PROGRAMMES

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, read the requirements for applying the CSA's content rating signage system at http://www.csa.fr/infos/controle/television_signaletique_C.php.

A PSYCHOLOGIST FOR TFOU'S YOUTH PROGRAMMES

Over the last 10 years, a child psychologist has viewed all the youth series purchased and works upstream in close cooperation with the artistic team on series co-produced by the channel. He or she suggests cuts or sometimes rates episodes as being unfit for broadcast, when he or she considers the images inappropriate for children. These recommendations are always followed.

CHILD PROTECTION IN A CONNECTED WORLD

In 2009, by publishing a charter for French publishers on connected televisions, TF1 contributed to raising the awareness of the public authorities on the subject of the risks caused by the disappearance of the boundaries between television and the Internet. This subject was taken over by the CSA in 2012, which established a commission on connected televisions, for which one of the 4 main subjects was child protection. TF1 continued its contribution by participating in this working group.

TFOU AND INTERNET SAFETY FOR CHILDREN

TFou.fr is the TF1 group's youth site, attracting nearly 375,000 unique visitors each month. Since it was created in February 2000, TFou.fr has paid particular attention to securing the browsing of its internet users.

According to an internal benchmark, TFou.fr remains the site that is most secure and most demanding in its competitive sector. This involves the general moderation of all its content and the protection of the personal data of children (no photographs, contact details or personal information may be exchanged). All of the community areas are highly controlled: the contributory areas are moderated before publication and chats use a lexicon of words pre-selected by the TFou.fr team, on the same principle as a predictive-text language. In this way, users of the TFou.fr site can learn to use the Internet in a way that is genuinely recreational, which lets them express their feelings or emotions, but using expressions and a vocabulary acceptable to all.

In addition, a parents' corner includes information about web safety: http://www.tfou.fr/coin-parents/.

THE FIGHT AGAINST OBESITY: SIGNATURE OF CHARTER WITH THE CSA

TF1 is dedicated to the fight against obesity. On November 22, 2013 it signed a new charter, effective from January 2014 for a period of five years, that strengthens its commitments with 12 to 17 hours of programmes a year on nutrition and health, the availability of these programmes in catch-up, price conditions adapted to collective campaigns promoting products whose increased consumption is recommended (products outside the scope of Article 29 of French Law no. no. 2004-806 of August 9, 2004) and for health messages from France's national institute for health promotion and education, INPES.

The *Petits Plats en équilibre* and TFou cooking programme series contribute to this policy by advocating a healthy and balanced diet.

7.3.12 PROGRAMME ACCESSIBILITY

As a leading family-oriented channel, TF1 is duty bound 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	2013 obligation	2013 actual	2012 actual
TF1	100%	100%	100%
TMC	100%	99.9%	99.9%
NT1	60%	84.2%	79.2%
HD1	20% (in 2014: 30%)	70%	-
Stylía	10%	21%	11.9%
Ushuaïa TV	10%	19%	10.5%
Histoire	10%	22%	20.2%
TV Breizh	20%	74%	32.2%
LCI	3 daily newscasts in the week, 4 daily newscasts on the weekend	3 daily newscasts in the week, 4 daily newscasts on the weekend	

CONCERNING FRENCH SIGN LANGUAGE:

Channel	2013 obligation	2013 actual	2012 actual
LCI	1 daily newscast in the week	8pm news Monday to Friday	8pm news Monday to Friday

AUDIO DESCRIPTION

To serve the one million people in France suffering from impaired vision, TF1 offers programmes with audio description, a technique developed by the Valentin Haüy charity for the blind and visually impaired that allows people to “see” what is going on through an audio description of the action and setting.

In 2013, TF1 screened 86 audio described programmes, including 51 that had never been shown before with audio description.

INDICATOR: COMPLIANCE WITH AUDIO DESCRIPTION OBLIGATIONS BY TF1, TMC AND HD1 CHANNELS

Channel	2013 obligation	2013 actual	2012 actual
TF1	52 audio described programmes including 20 new programmes with audio-description	86 audio described programmes including 51 new in audio description	37 audio described programmes including 19 that are new in audio description
TMC	12 new programmes with audio-description	21 audio described programmes including 12 new in audio description	6 new programmes with audio-description
HD1	1 new programmes with audio-description	35 audio described programmes including 6 new in audio description	-

7.3.13 PROMOTING DIVERSITY

The TF1 company fights against stereotypes and seeks to broadly represent diversities in civil society, as do the channels, with all of the players involved in these issues and free of any competitive spirit. Concerning the promotion of diversity, the TF1 group endeavours to reflect the diversity of French society on the channel and in all of its content. The channels aside, the Group encourages educational projects and professional integration for young people and also supports wide-ranging projects. The TF1 group conveys this conviction internally, advocating open and respectful relationships between employees and rejecting any idea or practice of discrimination. All employees responsible for programme production attend special training on taking account of diversity in all its aspects.

DIVERSITY COMMITTEE

Chaired by Édouard Boccon Gibod, who is also the Chairman of the Publications Metro France subsidiary, the Diversity Committee has since 2009 included the managers of the Channel, Human Resources, Purchasing, Corporate Foundation and CSR. It decides on and coordinates the diversity policy for the Group’s channels, HR and TF1’s work with the CSA on developing the regulatory framework.

7.3.14 COMPLIANCE AND ETHICS IN ADVERTISING

RELATIONS WITH ADVERTISERS

TF1 Publicité provides its clients and partners with a website, www.tf1pub.fr, containing General Terms and Conditions of Sales (GTCS), a newsletter, the latest news in the sector and numerous proposals for innovation in the field of advertising.

The GTCS are presented every year, 15 days before their official publication, to the Advertisers’ Union, to shed light on the major principles underpinning campaigns in the coming year. The GTCS are then presented to media agencies.

Even if the media agency handles the budget of the advertiser and remains a day-to-day partner of TF1 Publicité, each of the advertisers is accorded at least one presentation meeting a year by the sales staff. To strengthen this direct contact, TF1 Publicité decided in late 2013 to set up a sales team dedicated to advertisers. This preferred contact exists at sales, department and Chairman level. An event reserved for advertisers is organised for the presentation of the programme grid.

A satisfaction survey is carried out every year with advertisers and used as a means of improving relations with TF1 Publicité.

Over 100 public relations campaigns are organised every year, along with two “Campus” events, theme-based meetings bringing together all players to focus on current events in the profession.

In contrast to received wisdom, TF1 is affordable to all and particularly to small- and medium-sized businesses, for which TF1 is an undisputed development booster. In 2012 TF1 Publicité developed a written press communication campaign intended for SMBs: “Since I have been communicating on TF1, my competitors see me differently”.

COMPLIANCE WITH REGULATIONS

Advertising messages broadcast on Group channels are subject to General Regulations, sector co-regulation *via* the ARPP, and CSA 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 in Group on-demand audiovisual media services (MYTF1.fr, MYTF1 on IPTV, MYTF1 apps on smartphones).

The prior opinion of the ARPP is always taken into account before broadcasting advertisements on television or on-demand audiovisual media services. TF1 Publicité's Programming and Broadcasting Department, assisted where required by the Legal Department, 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.

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.

7.3.15 PROTECTION OF PERSONAL DATA AND THE FIGHT AGAINST PIRACY

PROTECTION OF PERSONAL DATA AT THE GROUP

The Group introduced a general policy on information security in 2007, described in a document signed by the Chairman and CEO. The document specifies responsibilities for its definition and application.

Concerning the protection of employees' data, this general policy document specifies:

- that it is the duty of information-system administrators not to read the personal data of users;
- that the information present in the information system must be classified with a confidentiality criterion that expresses the personal nature of the information;
- that within business lines and subsidiaries, the owner of the information is always identified. He or she must ensure the legal compliance of processing, by contacting the Social Affairs Department, particularly when handling personal data (declaration to French data-protection authority);
- that each new sensitive application is subject to a security audit including an intrusion test, such as, for example, the HR intranet Déclic, which contains personal data.

PROTECTION OF INTERNET USERS' DATA

- The Group's sites are compliant with all legal provisions available on the French data-protection site at the following link http://www.cnil.fr/. The policy governing the confidentiality of consumers' personal data is online at http://www-compat.tf1.fr/confidentialite.html;
- Regarding digital advertising, the contracts of the sub-department guarantee that both the advertiser and itself have included in their respective media, in a special area separate from the General Terms and Conditions of Use, clear and unequivocal information for users on:
  - the collection of information on their browsing behaviour from their connected computer, and to that end, the use of cookies,
  - the use of said information for advertising purposes, notably the sending of targeted advertising by the advertiser and/or the sub-department,
  - their right to refuse the use of cookies by indicating several procedures to that effect, the period of time over which collection may be stored and the consequences of such refusal on the use of the services proposed on the type of media concerned.

