2008 REGISTRATION DOCUMENT

TF1
MÉDIA 360

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2008 REGISTRATION DOCUMENT

TF1

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The French version of the Annual Report was filed by the «Autorité des Marchés Financiers» (AMF - French stock exchange commission) on March 26, 2009, 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.

In case of discrepancy, the French version prevails.

1

TF1 GROUP PRESENTATION

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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 reality, 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 (on page 49) presents a true image of the evolution of the business, the results and the 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 and read the whole of the document.

The historic financial information, presented or included by reference in this document, are the subject of the reports of the legal auditors, appearing on page 163 or included by reference on page 187 of this document, which contain some observations relative to the change in accounting policy in 2007 and 2008.

Boulogne, March 26, 2009

Chairman & CEO

Nonce Paolini

1.2 THE MANAGEMENT TEAM

February 2009

TF1 Executive Committee

Nonce Paolini, Chairman and Chief Executive Officer of TF1

Arnaud Bosom, Director of New Media and Chairman of e-TF1

Jean-Michel Counillon, Secretary General

Jean-Claude Dassier, Executive Vice President in charge of Group News and Information

Philippe Denery, Executive Vice President, Finance and Chairman of TF1 International

Yves Goblet, Executive Vice President, Group Marketing

Martine Hollinger, Chief Executive Officer of TF1 Publicité

Jean-François Lancelier, Executive Vice President, Broadcasting

Gilles Maugars, Director of Technology and IS

Jean-Pierre Paoli, Director Strategy and Business Development

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

Laurent Solly, Member of the Executive Committee and Chairman and CEO of TF1 Digital

Laurent Storch, Executive Vice President, Broadcasting and Director of Programmes

Group TF1 Management Committee

This committee is composed of the above-mentioned officers and the following:

Édouard Boccon-Gibod, Chairman of TF1 Production

Yann Boucraut, Chief Executive Officer of Téléshopping

Michel Brossard, Chief Executive Officer of TF1 Entreprises

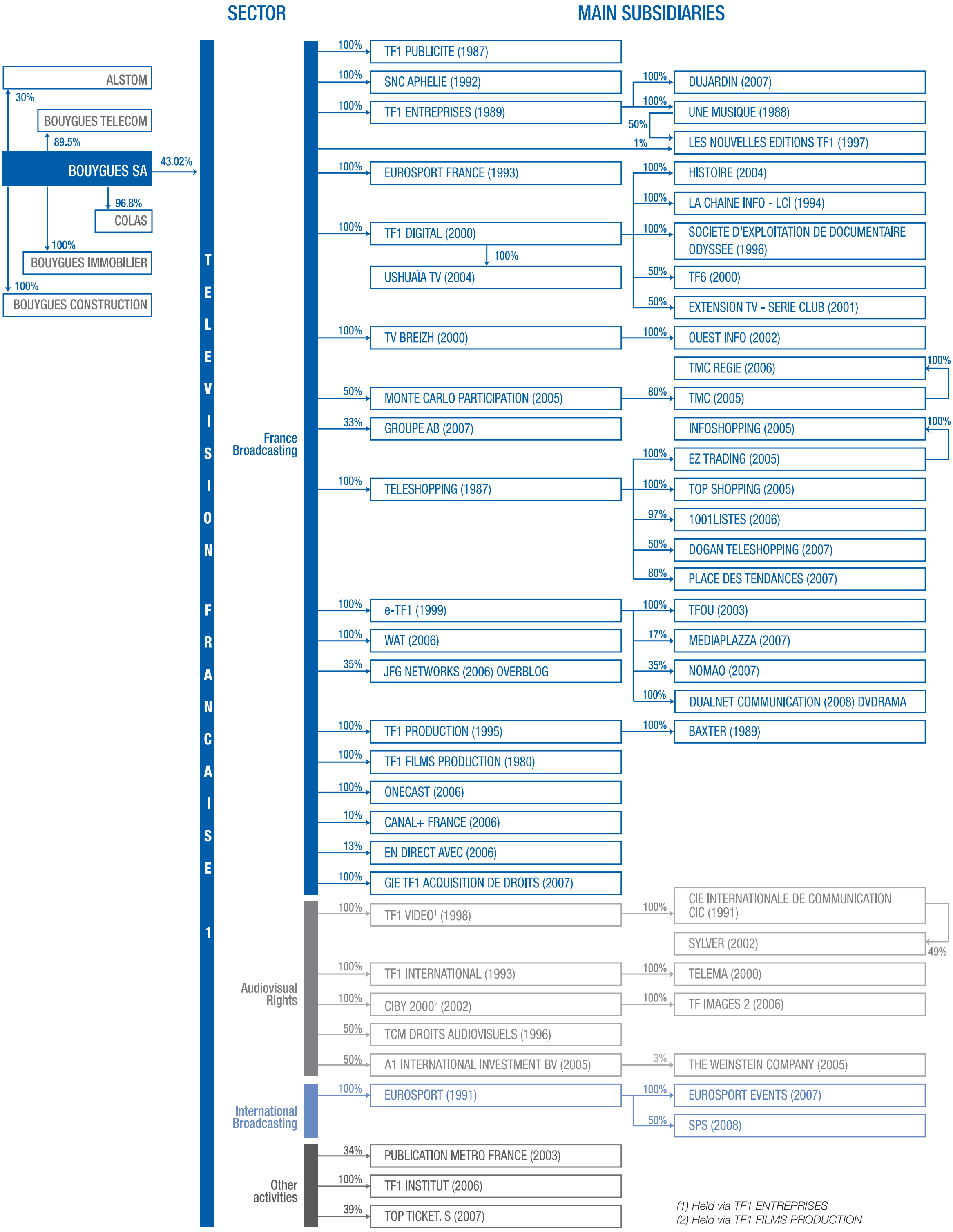
Pierre Brossard, Chairman of TF1 Vidéo

Frédéric Ivernel, Director of Group Communication

Laurent-Eric Le Lay, Chairman and Chief Executive Officer of Eurosport

Benoît Louvet, Deputy Chief Executive Officer of TF1 Publicité.

1.3 SIMPLIFIED ORGANISATION CHART - FEBRUARY 18th 2009



(1) Held via TF1 ENTREPRISES
(2) Held via TF1 FILMS PRODUCTION

Year of creation or acquisition is in brackets.

1.4 2008 KEY EVENTS

TF1 Broadcasting

TF1 notched up 96 of the top 100 audiences for the year, with an outstanding audience of 12.7 million viewers watching the June 13 football match between France and the Netherlands [(1)].

The two "TF1 Pitch" days, an original concept devised by Programmes management aimed at identifying new production ideas, led to the selection of 10 proposed projects from producers.

Since August 25, TF1 has been presenting a new-format 8 o'clock News Bulletin. Now anchored by Laurence Ferrari, the TF1 8 p.m. Bulletin has maintained its lead over the other channels.

The two-year global partnership agreement between TF1 and Endemol France (starting September 1, 2008) will give the TF1 Group access to the whole catalogue of rights and formats of the Endemol network. TF1 also acquired the exclusive freeview and pay "new media" rights for the acquired programmes.

Since October, TF1 has been available in high-definition on DTT.

Thematic channels

TMC continues to expand with an audience share of 2.1% in 2008, being thus the leader channel of the DTT.

In April, Ushuaïa TV became "the channel of sustainable development and protection of the planet." A new programming grid went live and the sustainable development website, www.ushuaia.com, "Ushuaïa, the earth and us", went on line.

Ushuaïa TV has been available in high definition on the CanalSatellite bundle since end September.

Over its 12-year life span, Odyssée has evolved to become the channel of life-style, elegance and personal well-being. Odyssée has also been available on CanalSatellite since November.

The Histoire channel has raised its public awareness by becoming the reference partner for major commemorations (90th anniversary of the 1918 armistice operation).

Diversification activities

With over 15.7 million individual visitors in December 2008, the TF1 Group has become the 8th ranking Internet player in France, ahead of all other French media groups on the Web. The TF1 Group websites attracted over 10 million individual visitors per month during 2008 [(2)].

e-TF1 acquired the company Dualnet Communication, specialised in operating general-interest websites covering film and TV series news (www.dvdrama.com et www.excessif.com). With this acquisition, the TF1 Group has strengthened its global on-line news offering.

On June 20, TF1 Publicité won the bid launched by the Les Indépendants economic interest group (GIE), which brings together 113 local radio stations. This three-year contract has enabled TF1 Publicité to diversify and extend its business to a new media, radio. The contract became effective on January 1, 2009.

Téléshopping launched placedestendances.com, the major on-line store for off-the-shelf clothing. It now hosts 52 brands.

(1) Médiamétrie Médiamat 2008.

(2) Panel NNR – Anytime anywhere – excluding Internet applications.

International broadcasting

Eurosport launched the Eurosport channel in high definition in 14 languages in 26 countries. The year's major sports events (Euro 2008, Olympic Games…) were broadcast with very high-quality images. The speed of technical development and commercial introduction of the high-definition offering illustrates the Eurosport Group's know-how.

Sustainable Development

TF1, a leading corporate citizen: with a 91.43% level of compliance and awareness in environmental responsibility, TF1 is ranked n°1 among the 60 or so media companies in the survey by the Ministry of the Ecology, Energy Sustainable Development and Land Management (MEEDDAT) published in March 2008.

Miscellaneous

The CSA, in its 2007 call for tenders for personal mobile television, selected TF1 and Eurosport France from among the 32 bids filed.

TF1 filed three bids with the CSA for Digital Radio Broadcasting (RNT) on behalf of LCI Radio, WAT Radio and Plurielles Radio. This first call for tenders involves 19 transmission zones covering France's main cities representing around 30% of the national coverage. RNT is planned to start up in third quarter 2009.

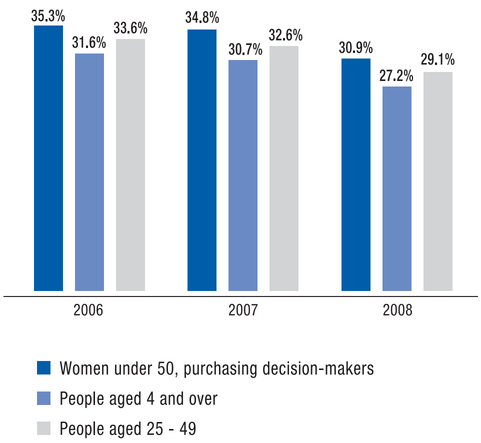
Established in 2007 with the aim of promoting diversity and professional integration, the TF1 Corporate Foundation recruited its first members in 2008.

The Pilipili magazine launched in 2007 is currently available in six French cities and will be launched in Paris in April 2009.

1.5 MANAGEMENT INDICATORS

1.5.1 Management indicators

TF1 CHANNEL AUDIENCE SHARE



Source: Médiamétrie Médiamat 2008

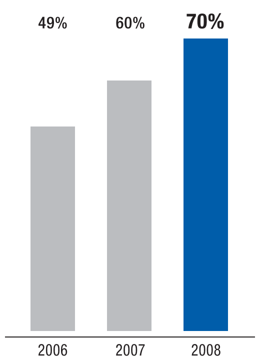
INVESTMENT IN FRENCH PRODUCTION (in €m)

NUMBER OF EMPLOYEES IN THE GROUP

ADVERTISING MARKET SHARE AMONG ALL TV

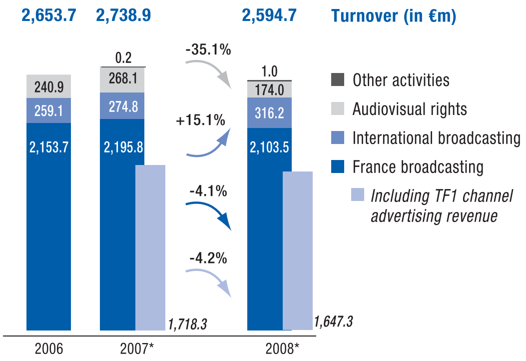
Source: TNS Média Intelligence 2008 - Gross data

PROPORTION OF SUB-TITLED PROGRAMMING HOURS



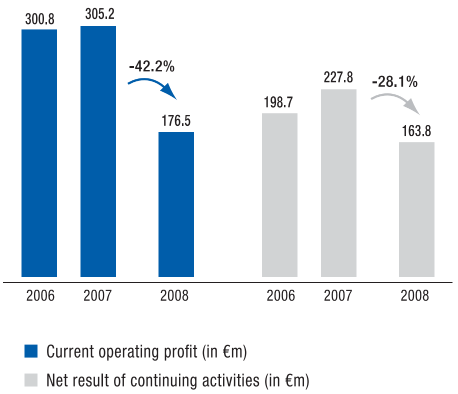
1.5.2 Key financial figures

TURNOVER BY SECTOR

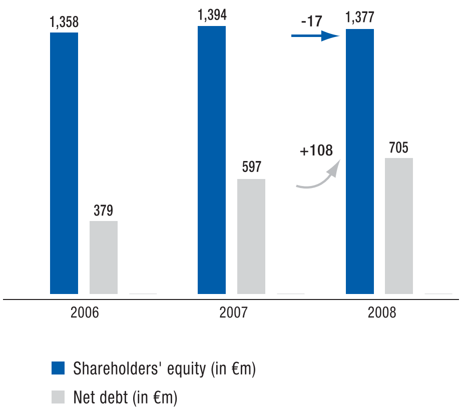


(*) In 2008, turnover was restated from turnover for third-party accounts. 2007 is presented using a comparable method (- €25 million in 2007). This change in accounting policy (standard IAS 18) does not affect the result. It primarily concerns advertising revenue and 1001 listes.