The sub-department guarantees that the use of cookies does not involve the collection of personal data according to prevailing regulation, regarding the IP address of the computer *via* which the user is connected.

COPYRIGHT

To protect broadcasting content, in 2009 TF1 introduced Signature, a fingerprinting technology developed by France's National Audiovisual Institute (INA). Signature is based on the generation and recognition of video fingerprints. All content that has been protected and signed by TF1 in the INA's database is therefore automatically detected and rejected before being placed on online streaming platforms such as Dailymotion, WAT and Kewego.

In January 2012 TF1 signed an agreement on content management and identification with Google Ireland Limited that will allow TF1 to use YouTube and Google Video proprietary digital fingerprinting technologies (named "Content ID") and thus protect its content on the aforementioned shared-content streaming sites. This technology was implemented during September 2012.

TF1 has also obtained tools for immediately deleting videos on YouTube and Dailymotion, which are run by the anti-piracy oversight team located at e-TF1.

The TF1 group continues to appoint a service provider to detect (using robots) and close (*via* automatic notifications) links corresponding to programmes for which the TF1 group owns rights, on direct download and streaming sites (several million links closed in 2012).

After signing a historic agreement with several associations representing writers, artists, composers and other creators (SACEM, SDRM and SESAM), WAT negotiated another agreement in early 2012 with several similar associations (SACD, SCAM and ADAGP). Under the agreement, WAT pays royalties to these associations in the name of and on behalf of platform users, backdated to the founding of WAT (2006) through to December 31, 2012.

AUDIOVISUAL REGULATIONS APPLIED TO ODAMS(1)

Since the Act of March 5, 2009, the implementing orders dated July 2, 2010 and November 12, 2010 and the CSA's decision on December 14, 2010, the TF1 group has been obliged to comply with regulations relative to ODAMS on all non-linear services that meet the corresponding legal definition, notably the MYTF1 service, however they are received (PC, IPTV, smartphones, tablets, games consoles, etc. and all non-linear reception of all of the Group's channels). These regulations entail obligations in terms of (i) contribution to the production of European films and audiovisual works and those originally in French, (ii) programming European audiovisual works and those originally in French, (iii) advertising and sponsorship, (iv) the protection of young viewers (CSA content rating information on all programmes concerned and trusted zone listing programmes for all audiences) and (v) compliance.

(1) ODAMS: on-demand audiovisual media services.

8

GENERAL MEETING

8.1 TAKING PART IN THE COMBINED GENERAL MEETING OF APRIL 17, 2014

All shareholders may participate in the Combined General Meeting, irrespective of the number of shares they own, either by attending in person, or by being represented by a legal or natural person of their choice, or by voting by mail, in accordance with statutory and regulatory requirements.

FORMALITIES TO BE COMPLETED BEFORE PARTICIPATING IN GENERAL MEETINGS

Shareholders wishing to attend the Meeting, be represented at it or vote by mail must proceed as follows:

- holders of registered shares must be entered in the shareholders' register of the company no later than midnight (CET) on Monday, April 14, 2014;
- holders of bearer shares must arrange for the authorised intermediary who manages their share account to provide an attendance certificate showing that their shares have been recorded or book-entered no later than midnight (CET) on Monday April 14, 2014.

Only shareholders that can prove they were shareholders at midnight (CET) on Monday April 14, 2014 may participate in the Meeting.

VOTING AT THE GENERAL MEETING

No arrangements have been made for voting *via* electronic telecommunication media at this Meeting. Accordingly, none of the sites provided for in Article R. 225-61 of the Commercial Code will be set up for this purpose.

In accordance with Article R. 225-85 of the Commercial Code, when a shareholder has already voted remotely, sent a proxy, requested an admission card or an attendance certificate to attend the General Meeting, he or she may not choose another voting method thereafter.

- Shareholders wishing to attend the Meeting must request an admission card as follows:
  - holders of registered shares should request the admission card from TF1 – Service Titres – c/o BOUYGUES – 32 avenue Hoche – 75008 Paris (Tel: +33 (0)1 44 20 11 07 - fax: +33 (0)1 44 20 12 42);
  - holders of bearer shares should ask the authorised intermediary who manages their share account to see that TF1 sends them the admission card on the basis of the attendance certificate that has been issued; any holder of bearer shares who has not received the admission card can have the attendance certificate issued directly by the authorised intermediary who manages their share account.
- Shareholders who do not plan to attend in person but wish to vote by mail must proceed as follows:
  - holders of registered shares should return the proxy/mail vote form sent to them with the invitation to TF1 – Service Titres – c/o Bouygues – 32 avenue Hoche – 75008 Paris;
  - holders of bearer shares should ask the authorised intermediary who manages their share account to provide the proxy/mail vote form and return it together with the attendance certificate to TF1 – Service Titres – c/o Bouygues – 32 avenue Hoche – 75008 Paris.

Duly completed and signed proxy/mail vote forms must be received by TF1 – registered office (*Siège social*) or Securities Department (*Service Titres*) – c/o BOUYGUES – 32 avenue Hoche – 75008 Paris, no later than midnight (CET) on Monday, April 14, 2014, which is three days before the date of the Meeting.

Proxy/mail vote forms are also available on the company website, www.groupe-tf1.fr, under Shareholders/General Meeting.

- Shareholders who do not plan to attend in person but wish to be represented must proceed as follows:
  - holders of registered shares should send in the proxy/mail vote form, which will be sent to them with the notice of Meeting, to TF1 – Service Titres – c/o Bouygues – 32 avenue Hoche – 75008 Paris;
  - holders of bearer shares should ask the authorised intermediary who manages their share account to provide the proxy/mail vote form and return it together with the attendance certificate to TF1 – Service Titres – c/o Bouygues – 32 avenue Hoche – 75008 Paris.

Proxy/mail vote forms are also available on the company website, www.groupe-tf1.fr, under Shareholders/General Meeting.

Shareholders may be represented by giving a proxy to the Chairman, their spouse or civil union partner, another shareholder or any other legal or natural person of their choice, as set forth in Article L. 225-106 of the Commercial Code; they may also give a proxy with the name left blank.

In accordance with Article R. 225-79 of the French Commercial Code, shareholders must sign the proxy voting form, which may be sent electronically, where applicable, in the following manner: a scanned signed copy of the proxy form, stating the full name and address of the shareholder, and the full name and address of the appointed proxy in the case of a natural person, or the company name and address of the head office in the case of a legal person, must be sent as an email attachment to tf1mandatag2014@bouygues.com. Proxies may not be replaced by another person.

Note that in the case of a blank proxy, the Chairman of the General Meeting will vote in favour of the draft resolutions submitted or authorised by the Board of Directors and against all other draft resolutions. To vote otherwise, the shareholder must choose a proxy who agrees to vote in accordance with the shareholder's wishes.

Scanned proxy voting forms that are unsigned will not be considered valid.

Shareholders may cancel a proxy in writing, in the same way as they appointed the proxy, and send the cancellation to the company. To appoint a new proxy, the shareholder must ask either the company (for registered shareholders) or his or her financial intermediary (for bearer shareholders) to send a new proxy voting form indicating a change of proxy.

To be valid, proxy appointments or cancellations sent electronically must be received no later than 3pm CET on the day before the General Meeting, *i.e.* Wednesday, April 16, 2014.

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 French Commercial Code or an association of Shareholders Meeting the criteria set out in Article L. 225-120 of the French Commercial Code may ask to include items or draft resolutions on the Meeting agenda.

The Chairman of the Board of Directors acknowledges receipt of such requests by registered letter within five days of receipt. The item or draft resolution will be included on the Meeting agenda and brought to the attention of shareholders in accordance with current regulations.

In accordance with Articles R. 225-71 and R. 225-73 of the French Commercial Code, requests to include items or draft resolutions on the Meeting agenda by shareholders that demonstrate as legally required that they possess or represent the requisite share of the company's capital must be sent to the registered office – *Secrétariat général* – by registered letter with return receipt or by email to tf1inscriptionodjag2014@tf1.fr, within 20 days from the publication of the Meeting notice in the legal gazette (BALO).

A request to include an item on the agenda must be accompanied by a brief explanation of the reasons for this. A request to include a draft resolution should be accompanied by the draft resolution.

The persons making the request must provide evidence, as at the date of their request, that they possess or represent the requisite share of the company's capital by recording the shares either in the registered share accounts kept by the company, or in the bearer share accounts kept by an authorised intermediary. They must provide a book-entry attestation with their request.

Before an item or draft resolution may be considered by the Meeting, the persons making the request must first submit a new attestation proving that the shares were book-entered in the same accounts three business days before the Meeting, *i.e.* at midnight (CET) on Monday, April 14, 2014.

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 French Commercial Code, *i.e.* the full name and age of the candidate, professional references and professional activities over the last five years, notably positions currently or previously held in other companies, as well as, where applicable, positions and functions held by the candidate in the company and the number of registered or bearer shares owned.