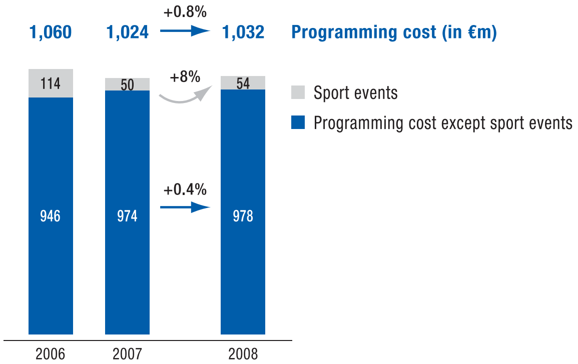
CURRENT OPERATING PROFIT AND NET RESULT OF CONTINUING ACTIVITIES



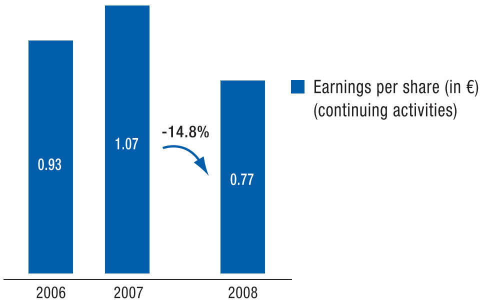
SHAREHOLDERS' EQUITY AND NET DEBT



PROGRAMMING COSTS

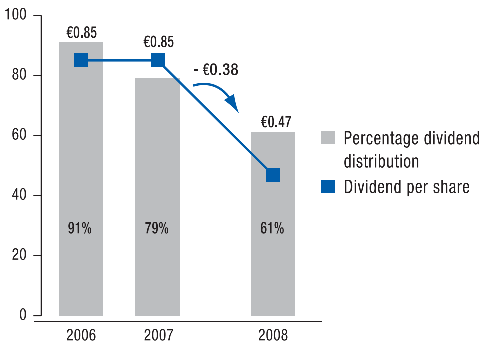


EARNINGS PER SHARE



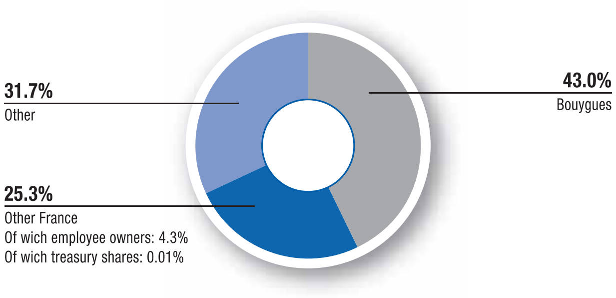
1.5.3 Key trading figures

DIVIDEND PER SHARE AND PERCENTAGE DIVIDEND DISTRIBUTION



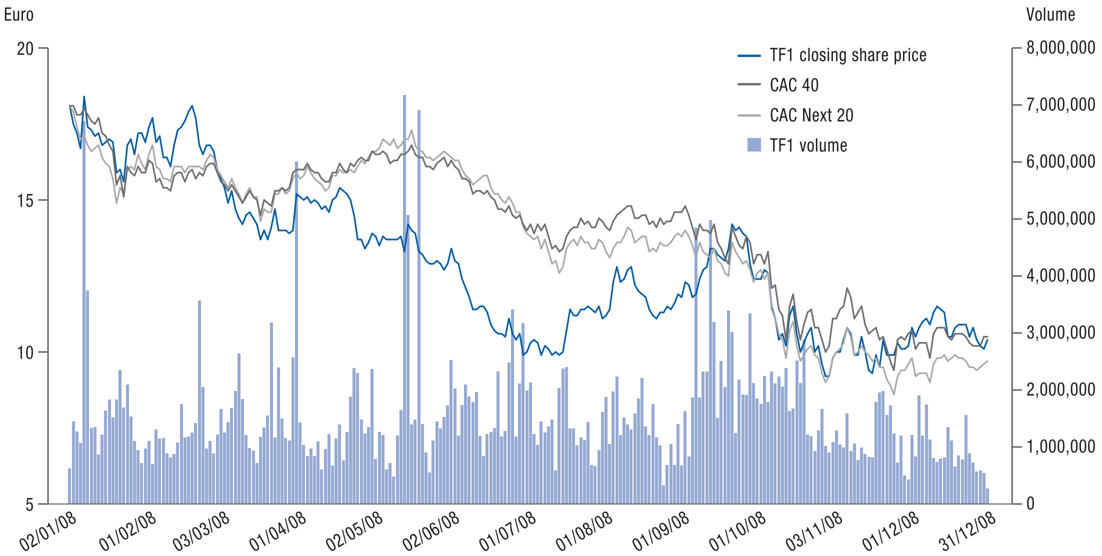
MARKET CAPITALISATION (in €m)

STOCK OWNERSHIP (1)



(1) Estimations by Euroclear on 31/12/2008, including non identified holders.

SHARE PRICE



1.6 MARKET TRENDS

1.6.1 Television, the preferred media of the French population

In 2008, television most united viewers on a daily basis, particularly on the occasion of major events. The development of new technologies opens up more possibilities, with new vehicles for transporting television images, but also increasingly high image quality on the sets. In 2008, the offering continued to expand, with over 100 channels via free-to-air, freeview or pay DTT, cable and satellite or ADSL.

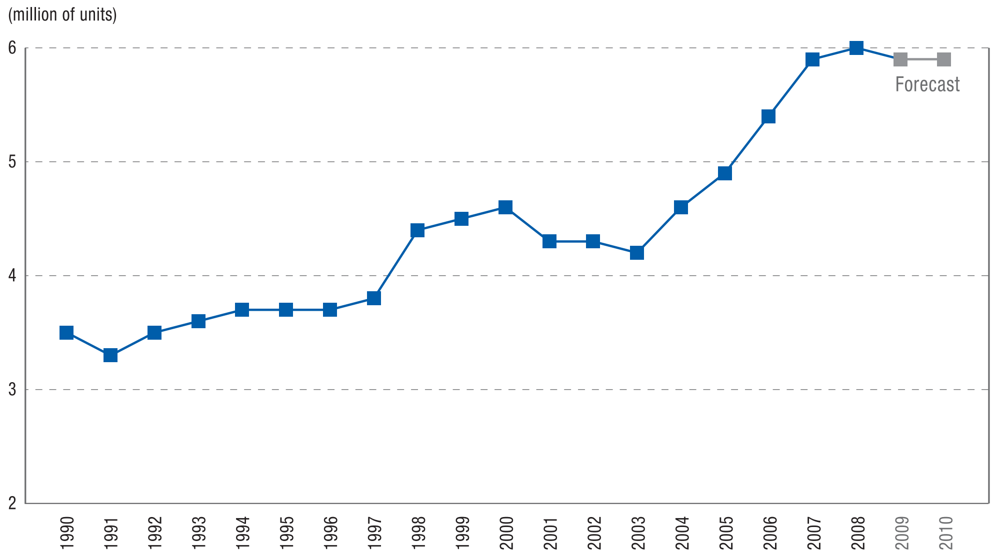
HOUSEHOLD EQUIPMENT FAVOURING TELEVISION CONSUMPTION (1)

98% of French households are today equipped with at least one television set. 54% of them have at least two television sets. After a period of relative stability (47% multi-set households at end 2002, 47% end 2005 and 48% end 2006), the multi-set trend has gained momentum (+2 points between 2007 and 2008 and +6 points between 2006 and 2008), fuelled particularly by the new screen formats.

44% of households are now equipped with a 16/9 television set and 31% with a high-definition set – these types are growing rapidly (+9 points and +14 points, respectively, in one year).

While this attraction to images continues, that for sound is stable – home cinema ownership having peaked at 13% of households (+1 point in one year, +2 points in two years.)

SALES OF TELEVISION SETS IN 2008: A RECORD YEAR



Source: GFK.

OVER 15 CHANNELS – THE LATEST TREND (1)

By end December 2008, 78% of the French population could receive 15 channels or more. This proportion is growing exponentially. It increased 18 points between 2007 and 2008 (in January 2007, 60% of French people received over 15 channels) and 38 points between 2006 and 2008 (40% in January 2006) (2).

This increase is linked directly to the expansion of the means of free television reception.

DTT is now the top means of reception of an expanded offering, with 36% of households connected – that is, equipped with a DTT adaptor (external or integrated in the television set) and a Yagi aerial. DTT was launched in March 2005 and has experienced very high growth rates, making it the most dynamic offering available to French viewers (+14 points between 2007 and 2008).

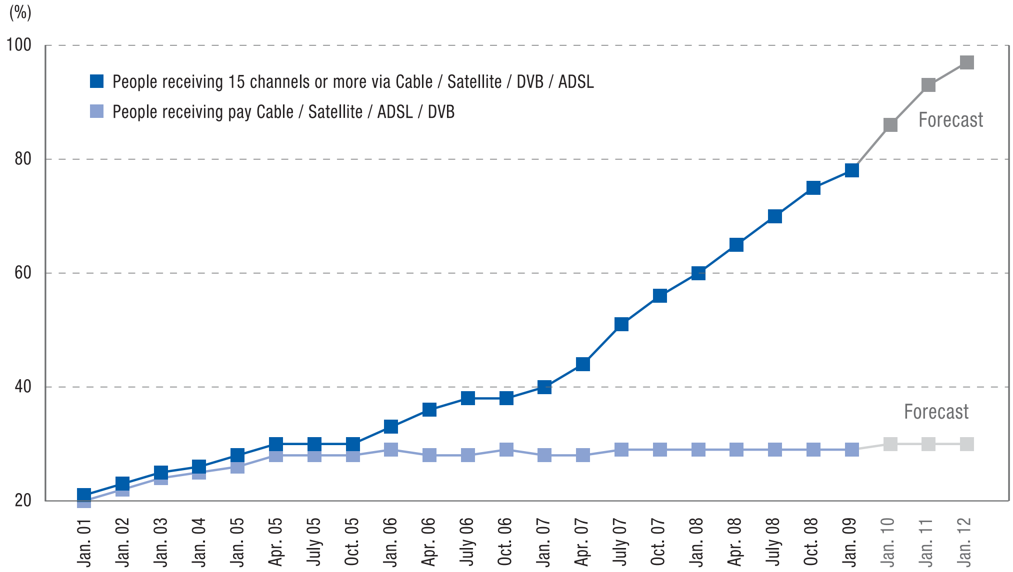
The second most dynamic offering (+4 points between 2007 and 2008) is television via ADSL, which concerns 14% of households, now ahead of cable.

The more traditional means of access to a broader offering – the subscription to a cable or satellite bundle – are now relatively stable at 16% and 10%, respectively, of subscriber households.

(1) Source: Médiamétrie/Multi-media equipment reference/October-December 2008.

(2) Source: Médiamétrie/MMW.

EVOLUTION OF THE BREAK-DOWN OF INDIVIDUALS ACCORDING TO THE NUMBER OF CHANNELS RECEIVED



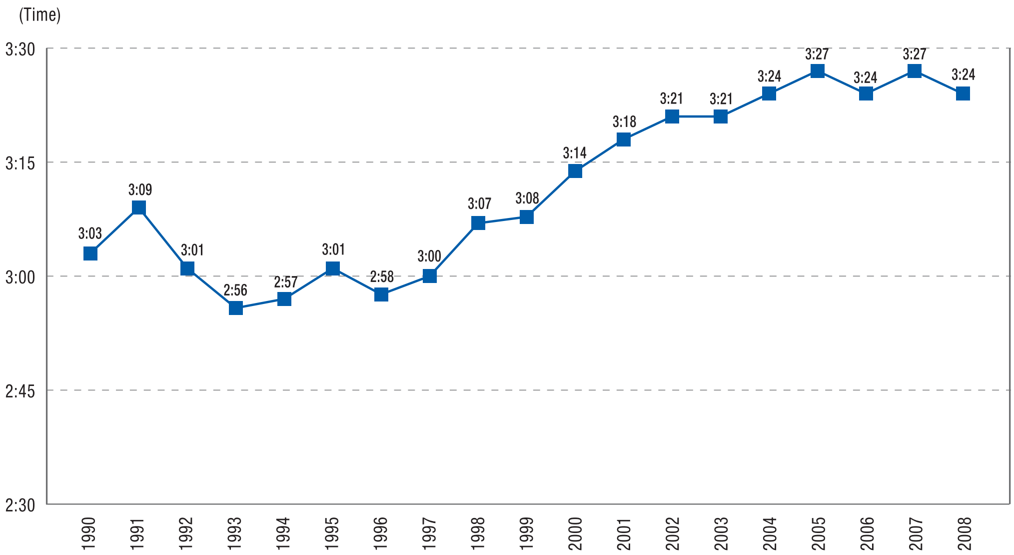
Source: Médiamat MMW / Prévisions TF1.