SUBMISSION OF WRITTEN QUESTIONS

In compliance with Article R. 225-84 of the Commercial Code, shareholders may submit questions in writing until midnight CET on the fourth business day before the General Meeting, *i.e.* Friday, April 11, 2014. 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 tf1questionecriteag2014@tf1.fr. Bearer shareholders must send a book-entry attestation along with their questions.

DOCUMENTS AVAILABLE TO SHAREHOLDERS

The documents to be provided to shareholders in connection with the General Meeting are available at the registered office of the company, in accordance with statutory and regulatory requirements.

In addition, the documents to be presented at the General Meeting will be posted on the www.groupe-tf1.fr website at least 21 days before the Meeting date, in accordance with statutory and regulatory requirements.

DATES OF GENERAL MEETINGS FOR THE NEXT TWO YEARS

2015 General Meeting: April 16th.

2016 General Meeting: April 14th.

8.2 AGENDA

WITHIN THE AUTHORITY OF THE ORDINARY GENERAL MEETING

- Approval of the Board of Directors' reports, the Chairman's report and Statutory Auditors' reports,
- Approval of the individual annual financial statements and transactions in 2013,
- Approval of the consolidated financial statements and transactions in 2013,
- Approval of the related-party agreements and undertakings between TF1 and Bouygues,
- Approval of the related-party agreements and undertakings other than those between TF1 and Bouygues,
- Appropriation of earnings in 2013 and setting the dividend,
- Renewal of Janine Langlois-Glandier's term as a Director for another two years,
- Review of election of employee-representative Directors,
- Favorable opinion on the remuneration due or granted to Mr Nonce Paolini, Chairman and Chief Executive Officer, for the business year 2013,
- Authorisation given 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 given to the Board of Directors to decrease the share capital by cancelling shares held by the company,
- Authorisation given to the Board of Directors to grant options to subscribe for or purchase shares in the company, with the waiver of pre-emptive subscription rights, if any,
- Authorisation given to the Board of Directors to proceed with the free allotment of new or existing shares, with the waiver of pre-emptive subscription rights, if any,
- Authorisation to carry out formalities.

8.3 REPORT OF THE BOARD OF DIRECTORS ON THE RESOLUTIONS AND STATEMENT OF THE REASONS FOR THE RESOLUTIONS

Ladies and Gentlemen, dear Shareholders,

This report is part of the management report of the Board of Directors on the resolutions submitted to the Combined General Meeting for the General Meeting of April 17, 2014.

EARNINGS FOR THE YEAR

The consolidated and individual financial statements are included in this registration document and annual financial report, chapter 4, page 109.

INFORMATION ON THE CAPITAL

See chapter 6, page 215 of this registration document and annual financial report.

ACQUISITION AND DISPOSAL OF HOLDINGS

See chapter 3, page 106 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 2013 and on agreements and undertakings relative to Article L. 225-38 of the French Commercial Code. See chapter 5, page 197 of this registration document and annual financial report.

In the resolutions that are submitted to you, we propose that you:

- **approve the parent company and consolidated financial statements for 2013, as well as the transactions recorded in the statements;**

Market trends, activities, results and financial results of TF1 over the past five years are set forth in the management report of the Board of Directors, in this registration document and annual financial report (chapter 3, page 79). In the 1st and 2nd resolutions that are submitted to you for approval, we propose that you approve the parent company and consolidated financial statements for 2013.

- **approve the regulated agreements and undertakings;**

The 3rd and the 4th resolutions concern the approval of the related-party agreements and undertakings described in Article L. 225-38 of the French Commercial Code, mentioned in the Statutory Auditors' special report, excluding routine operations, decided by the Board and in particular those entered between the company and other companies with Directors or officers in common, or between the company and shareholders owning more than 10% of capital.

Related-party agreements and undertakings, submitted to the vote of the Combined General Meeting of April 17, 2014, are covered by separate resolution. One resolution covers related-party agreements and undertakings between TF1 and Bouygues. Another resolution relates to related-party agreements and undertakings to which Bouygues is not a party.

PROCESS FOR AUTHORISING REGULATED AGREEMENTS AND UNDERTAKINGS

French legislation on related-party agreements, which cover both agreements and undertakings, is intended to prevent any conflicts of interest that may arise for a Director and/or a major shareholder entering into agreements with the company.

These agreements are subject to the prior authorisation of the Board of Directors on the terms stipulated by the relevant legislation. The Board of Directors takes cognisance of the agreements entered into by a Group company, and agreements between the company and other companies with Directors or officers in common, or between the company and shareholders owning more than 10% of capital. Significant related-party transactions are reviewed by the Board of Directors of TF1, which considers the value of each agreement to TF1 and its group, and the associated financial terms. The preceding provisions do not apply to agreements relating to routine operations entered into on conventional terms.

The Board of Directors of TF1 takes the decision to sign or renew such agreements at its beginning - and end-of-year meetings in principle. Directors concerned by the agreements do not take part in the vote. The Statutory Auditors are given notice of new agreements concluded over the course of the year and ongoing agreements authorised in previous years.

Agreements are then submitted to the TF1 Annual General Meeting for approval after having read the report of the Statutory Auditors. When the Meeting votes on the resolutions, quorum and majority are determined by deducting the number of shares held by the persons concerned by the agreements.

TYPES OF REGULATED AGREEMENTS AND UNDERTAKINGS

Assistance agreements represent most of these agreements presented in the Statutory Auditors' special report. TF1 Directors considered it relevant and financially more advantageous for TF1 to be able to access the expert services of Bouygues. Similarly, it seemed appropriate to TF1 Directors for TF1 subsidiaries to be able to benefit from TF1's corporate services.

DESCRIPTION OF THE AGREEMENTS AND UNDERTAKINGS BETWEEN TF1 AND ITS SUBSIDIARIES

The related-party agreements between TF1 and its subsidiaries, described in the Statutory Auditors' special report on such agreements, relate to:

- permanent access by the subsidiaries to TF1 corporate services (management, HR, counsel, finance and strategy). Access to these functions is invoiced to each subsidiary of the Group in proportion to its headcount and individual-company revenues. The total amount invoiced for the year ended December 31, 2013 was €13.8 million. Additional services provided on request are invoiced on an arm's length basis,
- business management leases and commercial leases.

Under an agreement dated October 12, 2005, LCI may in the event of a major breaking news story switch its output to the TF1 channel so as to provide immediate news coverage. In 2013, LCI received an annual fixed fee of €5 million.

DESCRIPTION OF THE AGREEMENTS AND UNDERTAKINGS BETWEEN TF1 AND ITS MAIN SHAREHOLDER

Since TF1 was privatised in 1987, Bouygues has been the main shareholder in TF1, and held 43.5% of the capital on February 18, 2014.

The terms and condition of the agreements are decided only by voting Directors; particularly with regard to agreements with Bouygues, Martin Bouygues, Olivier Bouygues and Nonce Paolini did not vote. Their decision is notified to the Statutory Auditors.

The related-party agreements between TF1 and Bouygues, as described in the Statutory Auditors' special report on such agreements, cover:

- **an agreement governs access by TF1 to Bouygues corporate services.** Access to these services is charged by dividing up the corresponding cost among the various user companies of Bouygues. In 2013, Bouygues invoiced TF1 a total of €3.4 million, equivalent to 0.14% of the total revenue generated by the TF1 group (versus €3.6 million and 0.14% of total revenue for 2012).

  The actual cost of these shared corporate functions is recharged to TF1 using a formula tailored to the nature of the service: the ratio of TF1 headcount to total Bouygues group headcount for human resources, long-term capital for financial matters, and revenue for all other functions.

  The services provided break down into two kinds: expertise and coordination.

  Bouygues provides the various companies in the Bouygues group with expert services in a variety of fields such as finance, legal, human resources, administration, information systems and new technologies.

  TF1 has a contractual right to call upon these services in response to issues as and when they arise, in accordance with the terms of an agreement approved annually by the Board of Directors. TF1 can consult Bouygues group experts at any time in areas where they have limited in-house expertise.

  As well as providing advice and assistance on request, the Bouygues group corporate functions co-ordinate activities within their areas of expertise, in particular by arranging meetings at which specialists can exchange views, discuss technical issues and familiarise themselves with new developments; examples include accounting standards.

In 2013 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. The TF1 group Management Committee participates in the four annual meetings of the Bouygues group Board. Bouygues coordinates HR expert groups drawn from different areas of the group (workplace relations, training, relations with educational institutions, etc.). The Legal and Workplace Relations Division organises a one-day training session to inform TF1 HR directors and managers about the latest legal developments. And the HR and Organisation Division has access to the Bouygues HR data query system.