TELEVISION – THE TOP MEDIA, INCLUDING WITH 15 TO 20-YEAR-OLDS

90% of the French population have at least one contact per day with television, compared to 79% for radio, 78% for printed media and 42% for the Internet. That makes television the leading media in terms of coverage [3]. Concerning time spent [4], television was the preference of the French population in their 2008 media consumption. A French person watches television for an average of 3 hours 24 minutes per day. He listens to the radio 2 hours 15 minutes and accesses the Internet for 32 minutes.

This hierarchy is also valid for the 15 to 24-years-olds.

2008 TV CONSUMPTION, VIEWING TIME PER INDIVIDUAL



Source: Médiamétrie Médiamat.

(3) *Source: Médiamétrie/Media in Life.*

(4) *Source: Médiamétrie.*

HOW TV IS CONSUMED – SLOW CHANGE [5]

Television consumption is evolving as the result of emerging vehicles, which, however, are still very much in the minority. Television consumption via computer is beginning to take hold, with 6.9% of French people watching television on a computer in the month of December 2008 (4.9% on a desktop computer and 2.6% on a portable computer).

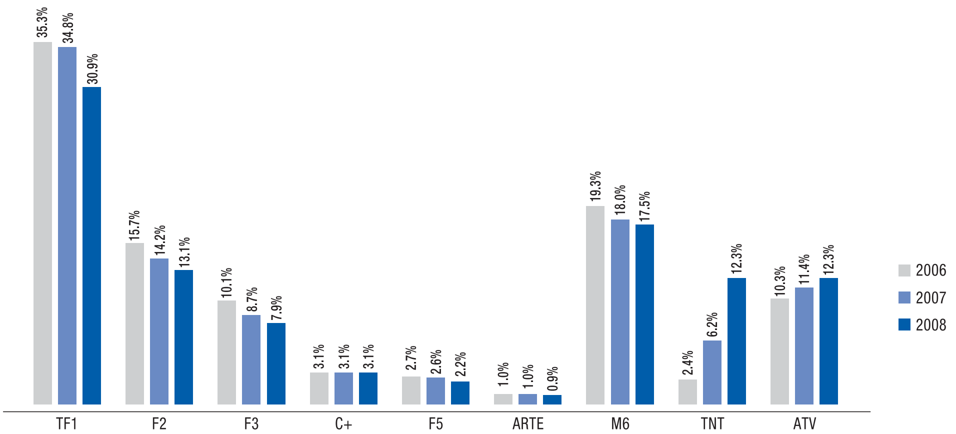
Television via cell phone is marginal – it concerned less than 1% of French people in the past month.

Off-line consumption, not including private recording, is growing; it is practiced by 28.4% of the French population, vs. 20.4 in April 2008. The medium for this type of consumption is almost exclusively the computer – via the Internet or after downloading. Only 4% of French people use *Video on Demand (VOD)* services.

12.7% of the French population watches television in *catch-up* mode (having missed the television broadcast a few days earlier).

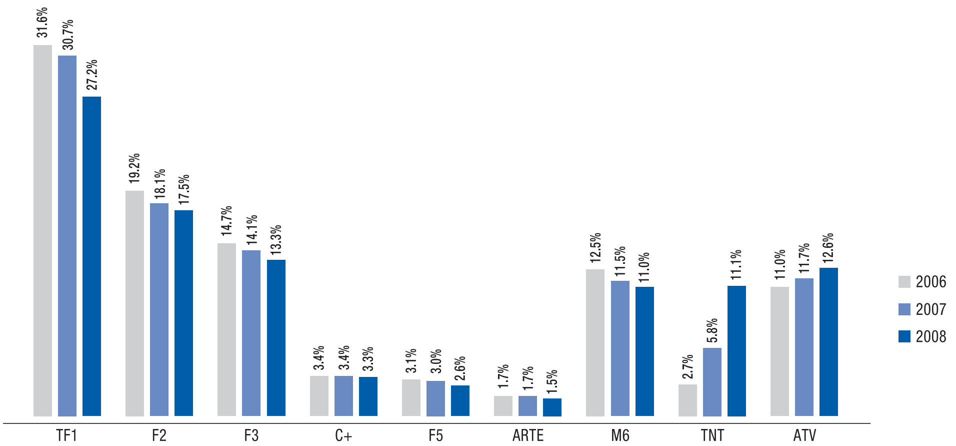
With the multiplicity of offerings and the changes to the audiovisual landscape, the market share of the main channels has evolved as shown in the following table:

AUDIENCE SHARE – WOMEN UNDER 50 PURCHASING DECISION-MAKERS



Source: Médiamétrie Médiamat 2008.

AUDIENCE SHARE – INDIVIDUALS OF 4 YEARS AND OVER



Source: Médiamétrie Médiamat 2008.

AUDIENCE SHARE OF THE MAIN DTT CHANNELS - INDIVIDUALS OF 4 YEARS AND OVER

	2008	2007
TMC	2.1	1.2
W9	1.8	0.9
Gulli	1.5	0.8
NT1	1.0	0.6
NRJ 12	1.0	0.4

	2008	2007
France 4	0.9	0.4
Direct 8	0.7	0.2
Virgin 17	0.5	0.4
BFM -TV	0.4	0.2
I.Télé	0.3	0.3

(5) Source: Médiamétrie/Global TV.

1.6.2 Adverstising trend (6)

2008 TRENDS IN THE MULTIPLE-MEDIA ADVERTISING MARKET, PER SECTOR (7)

In 2008, the advertisers were hit by the world economic and financial crisis. Deregulation also impacted them. The work on the draft law, which was finally adopted at the end of the year, created a climate of uncertainty and led advertisers to take a wait-and-see stance. And the new tariff policy implemented by France Télévisions changed the playing field.

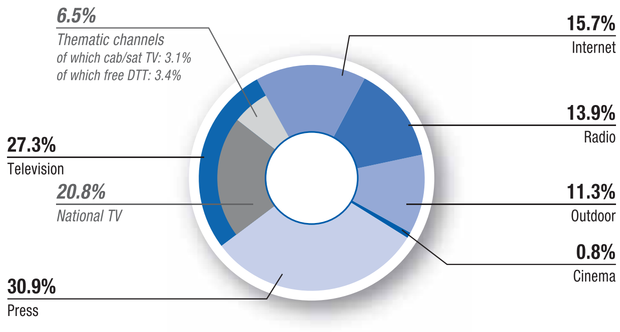
With 63.5% of its turnover coming from advertising, the TF1 channel is at the mercy of the advertising market and its fluctuations. While the domestic TV market contracted by 8.4% in 2008, the TF1 channel was down 1.8%. Its market share rose 4 points to 59% among the historical channels.

€24.3 billion in gross revenue were invested in the multi-media market, that is, a growth of 4.9%. This increase was mostly fuelled by the growing presence of advertisers on the Internet (revenues up by 28.8%) and on the freeview DTT channels (+101.2%). As of now, the Internet represents a 15.7% market share and the freeview DTT channels 3.4%. Excluding the Internet, the media market grew only 1.4% between 2007 and 2008.

With revenues of €6.7 billion, television (national channels, regional channels, DTT, cable and satellite), was the second-ranking media in terms of advertising investment, after the printed press. Investment in television advertising, whose market share stands at 27.3%, was down 1.3%. The nationwide channels, which represented 20.8% of total gross advertising investments, saw their revenues fall by 8.4%. The audience fragmentation quite naturally meant that some of the investment shifted to thematic channels.

2008 MULTIPLE-MEDIA INVESTMENT, EXCLUDING SPONSORSHIP

	Gross revenues	Revenue trend	Market share	Market share trend (in points)
	2008	2008 vs 2007	2008	2008 vs 2007
PRESS	7,529.0 M€	+3.0%	30.9%	-0.6
TELEVISION	6,651.3 M€	-1.3%	27.3%	-1.7
NATIONAL TV	5,069.9 M€	-8.4%	20.8%	-3.1
THEMATIC CHANNELS	1,581.3 M€	+31.4%	6.5%	1.3
of which CAB/SAT TV	*762.2 M€*	*-4.3%*	*3.1%*	*-0.3*
of which free DTT	*819.2 M€*	*+101.2%*	*3.4%*	*1.6*
INTERNET	3,814.9 M€	+28.8%	15.7%	2.9
RADIO	3,393.5 M€	+2.5%	13.9%	-0.4
OUTDOOR	2,763.5 M€	+3.3%	11.3%	-0.2
CINEMA	196.2 M€	-11.8%	0.8%	-0.2



THE SECTORS CONTRIBUTING TO THE DECLINE

Banking and insurance had been a powerful growth engine for national television in 2007. But the financial crisis brought about a substantial fall in investment in 2008 (-4.2%). They fell by 7.2% on TF1, which nevertheless increased its market share by 4.3 points to 56.9%.

The food sector (-14.1%) and other basic business sectors were hard hit by the slow-down in household consumption and declined considerably in 2008.

With a total investment of €281 million, retail represented 5.6% of advertising investment in 2008. With an eye to the benefits of a big audience, the retailers gave pride of place to TF1, which captured 61.2% (+2,6 points) of the investments in this sector.

THE GROWTH SECTORS

The most remarkable increase came from the healthcare sector, with a growth of 15.4% over 2007 – particularly buoyed by pharmaceutical products (+18.6%).

Automobile was practically stable on national TV (+0.5%) and grew 12.3% on TF1, which raised its market share 6.1 points to 58.2%.

(6) Source: TNS Media Intelligence. Gross data.

(7) The multiple-media market comprises the press, radio, la television, the Internet, outdoors and cinema.

TV ADVERTISING MARKET FOR FREE-TO-AIR OPERATORS SINCE 2004

	TF1	F2	F3	Canal+	F5	M6
2004	54.8%	12.0%	7.8%	2.3%	1.0%	22.1%
2005	54.4%	12.1%	7.2%	2.2%	1.1%	23.2%
2006	54.8%	11.8%	7.3%	2.0%	1.0%	23.1%
2007	55.0%	11.0%	6.9%	2.0%	1.0%	24.1%
2008	59.0%	7.5%	4.7%	2.6%	0.5%	25.7%

2009 OUTLOOK

The advertising market trend looks uncertain in a 2009 context, where forecasters such as Xerfi expect corporate investments to decline by 7% and household consumption to stay practically stable.

According to TNS, “after a shaky 2008, the start of 2009 is clearly shifting into the red.”

In January 2009, the advertising market fell by 4.6%, and the number of advertisers declined, too (11.2%).

Radio and the Internet rose 3% and 11.3%, respectively, the latter growing less than in 2008 (+19%).

The beginning of this year was marked by a difficult and complex context (economic difficulties, discontinuation of advertising after 8 p.m. on France Télévisions, negotiations with distributors, etc.), with the result that advertisers are delaying their investment decisions. This wait-and-see attitude, which changes the seasonal nature of investments, precludes a sound forecast of the trend for the coming months.

Advertisers are also seeking to maximize their resources, so they increasingly weigh up the advantages of the different vehicles, giving their preference to those that offer the best sales cost/efficiency ratio.

Under these circumstances, TF1 Publicité will support its clients in their developments, pursuing its strategy: offer exceptional exposure conditions on efficient, diversified and innovative means of communication.

1.6.3 New regulatory environment

On January 8, 2008, President Sarkozy expressed the desire to eliminate advertising from the state-owned channels and review their missions, as well as their system of financing. This announcement, causing the biggest upheaval in the French audiovisual landscape for 20 years, gave birth to various projects.

ORGANISATION AND OPERATIONS OF FRANCE TÉLÉVISIONS

Since January 5, 2009, advertising has been disappeared from the screens of the France Télévisions channels between 8 p.m. and 6 a.m. As of the close of analogue broadcasting and at latest on November 30, 2011, advertising will disappear from these channels altogether.

To finance the France Télévisions enterprise, which now brings together all the state-owned audiovisual communications services, the State will implement a form of financial compensation.

TAX ON TELEVISION ADVERTISING

To compensate for France Télévisions’ revenue loss, a tax that could vary from 1.5% to 3% (capped at 50% of the annual advertising revenue growth) will be imposed on the advertising revenue in excess of €11 million of the private-sector channels. To calculate the taxable amount for the years 2009, 2010 and 2011, the fiscal year 2008 will be taken as the reference period. For the DTT channels, whose revenues are below those of the free-to-air channels but are growing rapidly, the tax is fixed at 1.5% in 2009, 2% in 2010 and 2.5% in 2011. Furthermore, a tax on Internet access providers has been introduced, and €450 million will be paid to France Télévisions by the government per year. Finally, the television licence, now called “contribution to public audiovisual services” and set at €120 per year, will also constitute a source of financing for France Télévisions.

TRANSPOSITION OF THE AVMS DIRECTIVE (AUDIOVISUAL MEDIA SERVICES)

The purpose of the so-called “Television Without Frontiers” European Directive (TWF of October 3, 1989), revised in 2007 and now called “Audiovisual Media Services” (AVMS) is to adapt and modernise the audiovisual world by taking into consideration both technological developments and changes in the market structure. Among the various changes, a new definition of on-demand media services has been shaped, provisions of inter-professional agreements have been made to comply with legislation, and audio description has been imposed during prime viewing times.

Furthermore, every year, the CSA will be required to submit a report on the actions taken by the channels on the subject of diversity, a topic dear to TF1, proposing measures to improve the effective reflection of diversity in the programmes (art. 1).

In addition, a second advertising break is now authorized, and a decree will permit nine minutes of advertising per hour, instead of six, measured by clock hours rather than sliding hours.

TF1 REVIEW OF THE TASCA DECREES

In the course of the year, the private-sector channels, the professional production organisations and authors should review the Tasca Decrees on the channels’ production obligations. In October 2008, TF1 signed an agreement instituting an obligation to order so-called “heritage” products for a value of 12.5% of advertising revenue, of which 9.25% from independent producers and 0.6% cartoon products.

1.7 GROUP ACTIVITIES

TF1 is France's premier general-interest channel. It is also an integrated communications group developing activities in growth sectors around its core business.

Today, TF1 covers all the business areas of the audiovisual value chain.

TF1 was privatised in 1987. It broadcasts unscrambled 24/24 free-to-air and via cable, satellite, ADSL and over the DTT network since 2005. As a result, it covers 99.9% of the French territory.

The break-down of the Group into business sectors is structured around the following three major divisions.

1.7.1 Broadcasting France

THE TF1 CHANNEL

The TF1 channel offers family-oriented, events-based programming touching on the major themes that attract a broad audience. News, light entertainment, fiction drama, sports, feature films, youth, magazines and documentaries – TF1 offers viewers dynamic, convivial programmes that are constantly adapted to their expectations.

During 2008, TF1 attracted 27.2% of all viewers and 30.9% of women under 50, the advertisers' prime target. TF1 again demonstrated the dynamism of its programming by notching up 96 of the top audiences of individuals of 4 and over [(1)] in 2008 and attracted over nine million viewers each for 24 early evening programmes [(1)].

THEMATIC CHANNELS

On the strength of its television expertise, the TF1 Group has developed a broad offering of complementary channels for the French audiovisual landscape. Since the launch of Eurosport in 1991 and LCI in 1994, TF1 now has a direct holding in 13 channels, including the followiong thematic channels: TMC, LCI, the different Eurosport channels, TV Breizh, TF6, Série Club, TMC, Ushuaïa TV, Histoire and Odyssée.

As a result, sport, news, feature films, light entertainment, and documentaries are covered by the thematic channels. While their editorial quality is acknowledged by viewers, they complement the TF1 programmes and stand out as a pillar of news and entertainment. Thanks to them, the TF1 Group constitutes a family of channels able to satisfy the expectations of all audiences and all its customers, bet they subscribers or advertisers.

TMC

TMC is the leading DTT channel. It is firmly installed as the 7th ranking national channel, ahead of Arte and all the freeview DTT channels, thanks it its unique positioning as a general-interest, family-oriented entertainment channel.

In 2008, TMC transcended the threshold of a 2% national audience share and reached 2.3% in December [(1)].

LCI

LCI is the leading news channel and covers all the major current affairs events thanks to its numerous specialists. It is present by subscription on the cable, satellite, ADSL, and pay DTT and launched LCI Web Radio in January 2009.

SÉRIE CLUB

The Série Club channel, 50% held by TF1, airs a full palette of recent TV series of all genres.

It is available by cable, satellite and ADSL.

EUROSPORT FRANCE

In 2008, with a full sports agenda (Olympic Games, Euro 2008, etc.) Eurosport France underpinned its leadership position in France. The Eurosport channel held its own as the most watched and the most attractive pay thematic channel in France and confirmed its status as the leading French channel on cable and satellite.

Almost four years after its launch, Eurosport 2, the new-generation sports channel, is available in France on CanalSat.

Finally, in 2008, Eurosport launched Eurosport HD in High Definition on Canalsat, satellite and ADSL.

TF6

TF6 is a major channel for the 15-34-year-olds, in which TF1 has a 50% holding. It offers events-based entertainment and series suited to that generation that are considered "a must" and have completely swayed the target audience. The channel also offers feature films and reality-TV. It is available by cable, satellite, ADSL or DTT.

TV BREIZH

TV Breizh is one of the most attractive channels for women under 50, thanks to its programming that is general-interest, popular and federative.

DISCOVERY DIVISION

Odyssée, Histoire and Ushuaïa TV make up this division. They broadcast documentaries on lifestyle, discovery, history and sustainable development. On the strength of a new visual identity, the 2008 strategy helped to consolidate the distribution of these three channels.

In September 2008, Ushuaïa TV became available in HD.

(1) *Source: Médiamétrie Médiamat.*

ADVERTISING

TF1 Publicité is the multi-discipline benchmark for the market. It offers advertisers tailored communications solutions thanks to the power and diversity of the advertising media it markets.

More than ever before, TF1 is the reference vehicle of a media plan. In an environment of rapidly developing audiovisual technology and a fragmentation of the offering, TF1 assures advertisers of maximum exposure of their products with all audiences, enabling them to rapidly expand brand awareness and sales.

Fifteen complementary but distinct thematic channels offer targeted, qualified communications space, while the Internet offering allows advertisers to reach 55% of Internet users [(2)].

Digital innovation leads to advertising innovations and new distribution vectors such as the telephone, digital screens or the Ipod are equally communications vectors. But the underlying trend in the advertising market is oriented above all towards creativity and special operations designed *ad-hoc* for the customer.

TF1 361 is a new TF1 Publicité department set up in March 2008. It designs appropriate multiple-media communications systems combining different vehicles for a particular theme or exclusive content.

PRODUCTION

The TF1 Group, historically a programme developer, has established production subsidiaries to feed the channel with entertainment, news, fiction drama or documentary programmes and consequently respond to its obligations to invest in French production.

Today, they are grouped together in the TF1 Production division and produce programmes for the cinema, for TF1 itself and its thematic channels.

E-TF1

The objective of the new media department is to orchestrate the Group's activities on the Web, mobile phone, television via ADSL (IPTV) and emerging media. Its mission is to underscore TF1's offering on all new media.

As France's premier Internet media group, e-TF1 manages sites preferred by advertisers, such as Tf1.fr (n°1 media site), plurielles.fr (n°3 women's site), Overblog (n°1 blog site), WAT (n°3 community site).

OTHER COMPANIES

TF1 has created a number of subsidiaries that have based their growth on the strength of the TF1 channel and build their success through their own initiatives and innovation.

TF1 ENTREPRISES

TF1 Entreprises brings together four major businesses in the areas of publishing and merchandising:

- TF1 Licences markets the brand licences, designs and distributes derivative products linked to shows and events,
- TF1 Games/Dujardin publishes board games derived from television shows, from original concepts or major brands in the range,
- TF1 Musique develops disc projects from music operations, brands or characters whose rights it owns. Une Musique, a subsidiary of TF1 Entreprises, develops and produces music for television programmes and feature films,
- TF1 Publishing publishes books under the Toucan label, magazines and youth literature, comic books, prestige books and novelised television fiction dramas.

TÉLÉSHOPPING

Téléshopping is one of the main home shopping operators in France. Its business is based on the programmes broadcast on TF1, catalogues, and Internet shopping sites. In parallel, Téléshopping owns three stores, one of which opened in Lyon in 2008 (an original point-of-sale concept) and has launched an Infomercials activity on certain cable and satellite channels (RTL9, NT1, TMC and Eurosport).

Finally, Téléshopping has created a partnership with Dogan TV, a Turkish television operator, to launch a home shopping joint venture in Turkey. It also took a holding in the capital of 1001 Listes, the leader in Internet "wedding lists".

GROUPE AB

Since April 2007, TF1 continued to benefit from its 33.5% holding in AB Group, which illustrates the TF1 strategy to expand in the business of content development and broadcasting.

(2) Source: Panel NNR, December 2008 – Anywhere – French people above 2 years – Internet applications not included.

1.7.2 International Broadcasting

EUROSPORT INTERNATIONAL

Eurosport International is present in 59 countries and broadcast on all pay distribution channels in Europe (cable, satellite, DTT and ADSL). It is available in 20 language versions and, since May 2008, is the leading multimedia platform in Europe.

The complementary channel, Eurosport 2, launched on January 10, 2005, extends the pan-European sports channel offering with a large portfolio of live broadcasting rights, magazines and non-stop sports news flashes.

The sports news channel, Eurosport News, is entrenched for the long haul outside Europe (South Africa, India, Malaysia, Australia, New-Zealand) and is distributed in Europe to households, almost all of them paying subscribers.

The co-operation between Eurosport and Yahoo!, which began in 2007, has led to the creation of a joint Internet site on the English, German, Spanish and Italian markets. This co-operation is an element of Eurosport's conquest strategy aimed at becoming the n°1 Sports site in Europe, based on the editorial quality of Eurosport, and the marketing power and technical know-how of Yahoo!.

In 2008, the Group expanded its offering with the May launch of the High Definition Eurosport channel in 26 countries. Most of the major events will benefit from this cutting-edge technology. This launch illustrates the Group's innovativeness, know-how and responsiveness.

1.7.3 Audiovisual rights

The Audiovisual Rights division covers trading of a catalogue of cinema and television products (TF1 International) and publishing and distribution of audiovisual content on DVD and via the Internet (TF1 Vidéo).

TF1 INTERNATIONAL

The TF1 International subsidiary was established in 1995 for the acquisition and distribution of audiovisual rights in France and abroad. TF1 International is one of the biggest French rights traders internationally. In France, TF1 International is also one of the main French distributors of feature films to cinemas in France.

Finally, TF1 International has a large heritage of audiovisual rights which it leverages through its catalogues of second-cycle films.

TF1 VIDÉO

Over the past 20 years, TF1 Vidéo has become a major player on the market for video publishing and distribution, thanks to an impressive catalogue of over 4,000 programmes acquired from their French or non-French owners. As the leading independent publisher-distributor TF1 Vidéo stands aloof in all genres – feature films, comedy shows, youth programmes, TV series, and more.

TF1 Vidéo, with its on-going concern for quality and innovation, is responsible for a number of developments. The creation of TF1 Vision, which has become France's most popular Video On Demand service, is a perfect illustration. Others include pay-per-view *Catch-up*, original language programmes and High Definition, *Season Pass*, unit DVD burning from programmes, and full download/storing.

In 2008, TF1 Vidéo launched High Definition Blu-ray Discs.

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE CORPORATE GOVERNANCE AND THE INTERNAL CONTROL PROCEDURES

2

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Report on the composition, the preparation and organisation of the activity of the Board of Directors and internal control and risk management procedures implemented by the company (Article L 225-37 of the French Commercial Code)

Dear Ladies, Gentlemen and dear shareholders,

As a complement to the Management report of the Board of Directors and in compliance with the legal and regulatory provisions, the Chairman of your Board of Directors reports herein on the composition of the TF1 Board of Directors, the preparation and organisation of its activity, the principles and rules adopted by the Board to determine the compensation and benefits of any kind attributed to the executive officers, as well as the internal control and risk management procedures implemented by the company.

2.1 COMPOSITION OF THE BOARD OF DIRECTORS AND NAME OF THE STATUTORY AUDITORS

2.1.1 Composition of the Board of Directors

On the occasion of the last General Meeting of April 17, 2008, the term of office of Director Alain Pouyat was renewed for two years, and record was made of the election of Jean-Pierre Pernaut and Céline Petton as Directors representing the employees.

At the preceding General Meeting of April 17, 2007, the terms of office of Directors Patricia Barbizet, Martin Bouygues, Olivier Bouygues, Patrick Le Lay and Haïm Saban had been renewed for two years.

Below are the terms of office and functions of the Directors of TF1. It is to be noted that, since the General Meeting of April 17, 2008, the Board of Directors, having obtained the opinion of the selection committee, appointed Gilles Pélisson as Director at its Meeting of February 18, 2009, replacing Claude Cohen, for the remaining duration of the latter's term of office.