The TF1 group also receives support from Bouygues with internal control tools and methods. To continually improve the internal control system, regular meetings were held in 2013, particularly to ensure the consistency of the internal control assessment methods used in different Bouygues group businesses and subsidiaries, share entities' views on future developments for the system, and improve performance in terms of internal control reporting to group Audit Committees. In addition, several meetings were organised on priority changes for the internal control system in 2013-2014.

In addition, Bouygues organised meetings over the course of the year to talk with TF1 about the scope and methods of campaigns to assess the enforcement of internal control principles, and about risk-mapping methodology.

The Bouygues group also organised a seminar on organisation of the Internal Control function within the group, procedures for sharing with Internal Audit, potential areas of improvement for risk mapping and modifications to the system, particularly in terms of Compliance Programmes.

As part of this, the Bouygues group commissioned a consulting firm to identify key areas for improvement in the internal control framework and method, based on a comparison of internal control targets set by the group in 2008 and implementation through to 2013.

In the area of Corporate Social Responsibility, the head of CSR at the TF1 group and other employees in charge of CSR in their divisions draw support from initiatives implemented by Bouygues Group's division in charge of sustainable development.

By attending joint meetings and information and training sessions, they share experience on specific issues (non-financial indicators, carbon assessment, electronic and electrical product recycling, responsible purchasing, responsible communications). Through Bouygues, they have access to updates on CSR news and legal developments, as well as shared tools (CSR reporting with Enablon).

In 2013, a major project was undertaken to harmonise the indicators used by different business areas, with a view to facilitating consolidation at group level.

The TF1 group Information Systems Department benefits from synergies with Bouygues group departments, thanks to active coordination by Bouygues. As a result, TF1 belongs to a virus-warning network and enjoys more general benefits such as IT security and global purchasing for IT hardware and tools.

Finally, in 2013, the Bouygues group, as reference shareholder, has regularly provided support, either through formal and/or informal exchanges, on operational topics in different fields, notably legal and financial:

- meetings were organised on the impact and on the implementation of EMIR;
- several meetings have taken place regarding either financing issues (linked to the regulatory developments in the banking sector) or the awareness about counterparty risks;
- Standard & Poor's new rating methodology was reviewed to gain a clearer understanding of the related issues;
- some occasional exchanges on specific topics also took place with the General Counsel and Legal Department of the Bouygues Group, notably with regards to the strategic partnership signed between Discovery Communications and TF1.

- **An agreement sets the amount of the supplementary retirement pension** granted to Nonce Paolini, Chairman and Chief Executive Officer of TF1, who is employed by the Bouygues Group. The Board of Directors approved the renewal of the supplementary retirement pension under the agreement on the collective pension plan with defined benefits for the members of the Bouygues Senior Management Committee, which includes Nonce Paolini. Under this supplementary plan, beneficiaries accrue 0.92% of the reference salary (average of the best three years) for each year in the plan. The supplementary annual pension is capped at eight times the social security annual cap. This supplementary pension plan is outsourced to an insurance company.

  The agreement is intended to enable Bouygues to retain the members of its Senior Management Committee.

  Remuneration in 2013 totalled €601,109 ex. VAT, corresponding to the share of the premiums paid to the insurance company.

- **An agreement offers TF1 the use of aircraft operated by AirBy,** a company owned indirectly by Bouygues and SCDM. TF1 is entitled to use Airby's Global 5000, or, failing that, an equivalent aircraft. Use of the Airby's Global 5000 is charged at a flat rate of €7,000 (ex. VAT) per flight hour, which includes the aircraft and all associated services (pilot, fuel, etc.). Each time Airby provides an aircraft that it has rented on the market, the rental charge shall be paid plus €1,000 (excl. tax) for chartering services rendered by Airby. An invoice is prepared each time an aircraft is provided.

TF1 has not used this facility since 2009.

- **An agreement also provides for the use granted to TF1 by the "32 avenue Hoche" joint venture** 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 2013, the joint venture received €15,815 (ex. VAT) of consideration in this respect.

- **appropriate and distribute the profits for the year;**

In the 5th resolution, having noted the existence of distributable profits of €316,868,711.42, comprising net profit for the period of €16,937,937.71 and retained earnings of €299,930,773.71, we are asking you to appropriate this sum as follows:

- distribution of a cash dividend of €116,193,007.15 (i.e. a dividend of €0.55 per share of €0.20 face value),
- the balance of €200,675,704.27 to be carried forward as retained earnings.

The ex-date of the dividend on the Euronext Paris market will be April 24, 2014. 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 28, 2014. The payment date of the dividend will be April 29, 2014.

This payment is eligible for the 40% tax relief referred to in Article 158.3.2 of the General Tax Code.

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	Dividend per share*
December 31, 2010	€0.55
December 31, 2011	€0.55
December 31, 2012	€0.55

* *Dividend eligible for the 40% tax relief available to individuals tax-resident in France under Article 158.3.2 of the French General Tax Code.*

- **renew the appointment of a Director whose term of office expires in 2014 for a two-year-term:**

The term of office of Janine Langlois-Glandier expires at the end of the next General Meeting. Acting on advice from the Selection Committee, we are submitting for your approval in the 6th resolution for the renewal of her term of office as a Director for a two-year-term i.e. until the General Meeting convened to approve the 2015 financial statements.

Ms Langlois-Glandier, who chairs the Forum des Médias Mobiles, was appointed as Director at the General Meeting on April 19, 2012. A diligent Board member in the last two years, Ms Langlois-Glandier has made a valuable contribution, guiding the work of the Board with her in-depth understanding of the French audio-visual environment.

We inform you that Janine Langlois-Glandier would still qualify as independent in accordance with the criteria set down in the AFEP/MEDEF Code presented in this registration document and annual financial report, on page 28. Ms Langlois-Glandier's CV is provided as well in chapter 2.1.3 of the present registration document and annual financial report on page 34.

The Board of Directors would still include 4 independent Directors and 4 women out of the 12 Directors (please see part 2.1.1, page 33 of the current registration document and annual financial report).

- **recognise the election of directors representing employees**

We remind you that, since privatisation, two directors have represented TF1 employees. In accordance with legal and statutory requirements, these directors are elected for two-year terms by the college of TF1 SA employees. One director is elected from among the college of executives and journalists, while the other is drawn from employees and technical and supervisory staff. All employees who have had a contract of employment at the date of the election for three months or more are required to vote. Any employee who has had an employment contract for two years or more at the time of the elections is eligible to run.

The terms of office of Fanny Chabirand and Jean-Pierre Pernaut expire in 2014, after the announcement of the votes of the electoral colleges appointing Board members; this appointment must normally take place within the two weeks preceding the General Meeting. The elections will be held on April 3, 2014.

At the General Meeting on April 17, 2014, the Chairman will inform you of the names of the employee-representative Directors elected by the electoral colleges and you are required in the 7th resolution to take note of their election and appointment for two years as employee-representative Directors.

A summary of the information concerning Fanny Chabirand and Jean-Pierre Pernaut is shown in chapter 2.1.3 of the present registration document and annual financial report, on pages 32 and 37.

The composition of the Board will be updated on the Group's website (www.groupe-tf1.fr, Homepage > Finance > Governance > Corporate Governance) with the names and CV of elected staff representative Directors after the elections.

- **approve the components of remuneration due or allocated in respect of FY 2013 to the executive director of the company**

In accordance with the recommendations of the AFEP-MEDEF Code revised in June 2013 (article 24.3), which is the code to which the company refers pursuant to Article L.225-37 of the Commercial Code, the shareholders shall be consulted on the components of remuneration due or allocated in respect of the closed financial year to the executive director of the company, including:

- the fixed portion;
- the annual variable portion and where necessary the multi-year variable portion along with the objectives that contribute to the determination of this variable portion;
- extraordinary remuneration;
- stock options, performance shares, and any other component of long-term remuneration;
- benefits linked to taking up or terminating office;
- supplementary pension scheme;
- any other benefits.

Only the remuneration due or allocated for 2013 exercice to Chairman and CEO, Nonce Paolini, is concerned by the vote.

Information about remuneration is presented in the corporate governance report by the Chairman of the Board of Directors (see part 2.3 of this registration document and annual financial report, page 62).

The information was also posted on the company's website on 19 February 2014, at www.groupe-tf1.fr, Home > Finance > Regulated Information > Governance > Compensation corporate officers (http://www.groupe-tf1.fr/en/finance/governance/internal-control-corporate/compensation-corporate-officers/compensation-corporate-officers-6050518-843.html).

The TF1 Board of Directors determines Nonce Paolini's remuneration, in accordance with Article L. 225-53 of the Commercial Code, after seeking the opinion of the Remuneration Committee. The Board of Directors determines this remuneration in the general interest of the company. Remuneration is assessed within the context of the different business areas of the group and in comparison with that of other executive directors in the sector and market. In addition, the Board deems that this remuneration reflects the work done and outcomes achieved over more than five years in a highly complex economic, regulatory and competitive environment.