NONCE PAOLINI (APRIL 1, 1949)

Chairman and CEO of TF1 since July 31, 2008

Director of TF1 since May 22, 2007 (expiry date of term of office: 2009 General Meeting)

Chairman of TF1 Management SAS

Chairman-Director of the TF1 Corporate Foundation

Chairman of TF1 Publicité

Director of Bouygues SA

Director of Bouygues Telecom

Director of TF1 Digital

Representative TF1 Management for LCI SCS

Representative of TF1 – Director of Extension TV SA

Representative of TF1 – Director of Médiamétrie SA

Representative of TF1 – Director of TF6 Gestion SA

Representative of TF1 – Director of GIE TF1 Acquisitions de droits

Representative of TF1 – Director of WB Télévision SA (Belgium)

Representative of TF1 – Member of the Board of Group AB

Appointments held in the last five years but not currently

Chairman and CEO of TF1 Digital SA until December 7, 2007

CEO of TF1 from May 22, 2007 until July 31, 2008

Deputy General Manager of Bouygues Telecom until April 30, 2007

Chairman of Réseau Clubs Bouygues Telecom (RCBT) until April 30, 2007

Chairman of Réseau Bouygues Telecom (RCBT) until June 25, 2004

Director of Extenso Telecom until April 30, 2007

Head of Extenso Telecom until July 8, 2004

Board Director of Infomobile until August 31, 2004

Representative of TF1 – Director of Télé Monte Carlo until November 24, 2008

Member of the Board of Directors of Monte Carlo Participation SAS until November 24, 2008

Member and Vice- President of the Supervisory Board of France 24 until February 12, 2009

PATRICIA BARBIZET (APRIL 17, 1955)

Chairman and member of the TF1 Audit Committee

Member of the TF1 Compensation Committee

Co-opted Director of TF1 July 12, 2000 (expiry date of present term of office: 2009 General Meeting)

Independent Director

Main appointments

Member of the Supervisory Board and CEO (non-representative) of Financière Pinault SCA

Director of traded company, TAWA PLC (United Kingdom)

Member of the Supervisory Board of Yves Saint Laurent SAS

Member of the Supervisory Board of Gucci (Netherlands)

Member of the Management Board (non-representative) of Château Latour SC

Director of Total

Director - CEO of Artemis SA

Director - Vice President of Pinault-Printemps-Redoute PPR SA

Director - Deputy Director of Palazzo Grassi (Italy)

Director of Théâtre Marigny SA

Director of Bouygues SA

Director of FNAC SA

Director of Air France SA

Representative of Artémis- Director of AGEFI SA

Director of Piasa SA

Chairman and Board Member of Christies International PLC (GB)

Representative of Artémis - Director of Sebdo Le Point SA

Chairman of the Investment Committee of Fonds Stratégique d'Investissement

Appointments held during the last five years, but not currently

Chairman of the Board of Théâtre Marigny SA until June 22, 2005

Representative of Artémis - Director of Bouygues SA until December 13, 2005

Member of the Supervisory Board of Yves Saint Laurent Parfums SA until February 24, 2004

Chairman of the Supervisory Board of Pinault-Printemps-Redoute SA until May 19, 2005

Chairman of the Board of Piasa SA until May 27, 2008

Director of AFIPA (Switzerland) until October 31, 2006

MARTIN BOUYGUES (MAY 3, 1952)

Chairman and CEO of Bouygues SA

Chairman and member of TF1 Selection Committee

Appointed Director of TF1 on September 1, 1987 (expiry date of term of office: 2009 General Meeting)

Director of Bouygues SA

Director of Société de Distribution d'Eau de la Côte-d'Ivoire (SODECI) SA

Director of Compagnie Ivoirienne d'Électricité (CIE) SA

Chairman of SCDM SAS

Representative of SCDM - Chairman of SCDM Invest-1

Representative of SCDM - Chairman of SCDM Invest-2

Representative of SCDM - Chairman for SCDM Participations SAS

Representative of SCDM - Chairman for Actiby SAS

Member of the Supervisory Committee of Paris-Orléans SADCS

Appointments held during the last five years, but not currently

Member of the Board of the Francis Bouygues Corporate Foundation until 2008

Director of HSBC SA until October 1, 2007

OLIVIER BOUYGUES (SEPTEMBER 14, 1950)

Deputy CEO of Bouygues SA

CEO of SCDM SAS

Appointed TF1 Director on April 12, 2005 (expiry date of term of office: 2009 General Meeting)

Chairman of SAGRI-E SAS

Chairman of SAGRI-F SAS

Permanent representative of the Director of SCDM for Bouygues SA

Director of Eurosport SA

Representative of SCDM - Chairman of SCDM Énergie SAS

Representative of SCDM - Chairman of SCDM Investcan SAS

Representative of SCDM - Chairman of SCDM Investur SAS

Manager (not partner) of SIB SNC

Chairman and CEO – Director of SECI SA

Director of Bouygues Telecom SA

Director of Colas SA

Director of Bouygues Construction SA

Manager (not partner) of SIR SNC

Director – Chairman of the Board of Finagestion SA

Director of Cefina SAS

Director of Sénégalaise des Eaux SA

Director of Société de Distribution d'Eau de la Cote d'Ivoire (SODECI) SADI

Director of Compagnie Ivoirienne d'Électricité (CIE) SA

Director of Alstom SA

Appointments held during the last five years, but not currently

Director of Novasaur SA until February 22, 2006

PATRICK LE LAY (JUNE 7, 1942)

Appointed TF1 Director on April 16, 1987 (expiry date of term of office: General Meeting 2009)

Chairman of Serendipity Investment SAS

Director of Colas SA

Chairman of Les Incunables & Co SAS

Chairman of the Board and Director of SPS SA

Appointments held during the last five years, but not currently

Member of the Supervisory Board of France 24 SA until November 29, 2008

Director of TF1 Corporate Foundation until December 2, 2008

Chairman and CEO of TV Breizh SA until October 24, 2006

Director of TV Breizh SA until June 30, 2007

Director of Prima TV SpA until 2006

Director of Bouygues SA until April 24, 2008

Representative of TF1 - Téléma SAS until April 27, 2006

Representative of TV Breizh SA for TVB Nantes SA until November 14, 2006

Representative of TF1 - Director of WB Télévisions SA (Belgium) until September 12, 2008

Chairman of TF1 Publicité SAS until October 15, 2004

Representative of TF1 - member of the Board of Directors of Group AB SAS until September 12, 2008

Representative of TF1 International SA for TF1 Films Production until April 28, 2005

Representative of TF1 for Film Par Film SA until March 9, 2004

Representative of TF1 for Siccis SA until March 28, 2004

CEO of TF1 until May 22, 2007

Chairman of the Board of TF1 until July 31, 2008

Representative of TF1 Développement SA for TPS Gestion SA until 2006

Representative of TPS Sport SNC for TPS MOTIVATION SA until 2006

PHILIPPE MARIEN (JUNE 18, 1956)

Member of the TF1 Audit Committee

Permanent representative of Bouygues, Director of TF1 (expiry date of term of office: 2009 General Meeting)

Chairman of the TF1 Compensation Committee

CEO of SCDM SAS

Representative of Bouygues – Director of Colas

Representative of Bouygues – Director of Bouygues Telecom

Representative of Bouygues – Director of Alstom

Representative of Bouygues – Director of Bouygues Immobilier

Representative of Bouygues – Director of Bouygues Construction

Liquidator of Finamag SC

Bouygues SA

32, avenue Hoche – 75008 Paris

TF1 Director represented by Philippe Marien

Bouygues Telecom Director represented by Philippe Marien

Alstom Director represented by Philippe Marien

Bouygues Construction Director represented by Philippe Marien

C2S SA Director represented by Pierre Marfaing

Bouygues Immobilier SA Director represented by Philippe Marien

Colas SA Director represented by Philippe Marien

32 Hoche GIE Director represented by Philippe Metges

PHILIPPE MONTAGNER (DECEMBER 4, 1942)

Director, Chairman of the Board of Directors of Bouygues Télécom SA

Representative (until February 18, 2009) of the Société Française de Participation et de Gestion (SFPG), TF1 Director since July 31, 2007 (expiry date of term of office: 2009 General Meeting)

Manager of Philconseil EURL

Supervisor of Bouygues SA

Director of Bouygues Immobilier SA

Chairman – Member of the Supervisory Board of Ginger Groupe Ingénierie Europe

Director of ETDE SA until November 28, 2008

Director of Réseau Clubs Bouygues Telecom SA until January 1, 2009

Appointments held during the last five years, but not currently

Director – Chairman and CEO of Infomobile SA until 2005

Director of Société d'Aménagement Urbain et Rural (SAUR) until 2005

Director of TPS Gestion SA until 2006

Director of TF1 until May 22, 2007

Chairman of the Francis Bouygues Corporate Foundation until 2008

Chairman and CEO of Bouygues Télécom until November 29, 2007

Société Française de Participation et de Gestion (SFPG)

32, avenue Hoche – 75008 Paris

TF1 Director represented by Philippe Montagner, until February 18, 2009

GILLES PÉLISSON (MAY 26, 1957)

Co-opted TF1 Director on February 18, 2009 (expiry date of term of office: 2009 General Meeting)

Chairman and CEO, Director of ACCOR SA

Director of BIC SA

Vice President and Member of the Supervisory Board of Groupe Lucien Barrière

Chairman of the Accor Corporate Foundation

Representative of ACCOR in the Supervisory Board of Lenôtre

Chairman of the Supervisory Board of ESSEC

Director of Accor Services Italia

Director of Sagar (Italy)

Director of Accor Hospitality Italia

Appointments held during the last five years, but not currently

Director of Club Méditerranée until June 30, 2006

Director of SCAPA Italia until October 10, 2007

Director of TPS until June 27, 2005

Chairman, Director and CEO of Bouygues Telecom SA until October 12, 2005

CEO - Deputy CEO of Bouygues Telecom SA until February 19, 2004

Director of Réseau Bouygues Telecom RCBT until November 24, 2005

JEAN-PIERRE PERNAUT (APRIL 8, 1950)

Vice President since February 1993

Elected February 23, 1988 as Employee Representative (expiry date of term of office: 2010 General Meeting)

CÉLINE PETTON (FEBRUARY 20, 1971)

Senior logistics technician (as of March 1, 2009)

Elected March 19, 2002 as Employee Representative (expiry date of term of office: 2010 General Meeting)

ALAIN POUYAT (FEBRUARY 28, 1944)

CEO of Information Systems and New Technologies of Bouygues

Member of the TF1 Selection Committee

Co-opted TF1 Director on March 18, 1998 (expiry date of term of office: 2010 General Meeting)

Supervisor of Bouygues SA

Director of Bouygues Telecom SA

Director of ETDE SA

Director of C2S SA

Director of Société Parisienne d'Études d'Informatique et de Gestion SA

Appointments held during the last five years, but not currently

Director of Bouygues SA until 2006

Supervisor of Wanadoo SA until end 2004

Representative of Bouygues for Infomobile SA until August 31, 2004

HAÏM SABAN (OCTOBER 15, 1944)

Appointed TF1 Director on April 23, 2003 (expiry date of term of office: 2009 General Meeting)

Director – CEO of Saban Capital Group Inc (USA)

Independent Director

Director of SCG Investment Holdings (USA)

Chairman and CEO of Broadcast Media Partners Inc & Univision Communications Inc

Director of The Directv Group, Inc. (USA)

Director – CEO of Saban Capital Group Inc. (USA)

CEO – Member of the Management Committee of German Media Partners, LP (British Virgin Islands)

Director – Treasurer of Saban Family Foundation Inc (USA)

Director – Treasurer of 50 Ways To Save Our Children Inc (USA)

Chairman and Director of The Saban Charitable Suppot Fund, a support fund of the Jewish community foundation Inc (USA)

Director of The National Mentoring Partnership Inc. (USA)

Director of the Management Committee of The Brookings Institution Inc (USA)

Member of the Board of Directors of Friends of the Israel Defense forces Inc. (USA)

Appointments held during the last five years, but not currently

Chairman – Director of ProsiebenSat.1 Media AG (Germany)

Member – Board of Directors of The University of California, Board of Regents until 2004

Member of the Management Committee of GT Brands Holdings, LLC (USA) until 2005

PROPOSALS FOR THE COMPOSITION OF THE BOARD OF DIRECTORS SUBMITTED TO THE COMBINED GENERAL MEETING OF APRIL 17, 2009

RATIFICATION OF THE APPOINTMENT OF A DIRECTOR

On the recommendation of the Board of Directors and following the review of the Selection Committee, the Combined General Meeting of April 17, 2009 is asked to ratify the appointment of Gilles Pélisson as Director made by the Board Meeting of February 18, 2009 replacing resigning Director Claude Cohen. His term of office will be for the remaining duration of the term of office of his predecessor.

RENEWAL OF THE TERM OF OFFICE OF NINE DIRECTORS

On the recommendation of the Board of Directors and following the review of the Selection Committee, the Combined General Meeting of April 17, 2009 is ask to renew, for a period of two years, the terms of office of Directors Patricia Barbizet, Martin Bouygues, Olivier Bouygues, the Bouygues company, Patrick Le Lay, Nonce Paolini, Gilles Pélisson, the Société Française de Participation et de Gestion – SFPG and Haïm Saban.

2.1.2 Composition of the Board committees

AUDIT COMMITTEE

Since February 20, 2008, it is made up of Patricia Barbizet, Chairman, and Philippe Marien.