Also, Nonce Paolini holds 4,050 TF1 shares of which 3,950 are held in regards to its retention obligation following the exercise of stock options in 2013.

When voting on the 8th resolution, we ask you to approve the components of remuneration due or allocated in respect of FY 2013 to Chairman and CEO Nonce Paolini, namely:

Components of remuneration due or allocated in respect of the closed financial year	Amounts or value put to a vote	Description
Fixed remuneration	€920,000	- Amount due, gross and before tax - No change since 2011 **Past years fixed remuneration :** - 2012: 920,000 euros - 2011: 920,000 euros
Variable remuneration	€1,024,512 To be paid in March 2014 111% of fixed remuneration	**Quantitative:** - change in consolidated net profit attributable to the Bouygues group, - change, compared with the business plan, in consolidated net profit attributable to the TF1 group, - year-on-year change in consolidated net profit attributable to the TF1 group. **Qualitative:** - Special importance is accorded to these criteria, since the performance of senior executives extends to areas other than simply financial results. These criteria depend both on the duties assigned and on specific group situations, - For 2014, the Remuneration Committee decided to include a qualitative criterion on CSR performance (i.e. TF1's continued inclusion in at least three CSR rating indices). **Indicators:** - Measured with reference to significant economic indicators, which are intended to be stable and appropriate over time. **Cap:** - 150% of fixed salary. **Past years variable remuneration :** - 2012: 460,000 euros (50% of fixed remuneration), - 2011: 936,284 euros (102% of fixed remuneration).

Components of remuneration due or allocated in respect of the closed financial year	Amounts or value put to a vote	Description
Annual deferred remuneration	Not applicable	No deferred variable remuneration
Multi-year variable remuneration	Not applicable	No multi-year variable remuneration
Exceptional remuneration	Not applicable	No exceptional variable remuneration
Stock options, performance shares, and any other component of long-term remuneration	Not applicable	**TF1 stock options:** - None granted in 2013. - Nonce Paolini has received no TF1 options since 2010. - He was not a beneficiary of Plans 12 and 13 allocated in 2011 and 2012. **Bouygues stock options:** - In 2013, Nonce Paolini was allocated 80,000 options that may be exercised from 2017 at an exercise price of €22,28.
Directors' fees	€56.000 *Gross amount, before tax*	- €18,500 in respect of his TF1 Directorship. - Amount calculated in accordance with the provisions set at the 2003 General Meeting (see 2.3 of this registration document and annual financial report, page 64). - €25,000 in respect of his Bouygues Directorship. - €12,500 in respect of his Bouygues Telecom Directorship.
Value of other benefits	€5,037	**In-kind benefits:** - unchanged. **Benefits provided:** - company car, - part-time assignment of a personal assistant, - driver-bodyguard.
Components of remuneration due or allocated in respect of the closed financial year that are or have been put to a vote by the General Meeting under the procedure governing regulated agreements and commitments	**Amounts put to a vote**	**Description**
Termination benefit	Not applicable	**Termination or change of duties** - No benefit - No benefit due or likely to be due - No commitment has been made and no promise made to grant termination benefits - If termination benefits were paid to Nonce Paolini, they would be charged to TF1 in proportion to the years spent as an employee or corporate officer within the TF1 group.
Non-competition benefit	Not applicable	- No non-competition clause.
Supplementary pension scheme	No amount due or paid	- Under a policy governed by the French Insurance Code, Bouygues offers the members of its Senior Management 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 (currently €300,384). - 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. - The annual supplementary pension is subject to the procedure on regulated agreements, and Bouygues charges TF1 for the portion corresponding to premiums paid to the insurance company.

- authorise your company to trade in its own shares;

The 9th resolution authorises the company to trade in and buy back shares representing up to 10% of the company's share capital, within the limits set by the shareholders and in accordance with law. This resolution supersedes the authorisations given by the shareholders at previous General Meetings.

DETAILS OF THE PROGRAMME SUBMITTED FOR APPROVAL

- Securities concerned: shares,
- Maximum percentage of the capital authorised for repurchase: 10%,
- Maximum overall amount: €300 million,
- Maximum price per share: €25,
- Duration: 18 months.

AIMS

The aims of the buyback programme are the same as for the previous programme. A description of the share buyback programme is provided in this registration document and annual financial report (chapter 6, page 230).

Share buybacks, which must not exceed 10% of the capital, can be used in particular to cancel shares under the authorisation set forth in the 10th resolution, in order to offset the dilutive impact on shareholders from the exercise of stock options allocated to employees and corporate officers. Buybacks can also, in accordance with a market practice accepted by the AMF (Autorité des Marchés Financiers) ensure the liquidity of and organise the market for the company's shares, through an investment service provider acting completely independently. They can also be used as a medium of payment or exchange for acquisitions, mergers, demergers or transfers of assets or upon the exercise of rights attached to securities through redemption, conversion or exchange.

The purchased shares can subsequently be disposed of under the conditions set by the AMF in its position of November 19, 2009 on the implementation of the new rules on share buybacks.

These transactions may be carried out in any manner and at any time, except during a takeover bid, a public offer of exchange or a standing market offer for the company's shares, and using derivative financial instruments, in compliance with regulatory requirements, pursuant to Article L. 225-209 of the Commercial Code and the regulations set forth by the Autorité des Marchés Financiers (AMF). The Board of Directors wanted to expand the options for share buybacks by seeking authorisation to go through top-rated banks to use derivative financial instruments and make purchases on or off-market, on multilateral trading systems or on systematic internalisers or over the counter. The Board felt that the terms offered by this approach might be in the financial interest of the company and shareholders. The purchase price cannot exceed €25 per share. The maximum amount of funds that can be used for the share buyback programme is €300 million.

The authorisation for the company to buy back its own shares is subject to several legal limits, in particular:

- the company may not own, directly or through an intermediary acting in its own name but on behalf of the company, more than 10% of the total number of shares making up its share capital,
- the acquisition of shares must not reduce shareholders' equity below the amount of capital plus non-distributable reserves,
- throughout the period of ownership of the shares, the company must have reserves, in addition to the legal reserve, at least equal to the value of all the treasury shares it owns.

Treasury shares have no voting rights and dividends accruing to them are carried forward as retained earnings.

Between February 19, 2013 and February 18, 2014, the company purchased 30,000 of its own shares on the market for €0.3 million.

On February 18, 2014, the company did not hold any of its own shares..

RESOLUTIONS SUBMITTED BY THE BOARD OF DIRECTORS TO THE GENERAL MEETING – EXTRAORDINARY BUSINESS

The financial authorisations and powers granted by the previous General Meetings are listed in a table on page 230 et seq., chapter 6 in this registration document and annual financial report.

Between February 19, 2013 and February 18, 2014, the Board of Directors used the financial powers on reducing the capital, granted by the General Meeting of April 18, 2013.

In the resolutions that are submitted to you, we propose that you:

- **authorise a capital reduction through the cancellation of shares;**

The purpose of the 10th resolution is to authorise your Board of Directors to reduce the capital of the company, on one or more occasions and by up to 10% 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 18, 2013.

Cancelling repurchased shares makes it possible, if the Board deems it appropriate, to offset the dilutive impact on shareholders arising from the creation of new shares following, for example, the exercise of stock options.

The company bought back 368,684 of its own shares between January 9, 2013 and February 21, 2013, then cancelled those shares. On February 18, 2014, no treasury shares were held.

- **authorise the allocation of stock options and performance shares to employees and corporate officers;**

The purpose of the 11th and 12th resolutions is to authorise the Board to proceed with a capital increase in one or more tranches for salaried members of staff or certain categories of employees and / or for corporate officers, both of TF1 and of companies and economic interest groupings related to it, by granting stock options or bonus shares in the company. The previous authorisation given at the Combined General Meeting of April 14, 2011 (28th and 29th resolutions) expires on June 14, 2014.

The Combined General Meeting of 14 April 2011 authorised the Board to grant options or performance shares, up to a common ceiling of 3% of capital, for a period of 38 months.

The Board of Directors allotted no shares and granted no options in 2013. The Board of Directors granted, subject to performance conditions, 1,500,000 stock options, equivalent to 0.7% of share capital, to 150 beneficiaries in 2011, and 1,437,200 options, equivalent to 0.7% of share capital, to 143 beneficiaries in 2012. These plans concerned the members of the three management bodies (Senior Management Committee, Executive Committee and Management Committee) with the exception of Chairman and CEO Nonce Paolini.

At December 31, 2013, a total of 5,157,013 options were unexercised, around 2.4% of the capital at that date.

The Company firmly believes that it is important to enable senior managers to benefit from the Group's success, to which they are key contributors. These allocations enable them to be directly rewarded and involved in the Group's current operations and future performance, which helps to enhance their motivation and commitment to the company.

We ask you to renew the authorisation granted to the Board of Directors, for a period of 38 months, to allocate stock options and performance shares.

The 11th and 12th resolutions on options and bonus shares provide that:

- there are plans for a common ceiling set at 3% of the authorised capital;
- the Board of Directors sets the conditions, notably the maximum sub-ceiling at 5%, 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, as well as the performance criteria applicable to them.

Furthermore, the 11th resolution rules out any discounts. Depending on the case, the subscription or 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

- **delegate powers to carry out corporate formalities;**

The purpose of the 13th resolution is to allow all legal and administrative formalities, filings and disclosures provided for by prevailing law to be carried out.

The indications on the progress of social affairs, to be provided under the law, contained in the report of management that you received.

You are asked to vote on the proposed resolutions.

The Board of Directors

8.4 PRESENTATION OF THE DRAFT RESOLUTIONS

ORDINARY GENERAL MEETING

FIRST RESOLUTION

(APPROVAL OF THE COMPANY ANNUAL ACCOUNTS AND TRANSACTIONS FOR THE 2013 BUSINESS YEAR)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, having heard the reports of the Board of Directors, the Chairman of the Board of Directors and the Statutory Auditors, approves the annual company accounts for the 2013 business year as submitted, as well as the operations reflected in these accounts and summarised in these reports.

SECOND RESOLUTION

(APPROVAL OF THE CONSOLIDATED ACCOUNTS AND TRANSACTIONS FOR THE 2013 BUSINESS YEAR)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, having heard the reports of the Board of Directors, the Chairman of the Board of Directors and the Statutory Auditors, approves the consolidated accounts for the 2013 business year as submitted, as well as the operations reflected in these accounts and summarised in these reports.

THIRD RESOLUTION

(APPROVAL OF RELATED-PARTY AGREEMENTS AND UNDERTAKINGS BETWEEN TF1 AND BOUYGUES)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, having noted the Statutory Auditors' special report, notably on related-party agreements and undertakings between TF1 and Bouygues, and in accordance with the provisions of Articles L. 225-38 *et seq.* of the French Commercial Code, approves the related-party agreements and undertakings between TF1 and Bouygues described in this report.

FOURTH RESOLUTION

(APPROVAL OF RELATED-PARTY AGREEMENTS AND UNDERTAKINGS OTHER THAN THOSE BETWEEN TF1 AND BOUYGUES)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, having noted the Statutory Auditors' special report, notably on related-party agreements and undertakings other than those between TF1 and Bouygues, and in accordance with the provisions of Articles L. 225-38 *et seq.* of the French Commercial Code, approves the related-party agreements and undertakings other than those between TF1 and Bouygues described in this report.

FIFTH RESOLUTION

(APPROPRIATION OF PROFITS FOR THE 2013 BUSINESS YEAR AND SETTING THE AMOUNT OF THE DIVIDEND)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, having noted the existence of available profits of €316,868,711.42, taking into account the net profit for the period of €16,937,937.71 and retained earnings of €299,930,773.71, approves the following appropriation and distribution proposed by the Board of Directors:

- distribution of a cash dividend of €116,193,007.15 (*i.e.*, a dividend of €0.55 per share with a par value of €0.20);
- appropriation of the balance, *i.e.* €200,675,704.27.

The ex-dividend date for the Euronext Paris market shall be April 24, 2014.

The cut-off date for positions qualifying for payment shall be April 28, 2014.

The dividend shall be paid in cash on April 29, 2014.

This entire distribution is eligible for the 40% tax relief under Article 158.3.2 of the French General Tax Code.

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 de Commerce*.

The General Meeting notes that the dividends distributed for the last three business years were as follows:

Year ending:	Dividend per share	Allowance*
31/12/2010	€0.55	Yes
31/12/2011	€0.55	Yes
31/12/2012	€0.55	Yes

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

SIXTH RESOLUTION

(RENEWAL OF JANINE LANGLOIS-GLANDIER'S TERM OF OFFICE AS A DIRECTOR FOR TWO YEARS)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, renews the term of office of Janine Langlois-Glandier, which expires at the end of this Meeting, for a further two years.

This appointment shall run until the end of the Ordinary General Meeting convened to approve the 2015 financial statements.

SEVENTH RESOLUTION

(REVIEW OF 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.

EIGHTH RESOLUTION

(FAVOURABLE OPINION ON THE REMUNERATION COMPONENTS OWED OR AWARDED TO MR. NONCE PAOLINI, CHAIRMAND AND CHIEF EXECUTIVE OFFICER, IN RESPECT OF THE YEAR ENDED DECEMBER 31, 2013)

The Annual General Meeting, having satisfied the quorum and majority requirements for Ordinary General Meetings and having acquainted itself with the remuneration components owed or awarded in respect of the year ended December 31, 2013 to Mr. Nonce Paolini, Chairman and Chief Executive Officer, which are presented in the report of the Board of Directors on the resolutions, expresses a favourable opinion on these remuneration components.

NINTH RESOLUTION

(AUTHORISATION GIVEN TO THE BOARD OF DIRECTORS TO TRADE IN THE COMPANY'S OWN SHARES)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, and having acquainted itself with the Board of Directors' report, including a description of a share buyback programme, in accordance with the provisions of Articles L. 225-209 *et seq.* of the Commercial Code:

1. hereby authorises the Board of Directors to buy back, under the conditions set out below, shares representing up to 10% of the company's share capital at the date of the buyback, in compliance with the prevailing legal and regulatory conditions applicable at that date, particularly the conditions laid down by Articles L. 225-209 *et seq.* of the Commercial Code, by European Commission Regulation no. 2273/2003 of December 22, 2003, and by the AMF (Autorité des Marchés Financiers) General Regulation;
2. resolves that the purpose of this authorisation is to enable the company to:
   - cancel shares under the conditions provided for by law, subject to authorisation by the Extraordinary General Meeting,
   - grant shares to employees or corporate officers of the company or related companies under the terms and conditions laid down by law, in particular as part of profit-sharing schemes, stock option schemes, corporate savings plans and inter-company savings schemes or through an allotment of bonus shares,
   - ensure the liquidity of and organise the market for the company's shares, through an investment service provider acting under the terms of a liquidity agreement that complies with a Code of Conduct recognised by the AMF,
   - retain shares with a view to using them subsequently as a medium of payment or exchange for acquisitions, mergers, demergers or transfers of assets, in compliance with market practices accepted by the AMF and with regulatory requirements,
   - retain shares with a view to delivering them subsequently upon exercise of rights attached to securities through redemption, conversion or exchange, presentation of a warrant or in any other manner,
   - implement any market practice accepted by the AMF and generally to carry out any other transaction in compliance with prevailing regulations;
3. resolves that the acquisition, sale, transfer or exchange of these shares may be carried out, in compliance with rules issued by the market authorities, in any manner, notably on or off-market on multilateral trading systems or on systematic internalisers or on the over-the-counter market, including the purchase or sale of blocks of shares, without using derivative financial instruments, and at any time, except during a takeover bid, a public offer of exchange or a standing market offer for the company's shares. The entire programme may be carried out through block trades. The purchased shares can subsequently be disposed of under the conditions set by the AMF in its position of November 19, 2009 on the implementation of the new rules on share buybacks;
4. resolves that the purchase price cannot exceed €25 (twenty five euros) per share, subject to any adjustments relating to share capital transactions. If share capital is increased by incorporating premiums, earnings, reserves or bonus shares into capital, or in the event of a stock split or reverse stock split, the price indicated above shall be adjusted by a multiplication factor equal to the ratio of the number of shares making up the share capital before the transaction to the number of shares after the transaction;

5. sets at €300,000,000 (three hundred million euros) the maximum amount of funds that can be used for the share buyback programme;
6. notes that, in accordance with law, the total shares held at any given date may not exceed 10% of the share capital outstanding at that date;
7. gives full powers to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, to implement this authorisation, place all stock orders, conclude all agreements, in particular with a view to the registration of purchases and sale of shares, completing all declarations and formalities with the AMF or any other body, and in general taking all necessary measures to execute the decisions taken within the scope of this authorisation;
8. resolves that the Board of Directors shall inform the Annual General Meeting of the transactions carried out, in accordance with applicable regulations;
9. grants this authorisation for eighteen months as from the date of this Meeting and notes that it supersedes the unused portion of any previous authorisation given for the same purpose.

EXTRAORDINARY GENERAL MEETING

TENTH RESOLUTION

(AUTHORISATION GIVEN TO THE BOARD OF DIRECTORS TO REDUCE THE SHARE CAPITAL BY CANCELLING TREASURY STOCK)

The General Meeting, acting in compliance with the quorum and majority rules required for Extraordinary General Meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with Article L. 225-209 of the French Commercial Code:

1. authorises the Board of Directors to cancel, at its own initiative, on one or more occasions, some or all of the shares that the company holds or may hold as a result of utilising the various share buyback authorisations given by the Annual General Meeting to the Board of Directors, particularly under the ninth resolution submitted to this Annual General Meeting for approval, up to a limit of 10% of the capital on the date of the transaction in any twenty-four-month period;
2. authorises the Board of Directors to charge the difference between the purchase value of the cancelled shares and their nominal value to all available premium and reserve funds;
3. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, full powers to carry out the capital reduction(s) resulting from cancellations of shares authorised by this resolution, to have the relevant entries made in the financial statements, to amend the Memorandum and Articles of Association accordingly, and generally to attend to all necessary formalities;
4. grants this authorisation, which supersedes the unused portion of any previous authorisation given for the same purpose, for eighteen months from the date of this Annual General Meeting.