COMPENSATION COMMITTEE

Since February 18, 2009, it is made up of Patricia Barbizet, Chairman, and Philippe Marien.

DIRECTOR SELECTION COMMITTEE

Since July 31, 2008, it is made up of Martin Bouygues and Alain Pouyat.

2.1.3 Statutory Auditors

Permanent	Date of first appointment	Expiry date of present term of office
KPMG Immeuble Le Palatin 3, Cours du Triangle 92939 La Défense cedex	General Meeting of January 14, 1988	General Meeting approving the 2010 accounts
MAZARS Immeuble Exaltis 61, rue Henri Regnault 92075 La Défense cedex	General Meeting of May 15, 2001	General Meeting approving the 2012 accounts
Alternate auditors	**Date of first appointment**	**Expiry date of present term of office**
Bertrand Vialatte Immeuble Le Palatin 3, Cours du Triangle 92939 La Défense cedex	General Meeting of April 12, 2005	General Meeting approving the 2010 accounts
Thierry Colin Immeuble Exaltis 61, rue Henri Regnault 92075 La Défense cedex	General Meeting of May 15, 2001	General Meeting approving the 2012 accounts

2.2 CHAIRMAN'S REPORT

2.2.1 Chairman's report on corporate governance

THE ROLE OF THE BOARD OF DIRECTORS

Your company's Board of Directors has its natural place side by side with that of its executives and shareholders. The Board carries out a key role in defining your company and Group strategy and major directions, monitoring their execution and scrutinising the company's practices.

Your Directors carry out their discussions on the company's corporate governance while ensuring the respect of the demands they consider crucial, that is, compliance with legislative provisions, respect for equality among shareholders, and the quest for the efficiency of the Board of Directors.

Right from the beginning of a privatised TF1 in 1987, and in the interest of its shareholders, TF1 and its Directors have innovated by setting down a certain number of rules that are reflected in today's recommendations for corporate governance and which can be considered as best corporate governance practices, such as creating a compensation committee and settling on two years for the term of office of Directors and the Chairman and CEO.

In 2003, the Directors strengthened the resources at their disposal to enhance the transparency of their management by taking the following steps:

- adopting the text of the internal procedures of the Board of Directors which, for example, imposes new obligations on the Directors as well as a certain number of ethics rules (holding shares based on their function and registered, declaration of the operations concerning TF1 shares, diligence in attending Board Meetings, presence at the General Meeting, information on conflict of interest situations, etc.),
- creating an Audit Committee and a Director Selection Committee,
- designating an independent Director.

In 2007,

- as of financial year 2007, the Directors have taken into consideration the recommendations on compensation for executives of listed companies formulated on January 9, 2007 by the Mouvement des Entreprises de France (MEDEF) and the Association Française des Entreprises Privées (AFEP). The Board of Directors has included these recommendations in its internal procedures and those of the Director Selection Committee,
- on the recommendation of Patrick Le Lay, the Directors decided to separate the functions of Chairman and CEO and nominated Nonce Paolini as CEO. This allows for a smooth operational transition in the executive management of your company.

Early 2008, during the February 20 Board Meeting, the Directors again complemented the internal procedures:

- by arranging for the Board to determine the number of free actions or actions from the redemption of options that the Chairman of the Board and the CEO are required to hold for the duration of their functions. This provision was first applied at the time of the attribution of deferred options during the same Meeting,
- by adding provisions prohibiting the attribution of options or free shares on the departure of an executive and the use of hedging operations with the aim of exercising options or selling free shares.

In July 2008, the Board of Directors modified the corporate governance rules by discontinuing the separation of functions of Chairman and CEO, which was decided upon a year earlier on the occasion of the change in executive management, and on the recommendation of Patrick Le Lay, appointed Nonce Paolini Chairman and CEO of TF1.

In November 2008, the Directors again complemented the internal procedures by deciding to align itself with the Corporate Governance Code resulting from the consolidation of the combined reports of the AFEP and MEDEF of October 2003, January 2007 and October 2008.

The Directors are responsible for ensuring that they have the resources and information at their disposal needed for the decision-making process. Their recommendations follow discussions, their decisions are joint. For large projects, the Directors may request that some of their number form *ad hoc* committees to validate projects and assess the impact they have on the accounts and financial situation of the Group.

Internal procedures describe the modus operandi, the powers, attributions and assignments of the Board and the Board committees established within it. They also set the principles of the annual assessment of how the Board works.

The assessment focuses on the composition of the Board, the schedule and length of Meetings, the subjects covered, the quality of the discussions, the work of the committees and the information of the Directors.

The internal procedures are accessible via the website, www.tf1finance.fr

TF1'S POSITION ON THE CURRENTLY PREVAILING CORPORATE GOVERNANCE AND THE BOARD ASSESSMENT

Each year, in accordance to the AFEP-MEDEF report, the Directors scrutinise their practices and in particular the modus operandi of their Board, they assess the true role of the Board and evaluate the appropriateness of its organisation. They do the same with its committees.

Internal procedures stipulate that a Director Selection Committee makes periodic checks on questions of composition, organisation and operation of the Board with a view to making proposals.

Each year the Board of Directors assesses its composition. Formerly, in order to prepare this assessment, a detailed questionnaire is sent to all the Board. As a whole, answers stated a positive or very positive assessment by the Board on composition and operation. The Directors considered released information on TF1 activity, accounting, financial, legal areas to be satisfactory. However, some Directors stated that areas such as Human Resources, sustainable development, R&D, prevention, risk management could be more taken into consideration.

According to the decision taken at the Meeting of the Board of Directors of November 13, 2008 and announced in a press release of December 23, 2008, TF1 aligns itself with the Corporate Governance Code resulting from the consolidation of the combined reports of the AFEP and the MEDEF of October 2003, January 2007 and October 2008.

This code is accessible via the MEDEF website, www.medef.fr.

In accordance with the provisions of paragraph 8 of Article L. 225-68 of the French Commercial Code, this report specifies the provisions of the AFEP-MEDEF recommendations that were not implemented (Meeting of external Directors without the presence of internal Directors; composition of committees of at least three members; number of independent Directors; number of independent Director). The reasons are listed below:

- the Directors consider the functioning of the Board and its committees to be satisfactory,
- the Board considers that its current composition, with a relatively high proportion of Directors representing Bouygues – TF1's principal shareholder – or exercising executive functions at Bouygues or TF1, takes into account that, in application of the privatisation law of September 30, 1986, a group of acquirers led by Bouygues was designated as holder of 50% of TF1's share capital. Bouygues therefore became the key participant in the TF1 privatisation and as such took on a number of obligations, notably that of the continuity of operations of TF1. This justifies the fact that Bouygues determines the governance policy of TF1.

Having examined the situation of each Director, the Board considers that Patricia Barbizet and Haïm Saban are "Independent Directors" according to the AFEP-MEDEF report, which imposes criteria of independence which include not being a client, service provider or business banker for the company.

The TF1 Board of Directors is currently composed of 12 Directors, of whom two are women, and includes:

- 6 Directors representing the sole remaining shareholder of the group of acquirers and responsible for the respect of the obligations agreed to by the group of acquirers,
- 1 Director representing executive management,
- 2 Directors qualified as independent according to the MEDEF definition and that of the European Commission,
- 1 Director not qualified as independent according to the MEDEF definition and that of the European Commission,
- 2 Directors representing employees, elected, in conformance with Article 10 of the Articles of Incorporation, by electoral colleges of employees in application of Article 66 of the 86-1067 Law of September 30, 1986.

The Board has not nominated a censor.

The complementary competencies of your Directors bring to the Board of Directors the qualities that coincide with its rules of organisation and composition. The Board of Directors is balanced, diverse, experienced and responsible.

It should be noted that Martin Bouygues, Olivier Bouygues, Patricia Barbizet, Nonce Paoline and Alain Pouyat are officers or Directors of various companies of the Bouygues Group.

Two Directors, Jean-Pierre Pernaut and Céline Peton, are employee representatives, elected by electoral colleges of employees in application of Article 66 of the law of September 30, 1986.

To the best knowledge of the company, during the past five years, no member of the Board of Directors has been:

- condemned for fraud,
- associated with a bankruptcy, impoundment or liquidation,
- incriminated or publicly sanctioned by any statutory or regulatory authority, including professional organisations, with the exception of Patricia Barbizet in the Executive Life case,
- prevented by a Court from acting as a member of a Board of Directors, a Management Board or a Supervisory Board of a broadcaster or from acting in the management of a broadcaster.

A proposal will be made to the General Meeting of April 17, 2009 to renew, for a period of two years, the terms of office of Patricia Barbizet, Martin Bouygues, Olivier Bouygues, the company Bouygues, Patrick Le Lay, Nonce Paolini, Gilles Pélisson, Société Française de participation et de gestion – SFPG and Haïm Saban, which expire at the end of said General Meeting and to ratify the appointment of Gilles Pélisson decided at the Board Meeting of February 18, 2009, as Director replacing Claude Cohen.

ORGANISATION AND ACTIONS OF THE BOARD OF DIRECTORS

The Board of Directors' function is to:

- determine the company's and the Group's direction and strategy,
- conduct significantly-sized operations, undertake major investments and carry out internal restructuring,
- monitor their execution,
- provide shareholders and the financial markets with information,
- carry out any checks and verifications which it considers appropriate,
- decide the compensation of executive officers.

Together with the invitation to a Board Meeting and at least eight days prior to it, the Directors receive the minutes of the previous Meeting. All documents and pertinent information necessary for deliberations and decision-making (subject to regulatory and social constraints and with potential risks identified) are made available to them during Meetings. Directors are also provided with the minutes of the Meetings of the Audit Committee, the Compensation Committee and the Director Selection Committee.

Information received periodically by Directors covers the company and the Group, including strategic and business plans, information for monitoring activity, revenue, the financial situation, cash flow and liabilities, events affecting or likely to affect significantly the Group's consolidated profits and significant issues pertaining to human resources and headcount changes.

Each Director can, moreover, provide supplementary information on his/her own initiative; the Chairman and CEO is permanently available to the Board to provide explanations and substantive information.

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 Secretary General, The Director of Legal Affairs, the Director of Finance and Administration and the Director of Human Resources attend Board Meetings. The statutory auditors are invited to all Board Meetings convened to examine the financial accounts.

Board Meetings are in principle held quarterly, with the possibility of additional Meetings being convened for particular presentations or to examine exceptional issues.

In 2008, the TF1 Board of Directors met on five occasions.

The Board's main decisions in 2008 were:

- Meeting of February 20: approval of the 2007 annual accounts and preparation of the General Shareholders' Meeting. Four Group officers, four members of the works council and the statutory auditors were present,
- Meeting of April 17: authorisation to implement a profit-sharing agreement for the benefit of Group TF1 employees. Two Directors were absent, four Group officers and four members of the works council were present,
- Meeting of May 14: review of the first quarter 2008 accounts. Two Directors were absent, four Group officers, four members of the works committee and the statutory auditors were present,
- Meeting of July 31: review of the first half 2008 accounts; end of the separation of the functions of Chairman and CEO and appointment of Nonce Paolini as Chairman and CEO. One Director was absent, three Group officers, two members of the works council and the statutory auditors were present,
- Meeting of November 13: review of the third quarter 2008 accounts, analysis of the business and the estimated results for 2008, three-year plan. One Director was absent, four Group officers, four members of the works council and the statutory auditors were present.

The Directors and any other person invited to attend Board of Directors' Meetings are obliged to treat as strictly confidential any information disclosed at the Meeting.

END OF SEPARATION OF THE FUNCTIONS OF CHAIRMAN OF THE BOARD AND CEO

To enable a smooth operational transition in the executive management of the company, the Directors, on the recommendation of Patrick Le Lay, decided to separate the functions of Chairman of the Board and CEO and appointed Nonce Paolini as CEO. It was not deemed appropriate to impose limits to the powers of the CEO.

At the Meeting of July 31, 2008, the Board of Directors discontinued this separation of the functions of Chairman of the Board and CEO and appointed Nonce Paolini Chairman and CEO of the Group. The Board did not apply any particular limit to the powers of the CEO.

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

POTENTIAL CONFLICTS OF INTEREST

Article 5 of the Board's internal procedures specifically raises the issue of conflict of interest situations: "Directors are required to inform the Chairman of the Board of any conflict of interest situation, even a potential one, and do not take part in a vote or deliberation which concerns them either directly or indirectly."

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

OTHER INFORMATION

No restrictions are imposed on the members of the Board of Directors concerning the disposal of their holding in the capital of the issuer, with the exception of:

- the statutory obligation of the Chairman and CEO to retain a number of free shares or shares from exercised options until the end of the term of office,
- the statutory obligation of each Director to own at least one share in the company. The internal procedures of the Board of Directors recommend that each Director not representing employees owns at least 100 shares of the issuer for the duration of his/her term in office; they also contain rules to prevent insider dealing.

With the exception of the employment contracts of the employee representatives, there is no service contract linking the members of the Board of Directors to TF1 or to any of its subsidiaries and stipulating the granting of benefits.