ELEVENTH RESOLUTION

(AUTHORISATION GIVEN TO THE BOARD OF DIRECTORS TO GRANT OPTIONS TO SUBSCRIBE FOR OR PURCHASE SHARES, WITH THE WAIVER OF PRE-EMPTIVE SUBSCRIPTION RIGHTS, IF ANY)

The General Meeting, acting in compliance with the quorum and majority rules required for Extraordinary General Meetings, having reviewed the Board of Directors' report and the Statutory Auditors' special report:

1. authorizes the Board of Directors, under Articles L. 225-177 to L. 225-186 of the Commercial Code, to grant, on one or more occasions, to beneficiaries below, options entitling their holders to subscribe for new shares in the company to be issued in the form of an increase in its capital, and options entitling their holders to purchase shares in the company obtained by the company repurchasing its own shares on the terms set forth by the law;
2. resolves that the beneficiaries will be employees or certain categories of the personnel, corporate officers, or certain among them, from the company or from companies or groupings related directly or indirectly to the company, on the terms specified in Article L. 225-180 of the Commercial Code;
3. resolves that the total number of stock options that may be granted during the thirty-eight months this authorization is valid shall not give the right to subscribe for or acquire a total number of shares representing more than 3% of the share capital of the company, this ceiling being the same for this resolution and the twelfth resolution;
4. resolves that the exercise period for the stock options granted shall not exceed seven years and six months, as from their allotment date;

5. resolves that:

- the price that the beneficiaries shall pay to purchase shares shall be determined by the Board of Directors on the day the options are granted, with no discount, and that it shall not be less than the average share price quoted on the stock exchange for the twenty trading sessions preceding the day when the share subscription options are granted or the average purchase price of shares that shall be held by the company in accordance with Articles L. 225-208 and L. 225-209 of the Commercial Code,
- the price that the beneficiaries shall pay to subscribe for shares shall be determined on the day the options are granted by the Board of Directors, with no discount, and that the price shall not be less than the average share price quoted on the stock exchange for the twenty trading sessions preceding the day when the share subscription options are granted;

6. resolves that subscription or purchase options may not be granted less than twenty trading sessions of the stock exchange after a dividend right or a pre-emptive subscription right to a capital increase has been detached from the shares and during the ten trading sessions of the stock exchange preceding and following the date on which the consolidated financial statements or, for lack thereof, the company financial statements are made public;

7. notes that in application of Article L. 225-178 of the Commercial Code, this authorisation expressly entails, for the benefit of the beneficiaries of stock options, the waiver by shareholders of the preferential subscription rights to the ordinary shares in the company that are issued as the stock options are exercised;

8. delegates to the Board of Directors full powers to determine the other terms and conditions for allotting and exercising stock options, and in particular to:

- determine the number of options granted to executive officers of the company, which may not represent more than 5% of the total allotments made by the Board during this 38-month period, and the performance criteria applicable to them,
- draw up a list or determine the categories of other beneficiaries of options; set the performance criteria applicable to them; determine the steps necessary to protect the interests of the beneficiaries of options, in accordance with the laws and regulations,
- determine the conditions and exercise period(s) and, if need be, to draw up the clauses prohibiting the immediate resale of all or part of the shares,
- set the vesting date, which may be retroactive, of new shares coming from the exercise of stock options,
- in the case of stock options granted to corporate officers, provide that the stock options may not be exercised before the officers quit their functions or determine the quantity of registered shares that must be kept until they quit their functions,
- provide for the right to temporarily suspend the exercise of stock options, under Article L. 225-149-1 of the Commercial Code,
- carry out or have carried out all acts and formalities to finalise the capital increase(s) carried out under this authorisation; amend the by-laws accordingly, and generally do whatever is necessary,
- if deemed advisable, charge the costs of the capital increases to the amount of the premiums corresponding to the increases and deduct from this amount the sums necessary to bring the legal reserve up to one-tenth of the new share capital after each capital increase;

9. grants this authorisation for thirty-eight 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.

TWELFTH RESOLUTION

(AUTHORISATION GIVEN TO THE BOARD OF DIRECTORS TO PROCEED WITH THE FREE ALLOTMENT OF NEW OR EXISTING SHARES, WITH THE WAIVER OF PRE-EMPTIVE SUBSCRIPTION RIGHTS, IF ANY)

The General Meeting, acting in compliance with the quorum and majority rules required for Extraordinary General Meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with Articles L. 225-197-1 *et seq.* of the Commercial Code:

1. authorises the Board of Directors to proceed, on one or more occasions, with the free allotment of new or existing shares in the company coming from purchases made by it to the beneficiaries indicated below;

2. resolves that the beneficiaries of such shares, who shall be designated by the Board of Directors, may be salaried employees and/or corporate officers (or certain of them) of TF1 or of companies or economic interest groupings associated with TF1 under the terms of Article L. 225-197-2 of the Commercial Code;

3. resolves that within this authorisation, the Board of Directors may allocate shares representing up to 3% of the company's share capital, it being specified that the number of new or existing shares allocated will also count towards the ceiling set forth in the eleventh resolution;

4. resolves that the allotment of shares to beneficiaries shall be final only at the end of a vesting period, which may not be shorter than two years. The beneficiaries must then hold the shares for a retention period, the duration of which shall be determined by the Board of Directors but shall not be less than two years following the final allotment. However, in the event that the Board of Directors would set a vesting period of at least four years for all or part of an allotment, the duration of the retention period may be reduced or waived for shares concerned;

5. decides that the free allocation of shares will take place immediately, before the end of the vesting period, in case of disability of the beneficiary corresponding to the second or third category specified in Article L. 314-4 of the Social Security Code. In such a case, the shares will be immediately transferable;

6. authorises the Board of Directors to make use of the authorisations that have been or shall be given by the Annual General Meeting, pursuant to the provisions of Articles L. 225-208 and L. 225-209 of the Commercial Code;
7. notes and resolves that in the event a capital increase by incorporation of reserves, profits or issue premiums is carried out at the end of the vesting period in favour of the beneficiaries of free shares, this resolution entails the waiver by shareholders of the allocation of ordinary shares issued and their portion of the incorporated reserves, profits and premiums as well as the waiver of their pre-emptive subscription rights to the shares issued as the stock options are exercised and of all rights to ordinary shares allocated free of charge under this authorisation;
8. resolves that the Board of Directors shall have full powers to implement this authorisation in compliance with applicable laws and regulations, and notably to:
   - set the terms, the number of shares allocated to corporate officers, which may not represent more than 5% of the total allocation made by the Board of Directors during the thirty-eight-month period, and the applicable performance criteria,
   - determine the list of the other beneficiaries of the shares and set the applicable performance criteria,
   - provide for the right to temporarily suspend the allotment of rights,
   - set the amount and type of reserves, profits and premiums to be incorporated in the capital for the allotment of shares,
   - adjust the number of shares allotted free of charge according to any operations on the company's capital,
   - determine all terms and conditions for the allotment of shares,
   - carry out or have carried out all acts and formalities to buy back shares and/or to finalise the capital increase(s) carried out under this authorisation; amend the by-laws accordingly, and generally do whatever is necessary, with the power to sub-delegate under and in accordance with the law;
9. grants this authorisation for thirty-eight 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.

THIRTENTH RESOLUTION

(AUTHORISATION TO CARRY OUT FORMALITIES)

The General Meeting, acting in compliance with the quorum and majority rules required for Extraordinary General Meetings, gives full powers to the holder of an original, a copy or extract of the minutes of 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.

9

ADDITIONAL INFORMATION

9.1 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT AND INFORMATION CONCERNING THE VERIFICATION OF THE ACCOUNTS

9.1.1 CERTIFICATE OF THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

The person assuming responsibility for the registration document: Mr. Nonce Paolini, Chairman and CEO.

I hereby certify that, having taken all reasonable steps, the information contained in this registration document, reflects the facts, to the best of my knowledge, and contains no omission that could alter its scope.

I hereby certify that, to the best of my knowledge, the accounts have been prepared in compliance with applicable accounting norms and give a faithful picture of the assets, the financial situation and the results of the company and the consolidated companies, and that the management report (a cross-reference table being included on page 307), 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 197 of this document or incorporated herein by reference on page 303. The reports issued by the Statutory Auditors for fiscal years 2012 and 2011 contained no coment.