Directors have received neither loan nor guarantee from TF1.

Directors have been informed of the obligation that came into effect on November 25, 2004, to declare any dealing in TF1 shares undertaken by them, or by persons having close personal links with them. These dealings should be reported within five days of the trade in accordance with Article 222-14 of the General Rules of the French stock exchange authority (*Autorité des marchés financiers - AMF*). TF1 continues to communicate this information, which includes the individual's name, to the AMF, and makes it public in a press release.

BOARD COMMITTEES

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

The committees are presided over by personalities who are not members of executive management of the company and have a casting vote. The committees are composed of two to three Directors. Any individual occupying the function of President, CEO or Deputy CEO of TF1 is not entitled to be a member of the Audit Committee nor the Compensation Committee. The Directors consider that these provisions guarantee the independence and efficiency of said committees.

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 and they report on their work at the subsequent Meeting of the Board of Directors.

Any discussion of the Board on an area of competence of one of the committees is preceded by its submission to that committee and takes place after a report from that committee.

AUDIT COMMITTEE

This committee was created on February 24, 2003. Its mission is to:

- examine the parent company accounts and consolidated accounts before presentation to the Board,
- ensure the appropriateness and consistency of accounting methods adopted to prepare the accounts,
- verify internal procedures for collecting and monitoring the information leading to their preparation,
- report and make recommendations on the above when the accounts are approved or whenever an event occurs to justify it,
- express an opinion on the re-appointment or appointment of statutory auditors,
- take note of the conclusion of internal audit assignments, validate its annual programme, steadly be informed of internal control deployment and be updating on the follow-up of risk approach.

Four meetings a year are foreseen to examine the quarterly, half-yearly or annual accounts as well as monitor cash flow and internal audit, before being submitted to the Board.

The committee met four times in 2008 and once in the first two months of 2009. Each meeting brought together the Executive Vice President, Finance, the Accounting Director, the head of Internal Audit and the statutory auditors. The level of presence of members was 100%. After each meeting, Directors were provided with its minutes.

COMPENSATION COMMITTEE

The committee was created in 1989. Its role is to:

- propose to the Board of Directors the compensation for executive officers and the benefits of whatever kind made available to them,
- examine the share option subscription(s) for executive officers and employees,
- make proposals for systems of compensation and incentives for the group's executives,
- submit to the Board of Directors the proposed report required by the French Commercial Code:
  - on compensation and benefits of any kind granted to the executive officers by the company and controlled companies,
  - on share options granted to and exercised by the executive officers and the 10 company employees who are the main beneficiaries,
  - on options granted to and exercised by employees of companies majority controlled by TF1.

The committee met twice in 2008 and once during the first two months of 2009. The level of presence of its members was 100%. For the benefit of the members of the Board, the committee prepared the elements concerning the compensation trend of its officers as well as recommendations on the granting options to subscribe to TF1 shares. After each meeting, Directors were provided with its minutes.

DIRECTOR SELECTION COMMITTEE

The committee was created on February 24, 2003. Its mission is to:

- periodically examine questions concerning the composition, organisation and operation of the Board of Directors and to make recommendations to the latter,
- examine:
  - possible candidatures for an office as Director, ensuring that independent personalities sit on the Board of Directors,
  - projects to create Board committees and propose their responsibilities and members,
  - all measures to be taken to ensure the necessary succession in case an office becomes vacant.

The committee met three times in 2008 and once in the first two months of 2009. The level of attendance of its members was 100%. It gave its position on the renewal of Directors' term of office. The Directors were provided with minutes.

ATTENDANCE OF DIRECTORS AT BOARD MEETINGS IN 2008

Patricia Barbizet - 100%

Martin Bouygues - 80%

Olivier Bouygues - 80%

Philippe Marien* (BOUYGUES) - 100%

Philippe Montagner (SFPG) - 100%

Patrick Le Lay - 100%

Nonce Paolini - 100%

Jean-Pierre Pernaut - 80%

Céline Petton - 100%

Alain Pouyat - 100%

Haim Saban - 60%

* *Attendance since his nomination.*

DIRECTORS' COMPENSATION

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

Overall compensation of TF1 executive officers is detailed below, as recommended by the corporate Governance Code by the AFEP/MEDEF of December 2008, and the AMF Recommendation dated December 22, 2008 with respect to compensation of executive officers of listed companies.

DESCRIPTION OF PROCEDURES FOR DETERMINING COMPENSATION FOR TF1 EXECUTIVE OFFICERS FOR 2008

Following consultation with the Compensation Committee, which takes into account the AFEP/MEDEF recommendations concerning the compensation of executive officers of listed companies, the Board of Directors defines the criteria for allocating the variable element and decides the amount of compensation to be paid to TF1 executive officers.

Fixed remuneration and benefits in kind

Patrick Le Lay

Patrick Le Lay's fixed remuneration for 2007 and 2008 remained equal at €920,000. He resigned as Chairman on July 31, 2008 and the sum due for 2008 is a straight-line basis over the period.

Nonce Paolini

Fixed remuneration awarded to Nonce Paolini was determined at his arrival in TF1 at €700,000 dependent upon the following criteria: level and difficulty of the individual's responsibilities, job experience, seniority in the Group, and also the wage policy of groups or companies in similar sectors.

The sum due for 2007 is a straight-line basis over the period starting May 22, 2007 during which he was acting CEO of TF1.

2008 compensation remained unchanged.

Nonce Paolini's benefits in kind involve the use of a company car, the part-time assignment of an assistant and a chauffeur/security guard.

Nonce Paolini changed positions during the course of the year, being appointed Chairman and CEO of TF1 on July 31, 2008.

Variable remuneration

Patrick Le Lay

Patrick Le Lay's variable remuneration for 2008 was determined on a fixed rate for the period ending July 31, 2008.

Nonce Paolini

Nonce Paolini's variable remuneration is based on the performance of the following major indicators:

a) consolidated net profit (Group share) of Bouygues,

b) consolidated net profit (Group share) of TF1,

c) qualitative criteria.

Depending on the nature of such bonuses, they are weighted and individually capped, insofar as the variable compensation corresponding with the cumulative value of such bonuses shall not exceed 150% of the fixed salary.

Other information regarding remuneration Additional retirement provision

Patrick Le Lay

Under a contract governed by the French Insurance Code, Bouygues offers the members of its executive management committee a complementary pension of 0.92% of the reference salary for each year of membership of the scheme. Patrick Le Lay is a member of that committee.

A payment of €579,259 relative to collective agreement applicable to the company was made to Patrick Le Lay.

Nonce Paolini

Under a contract governed by the the French Insurance Code, Bouygues offers the members of its executive management committee a complementary pension of 0.92% of the reference salary for each year of membership of the scheme. Nonce Paolini is a member of that committee.

Table 1 – Summary of compensation, benefits in kind and share options allocated to each executive officers in 2008 in euros

	2007	2008
LE LAY Patrick – Chairman and CEO then Chairman from 22/05/2007 to 31/07/2008		
Compensation with respect to the year in question (details in Table 2)	1,939,042	626,347
Value of options allocated during the fiscal year (details in Table 4)		
Value of performance-related shares allocated during the fiscal year (details in Table 6)		
TOTAL	**1,939,042**	**626,347**

	2007	2008
PAOLINI Nonce – CEO from 22/05/2007 then Chairman and CEO from 01/08/2008		
Compensation with respect to the year in question (details in Table 2)	491,787	1,308,707
Value of options allocated during the fiscal year (details in Table 4)		334,830
Value of performance-related shares allocated during the fiscal year (details in Table 6)		
TOTAL	**491,787**	**1,643,537**

Table 2 – Summary of compensation paid to each executive officers in euros

	2007		2008	
LE LAY Patrick – Chairman and CEO then Chairman from 22/05/2007 to 31/07/2008	**Sums due**	**Sums allocated**	**Sums due**	**Sums allocated**
Fixed salary	920,000	920,000	536,667	536,667
Variable compensation	920,000	1,380,000		651,666 (1)
Exceptional bonus				
Directors' fees (2)	95,250	95,250	89,680	89,680
Benefits in kind	3,792	3,792		
TOTAL	**1,939,042**	**2,399,042**	**626,347**	**1,278,013**

(1) In view of the reorganisation of TF1 management during 2008, only €651,666 of the variable compensation due for 2007, amounting to €920,000, was paid. In addition, severance pay of €579,259 relative to collective agreement applicable was paid out.

(2) 57,484 in respect of TF1, 12,196 in respect of Bouygues, 20,000 in respect of Colas.

	2007		2008	
PAOLINI Nonce - CEO from 22/05/2007 then Chairman and CEO from 01/08/2008	**Sums due**	**Sums allocated**	**Sums due**	**Sums allocated**
Fixed salary	379,167 (2)	379,167 (2)	700,000	700,000
Variable compensation	96,515 (2)		551,530 (3)	96,515 (2)
Exceptional bonus				
Directors' fees (1)	12,747	12,747	52,140	52,140
Benefits in kind	3,358	3,358	5,037	5,037
TOTAL	**491,787**	**395,272**	**1,308,707**	**853,692**

(1) 21,650 in respect of TF1, 18,294 in respect of Bouygues, 12,196 in respect of Bouygues Telecom.

(2) Sum relative to the period 22/05/2007 to 31/12/2007 during which Nonce Paolini was acting CEO of TF1. In 2007 the major share of variable compensation was funded by Bouygues Telecom in respect of former responsibilities undertaken between 01/01/2007 and 22/05/2007.

(3) As CEO of the TF1 Group from 01/01/2008 to 31/07/2008 then as Chairman and CEO for the period 01/08/2008 to 31/12/2008.
His variable remuneration for 2008, paid in March 2009, was €551,530, or 47.47% less than the maximum allowed (150% of fixed remuneration) owing to TF1's performances.

Table 3 – Directors' fees and other compensation received by other non executive officers

Directors' fees paid to members were allocated in 2008 as follow:

- to each Director: theoretical Director's fee paid per year is €18,500. 50% are allocated considering Director responsibility, 50% considering Director's attendance to Board Meeting,
- to each Committee member:
  - Audit Committee: €2,250 per member per quarter,
  - Compensation Committee: €1,350 per member per quarter,
  - Director Selection Committee: €1,350 per member per quarter,
- to the Chairman for his specific contract, €6,000 was allocated per month until July 31, 2008 when Patrick Le Lay relinquished his functions with the Group.

The €350,000 total amount of Directors' fees to be allocated to executive officers and Directors was not used in 2008.

Directors' fees were allocated to all Directors as mentioned below, amounting €301,418.

DIRECTORS' FEES ALLOCATED TO EXECUTIVE OFFICERS

Executive officers	Sums disbursed in 2007	Sums disbursed in 2008
LE LAY Patrick	95,250.00	89,680.00
PAOLINI Nonce	12,747.00	52,140.00
TOTAL	**107,997.00**	**141,820.00**

DIRECTORS' FEES AND OTHER COMPENSATION ALLOCATED TO NON EXECUTIVE OFFICERS

Non Executive officers	Sums disbursed in 2007	Sums disbursed in 2008
BARBIZET Patricia	27,625.00	32,900.00
BOUYGUES Martin	23,250.00	22,358.00
BOUYGUES Olivier	14,531.25	16,958.00
COHEN Claude	18,000.00	16,187.00
LE LAY Patrick		6,166.00 (2)
MARIEN Philippe		22,423.00
MONTAGNER Philippe	12,383.93	22,550.00
PERNAUT Jean-Pierre (1) (staff representative)	16,843.75	18,500.00
PETTON Céline (1) (staff representative)	18,000.00	18,500.00
POUPART LAFARGE Olivier	32,000.00	6,426.00
POUYAT Alain	19,350.00	23,900.00
SABAN Haïm	13,375.00	15,416.00
TOTAL	**198,271.93**	**222,284.00**

(1) Directors' fees payable to staff representatives were paid to the trade unions CFTC (€18,500) and FO (€18,500).
(2) Fees paid to Patrick Le Lay after the ending of his function as Chairman.

Claude Cohen quitted her group functions at the end of 2008. Sum due for 2008 relative to her former group functions amounted €863,252.

A €1,375,638 contractual retirement allowance was paid out.

Martin Bouygues, Olivier Bouygues, Philippe Montagner and Alain Pouyat's allocated compensations are mentioned in Bouygues registration document.

Salaried Directors, Jean-Pierre Pernaut and Céline Petton, did not receive any other special compensation relative to their corporate office in TF1.

2009

In 2009, Nonce Paolini is the only executive officer.

The Board of Directors which took place in February 18, 2009 decided that no increase in fixed remuneration will be granted in 2009. The theoretical level of and criteria for allocating variable portions remain the same.

50,000 options (giving the right to subscribe for new shares in TF1) were granted to Nonce Paolini by the Board of Directors. As of starting March 20, 2009, these options will give the right to subscribe for new shares in TF1. This stock option plan represented 2.5% of the total amount of the new plan at expiry date March 20, 2016. Original exercise price is calculated on the average of the opening prices quoted on the 20 trading days prior to the option grant March 20, 2009, with no discount.