Boulogne-Billancourt, March 11, 2014
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 Stéphanie Ortega Immeuble Le Palatin – 3, Cours du Triangle 92939 La Défense Cedex	General Meeting of January 14, 1988	General Meeting approving the 2016 accounts
MAZARS represented by Guillaume Potel and Olivier Thireau Immeuble Exaltis – 61, rue Henri Regnault 92075 La Défense Cedex	General Meeting of May 15, 2001	General Meeting approving the 2018 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 2018 accounts

The fees paid to the Statutory Auditors by TF1 and its subsidiaries are shown in chapter 4 note 34, page 169 of this registration document and annual financial report.

9.1.3 NAME OF THE INDEPENDENT THIRD-PARTY VERIFIER OF SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION

In 2013, in accordance with Decree no. 2012-557 dated April 24, 2012 (Article 225 of the Grenelle 2 act), the social, environmental and societal information has been verified by an independent verifier, ERNST & YOUNG et Associés, Sustainable Development Department. ERNST & YOUNG et Associés is the independant third-party verifier of which the admissibility of the application for accreditation has been accepted by the COFRAC under the number 3-1050.

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 Strategy, 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 17, 2014 may be consulted on the company website: http://www.groupe-tf1.fr/en/.

Anybody wishing to obtain additional information on the TF1 group may, without obligation, ask for documents at TF1 – Legal Affairs Department, 1 quai du Point du Jour, 92656 Boulogne-Billancourt Cedex, Tel: 00 33 1 41 41 40 75.

You can also receive information on the group TF1 and obtain on demand historical data about the company by mail at TF1- Investor Relations Department – 1, Quai du Point du Jour – 92656 Boulogne-Billancourt Cedex or by e-mail: comfi@tf1.fr. Tel: 00 33 1 41 41 12 34.

Internet website: http://www.groupe-tf1.fr/en/

9.3 2014 - 2015 - 2016 DIARY DATES

April 17, 2014: Shareholders' Annual General Meeting

April 24, 2014: 2013 dividend ex-date

April 29, 2014: 2013 dividend payment date

April 30, 2014: Revenue and financial statements for the first quarter of 2014

July 24, 2013: Revenue and financial statements for the first half of 2014, Analyst Meeting

October 29, 2014: Revenue and financial statements for the first nine months of 2014

April 16, 2015: Shareholders' Annual General Meeting

April 14, 2016: Shareholders' Annual General Meeting

These dates may be subject to change.

9.4 INFORMATION INCLUDED BY REFERENCE

In application of Article 28 of Regulation (EC) no. 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, 2012, the relevant report of the Statutory Auditors and the Group's management report appearing on pages 71 to 199 of the registration document registered with the AMF on March 13, 2013 with number D. 13-0129;
- the consolidated accounts for the year ended December 31, 2011, the relevant report of the Statutory Auditors and the Group's management report appearing on pages 65 to 190 of the registration document registered with the AMF on March 15, 2012 with number D. 12-0163;

9.5 FINANCIAL PRESS RELEASES PUBLISHED IN 2013

Date of release	Subject
February 19, 2013	TF1 2012 full year financial results.
February 20, 2013	Advertising trend for the beginning of the year 2013 for TF1 channel.
March 14, 2013	Availability 2012 registration document.
April 18, 2013	AGM 18/04/2013 – Release of the Vote results.
May 7, 2013	Release of TF1 Q1 2013 results.
July 25, 2013	Release of TF1 H1 2013 results.
October 17, 2013	TF1 sells Place des Tendance to groupe Printemps.
November 7, 2013	Release of TF1 9m 2013 results – TF1 group.
November 20, 2013	The TF1 group and Discovery Communications are beginning discussions to evaluate whether Discovery will exercise its call option to raise its equity interest in Eurosport to 51% prior to the agreed upon date.
November 25, 2013	The TF1 group host the launch of the “Global Reporting Initiative G4” in France, to be held November 27.
December 23, 2013	TF1 has been named official broadcaster of French national football team matches from September 2014 until the 2018 FIFA World Cup.

All the regulated information is available on the website www.groupe-tf1.fr/en/finance/regulated-information/regulated-information-6130046-843.html

9.6 ADDRESSES OF MAIN SUBSIDIARIES AND PARTICIPATIONS

(February 2014)

1, quai du Point-du-Jour
92100 BOULOGNE–BILLANCOURT

HISTOIRE

LA CHAÎNE INFO – LCI

MONTE-CARLO PARTICIPATION

NT1

ONECAST

SOCIÉTÉ D'EXPLOITATION ET DE DOCUMENTAIRES – STYLÍA

TF1 DISTRIBUTION

TF1 DS

HD1

TF1 THÉMATIQUES

TV BREIZH

UNE MUSIQUE

USHUAÏA TV

Atrium – 6, place Abel-Gance
92100 BOULOGNE-BILLANCOURT

e-TF1

TF1 DROITS AUDIOVISUELS

TF1 ENTREPRISES

TF1 FILMS PRODUCTION

TF1 INTERNATIONAL

TF1 PUBLICITÉ

TF1 VIDÉO

WAT

L'Amiral – 3, rue Gaston et René-Caudron
97988 ISSY-LES-MOULINEAUX Cedex

EUROSPORT

EUROSPORT France

Tour Maine Montparnasse – 33, avenue du Maine
75015 PARIS

LES NOUVELLES ÉDITIONS TF1

45, boulevard Victor-Hugo – Bâtiment 264
93534 AUBERVILLIERS Cedex

TÉLÉSHOPPING

TOP SHOPPING

6 bis, quai Antoine-Ier
MONACO

TÉLÉ MONTE-CARLO (TMC)

ZA du Pot au Pin – Entrepôt A4
33612 CESTAS Cedex

DUJARDIN

44, rue de Strasbourg
44000 NANTES

OUEST INFO

35, rue Greneta
75002 PARIS

PUBLICATIONS METRO FRANCE

120, avenue Charles-de-Gaulle
92200 NEUILLY-SUR-SEINE

SERIECLUB

TF6

24, avenue Charles-de-Gaulle
92200 NEUILLY-SUR-SEINE

UGC DISTRIBUTION

132, avenue du Président-Wilson
93210 LA-PLAINE-SAINT-DENIS

GROUPE AB

40/42, rue Pierre-Curie
93120 LA COURNEUVE

SYLVER

Immeuble Le Delta,
55, avenue de la Voie Lactée
92100 BOULOGNE-BILLANCOURT

TF1 Production

9.7 REGISTRATION DOCUMENT AND CROSS-REFERENCE TABLE

CROSS-REFERENCE TABLE – SUBJECTS OF THE FIRST APPENDIX OF EU REGULATION 809/2004

14	**Administrative, management and supervisory bodies and senior management**	
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14.2	Administrative and management bodies' conflicts of interest	39
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17	**Employees**	
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20.7	Dividend policy	105, 289, 294
20.8	Legal and arbitration proceedings	73-76, 126, 146-147, 181-182, 188
20.9	Significant changes in the trading or financial situation	NA
21	**Additional information**	
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21.2	Memorandum and Articles of Incorporation	216-225
22	**Major contracts**	NA
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9.8 TABLE OF CONCORDANCE OF THE MANAGEMENT REPORT

The 2013 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 18, 2014.

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Statement and report on the delegations for a share capital increase and uses of these delegations during the exercise (Article L. 225-100 of the Commercial Code)	230-232
Statement of company operations over the last five business year (Article R. 225-102 of the Commercial Code)	108

9.9 ANNUAL FINANCIAL REPORT TABLE OF CONCORDANCE

In order to facilitate the reading of Annual Financial report, the following table provides the page references of the main information required by Article L. 451-1-2 of the French Monetary and Financial Code and by Article 222-3 of the General Regulation of the Autorité des Marchés Financiers.	Registration document
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2013 Management report of the Board of Directors	Refer to table of concordance 9.8
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Annual Statutory Auditors' report on the 2013 financial statements	200-201
Statutory Auditors' report on the 2013 consolidated financial statements	199
Fees of auditors	169, 301
Report of the Chairman of the Board of Directors in internal Control	39-61, 70-77
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9.10 TABLE SHOWING CORRESPONDENCE WITH DECREE NO. 2012-557 DATED APRIL 24, 2012 (ARTICLE 225 OF THE GRENELLE 2 ACT)

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Use of ground	**Not applicable** (head offices only)	-
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Adaptation to the consequences of climate change	**Not applicable** no sites located in sensitive, seismic	-
Protection of biodiversity		
Measures taken to preserve/develop biodiversity	**Not applicable** no site located in protective zones	-
Societal information		
Regional, economic and social impact of the activity		
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326 300 159 RCS NANTERRE
1, quai du Point du Jour
92656 Boulogne-Billancourt Cedex
www.groupe-tf1.fr