2008 REPORT ON STOCK OPTIONS AND PERFORMANCE SHARES

According to Articles L. 225-184 and L. 225-197-4 of the French Commercial Code

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

PRINCIPLES AND RULES FOR GRANTING STOCK OPTIONS AND FREE SHARES

The 29th resolution of the Annual General Meeting on April 17, 2007 authorised the Board of Directors on one or more occasions to grant options conferring a right to subscribe for new shares or to purchase existing shares. This authorisation, granted for 26 months, requires the beneficiaries of these options to be employees and/or executive officers of TF1 or of companies or economic interest groupings directly or indirectly associated with TF1.

The Annual General Meeting granted to the Board of Directors the current power to fix applicable rules to grants of stock options.

The 15th resolution of the Annual General Meeting on April 17, 2008 also authorised the Board of Directors on one or more occasions to allot bonus shares whether in existence or to be issued in the future. This authorisation was conferred for a period of thirty-eight months and requires the beneficiaries of these shares to be employees and/or executive officers of TF1 or of companies or economic interest groupings directly or indirectly associated with TF1.

The Annual General Meeting granted to the Board of Directors the current power to fix applicable rules to grants of stock options.

General rules applicable to grants of stock options and bonus shares

For the record:

- stock options or bonus shares are granted to attract senior executives and employees, secure their loyalty, reward them and give them a medium- and long-term interest in the company's development, in the light of their contribution to value creation,
- more than 150 employees are beneficiaries under each plan. The beneficiaries are selected and individual allotments are decided by reference to each beneficiary's responsibility and performance, with particular attention being paid to executives with potential,
- in the case of grants of options and shares, no discount is applied,
- a rule precise the periods during employees are prohibited from exercising their options. Options may not be exercised in the fifteen calendar days leading up to the quarterly, half year and full year release results, and in the two trading days following each of these releases.

Specific rules applicable to executive officers

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

- stock options or bonus shares shall not be granted to senior executives leaving the company,
- risk hedging transactions relating to the exercise of stock options or the sale of bonus shares are forbidden,
- executives officers are obliged to retain until the expiry of their term of office a number of bonus shares or shares resulting from the exercise of stock options number of stock options.

This provision was applied to stock options granted in 2008. The Board decided on the executive Directors obligation to retain until the expiry of their term 25% of shares resulting from the exercise of their stock options, after selling the number of shares required to cover the costs of exercising the options and paying any related taxes or social charges.

General information: characteristics of stock subscription options

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

- exercise price: average of the opening prices quoted on the 20 trading days prior to the option grant, with no discount,
- validity period: seven years as from the date the stock options are granted,
- lock-up period: three years following the date the stock options are granted (Negotiable as from fourth anniversary),
- exercise period: the four years after expiry of the lock-up,
- automatic cancellation if employment contract or appointment as corporate officer is terminated, unless given special authorisation, or in the event of invalidity, departure or retirement.

STOCK OPTIONS GRANTED TO OR EXERCISED BY EXECUTIVE OFFICERS AND SALARIED OFFICERS IN 2008

In February 20, 2008, the Board of Directors decided that 50,000 stock options would be granted to Nonce Paolini in March 20, 2008.

Table 4 – Options allocated to executive officers

OPTIONS TO SUBSCRIBE OR PURCHASE SHARES EXERCISED DURING THE YEAR BY EACH EXECUTIVE OFFICER BY THE ISSUER AND BY ANY OF THE GROUP'S COMPANY

Name of executive officer	Plan N° and date	Nature of option (purchase or subscription)	Valuation of options according to method used for consolidated accounts	Number of options granted during the year	Price	Period
PAOLINI Nonce	N°: 10 Date of Board Meeting 20/02/2008 Allocation date 20/03/2008	Subscription	1.41	50,000	15.35	from 20/03/2011 to 20/03/2015
PAOLINI Nonce	Plan Bouygues Date of Board Meeting 26/02/2008 Allocation date 31/03/2008	Subscription	5.29	50,000	43.23	from 31/03/2012 to 30/09/2015
TOTAL				**100,000**		

Table 5 – Exercised options by executive officers of TF1 in 2008

OPTIONS TO SUBSCRIBE OR PURCHASE SHARES EXERCISED DURING THE YEAR BY EACH EXECUTIVE OFFICER

Name of executive officer	Plan N° and date	Number of options exercised during the year	Price
PAOLINI Nonce	Bouygues Plan granted 15/03/2004	500	25.15
TOTAL		**500**	

FREE ALLOCATION OF TF1 SHARES – PLAN N° 9

Date of General Meeting		April 12, 2005
Date of Board Meeting		February 21, 2006
Date of allocation		March 8, 2006
Type of shares		Existing shares
Number of shares allocated	minimum: 191,025	maximum: 445,725
- to executive officers	minimum: 82,500	maximum: 192,500
- to 10 employees receiving the most shares	minimum: 52,875	maximum: 123,375
Acquisition period		March 8, 2006 to March 31, 2008
Retention period		April 1, 2008 to March 31, 2010
Disposal date		As from April 1, 2010
Fair value of probable number of shares allocated according to original estimate		€7.5 million
Presence criteria		Minimum of 191,025 shares allocated on condition that beneficiaries are present in the company on March 31, 2008
Performance criteria		254,700 additional shares allocated, depending on performance determined from consolidated net income for business year 2007 and the relative performance of the TF1 shares with respect to the SBF 120 index, these 2 criteris being independent of each other
Number of shares acquired as at 31/12/2006	minimum: 0	maximum: 0
Number of allocated shares cancelled	minimum: 14,625	maximum: 34,125
Number of shares under acquisition	minimum: 176,400	maximum: 411,600

PERFORMANCES SHARES

Table 6 – Performances shares attributed to each executive officer

The company granted no performance shares in 2008.

Table 7 – Performance shares that became available to executive officers during the financial year

No performance shares became available in 2008.

On April 1, 2008, since criteria performances were not reached, performances shares relative to Plan n° 9 became lapsed.

Table 8 – History of allocations of stock subscription or purchase options

	Plan n° 6	Plan n° 7	Plan n° 8	Plan n° 10
Date of Annual General Meetings	18/04/2000	23/04/2002	23/04/2002	17/04/2007
Date of Board of Directors' Meetings	11/12/2001	24/02/2003	31/08/2004	20/03/2008
Total number of options available for subscription or purchase:	2,071,300	2,300,500	1,008,000	2,000,000
number of which can be subscribed or purchased by executive officers	*560,000*	*560,000*	*0*	*86,000*
COHEN Claude	100,000	100,000		30,000
LE LAY Patrick	300,000	300,000		
MOUGEOTTE Étienne	150,000	150,000		
PAOLINI Nonce				50,000
PERNAUT Jean-Pierre	10,000	10,000		6,000
to 10 employees receiving the most shares	*370,000*	*390,000*	*100,000*	*340,000*
Options exercisable as from	11/12/2004	12/03/2006	16/09/2007	20/03/2011
Expiry date	11/12/2008	12/03/2010	16/09/2011	20/03/2015
Subscription or purchase price	27.80	20.20 or 21.26 (1)	23.46	15.35
Exercise procedure (for plans with more than one tranche)	Exercisable as from 3rd anniversary. Negotiable as from 4th anniversary.	Exercisable as from 3rd anniversary. Negotiable as from 4th anniversary.	Exercisable as from 3rd anniversary. Negotiable as from 4th anniversary.	Exercisable as from 3rd anniversary. Negotiable as from 4th anniversary.
Number of shares subscribed as at 31/12/2008	0	524,900	0	0
Total number of cancelled or null and void subscription or purchase options	2,071,300	281,000	107,500	68,000
Subscription or purchase options remaining at the end of the year		1,494,600	900,500	1,932,000

(1) 5% discount was not applied to executive officers' stock options.

The options for the subscription of shares and the free attribution of shares described above are currently the only instruments issued by TF1 having a potentially dilutive effect.

In view of average TF1 share price in 2008, no dilutive impact has been taken into account.

Early matured plans:

- plan n° 1 lapsed on October 10, 2002,
- plan n° 2 lapsed on April 8, 2004,
- plan n° 3 lapsed on March 18, 2005,
- plan n° 4 lapsed on September 20, 2006,
- plan n° 5 lapsed on December 6, 2007.

Table 9 – Stock options granted to the ten TF1 employees (non executive officers) having received the largest number of options in 2008

The ten TF1 employees (not executive officers) having received the largest number of options in 2008 are the following ones:

Employees	Number of granted options	Exercise price in €	Expiry date
Philippe DENERY	40,000	15.35	March 20, 2015
Jean-François LANCELIER	40,000	15.35	March 20, 2015
Jean-Pierre ROUSSEAU	40,000	15.35	March 20, 2015
Laurent STORCH	40,000	15.35	March 20, 2015
Patrick BINET	30,000	15.35	March 20, 2015
Arnaud BOSOM	30,000	15.35	March 20, 2015
Pierre BROSSARD	30,000	15.35	March 20, 2015
Jean-Michel COUNILLON	30,000	15.35	March 20, 2015
Yves GOBLET	30,000	15.35	March 20, 2015
Martine HOLLINGER	30,000	15.35	March 20, 2015

There were no exercise options in 2008.

Table 10 – Other information concerning executive officers

	Employment Contract (1)		Supplementary Pension Scheme (§ 1.3)		Compensation or benefits due or likely to be due in connection with relinquishing or changing post (2)		Compensation in relation to a no-competition clause	
Executive officers	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
LE LAY Patrick - Chairman - Term of office end date 31/07/2008	X		X			X		X
PAOLINI Nonce - Chairman and CEO - Term of office start date 01/08/2008	X		X			X		X

(1) Patrick Le Lay and Nonce Paolini have an employment contract with Bouygues SA and not with TF1 SA.

(2) Golden parachutes : the company and its subsidiaries did not take any commitment or promise to allocate a leaving compensation neither for executive officers nor for salaried Directors.

This two executive officers are covered by the collective agreement applicable to the company (Paris region construction company executives' collective agreement for Bouygues SA), which provides for certain compensation if a Director's employment contract is terminated. Nonce Paolini is eligible for such compensation. Previously, Patrick Le Lay was eligible too.

2.2.2 Chairman's report on internal control procedures

INTRODUCTION

CONTEXT

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, but also its mission of co-ordination and participation in the control procedures in the subsidiaries over which it exercises exclusive or majority control.

In particular, TF1 monitors the harmonisation of the main financial procedures of the whole Group while respecting the specific characteristics of each business to preserve the appropriateness of the analyses and the speed of decisions. It also implements procedures for identifying risks for the whole scope of its responsibilities to work out appropriate procedures and controls for each 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 the result of a the collection of information and analyses carried out in co-operation with the different contributors to internal control in TF1 and its subsidiaries, resulting in the factual description of the control environment and the procedures in place.

This document has been co-ordinated by the internal audit department. The report has been subjected to a validation process by the Finance department and Legal Affairs. The document has also been communicated to the statutory auditors and subsequently presented to the Audit committee and the Board by the Chairman for their approval.

INTERNAL CONTROL OBJECTIVES AND PRINCIPLES

Since the 2007 business year, TF1 has chosen to base itself on the framework of internal control published on January 22, 2007 subsequent to the work carried out by the task force set up under the aegis of the French stock exchange authority (AMF) to analyse its internal control system and present the report on internal control procedures.

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

- compliance with laws and regulations,
- application of instructions and directions set by governance bodies,
- proper functioning of company internal processes, for example those concerned with safeguarding assets,
- reliability of financial reporting (its key control factors being set out in detail in the "Application guide on control of accounting and financial information published by their issuers").

In addition, 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 the Group might be subjected to.

The TF1 Group is committed to the continuous and dynamic adaptation of its internal control system to its activity that will enable its appropriateness and efficiency to be gauged.

INTERNAL CONTROL PROCEDURES

ORGANISATION AND MODUS OPERANDI

The principles of the Group's corporate governance, its organisational structure through the definition of modus operandi and the widespread transmission of its values and rules constitute the general internal audit environment.

Organisation

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

The Board, under the authority of its Chairman, determines the company's directions and ensures, with the help of the audit committee, the proper institution of internal control systems within the Group. The key decisions, for example, the acquisition of sports events rights or more generally audiovisual rights (football rights, contracts with major film studios, etc.) are subject to clear approval processes, the decisions being taken by General Management based on recommendations of the different *ad-hoc* committees. The Board is kept updated.

On July 31, 2008, the Board of Directors appointed Nonce Paolini as Chairman and CEO of the TF1 Group. In this quality, he takes operational and functional responsibility for the Group activities to implement the strategy established by the Board of Directors. Specifically, he arranges for implementation of internal control systems in the Group. In this mission, he is supported by the executive committee, which brings together the Directors of each Group division and functional Directors bi-monthly. The executive committee enables the CEO to cascade the major internal control directions and to make each member accountable for implementation and monitoring of internal control systems in their area of responsibility.

Furthermore, 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. With regard to the latter point, a separation of functions is designed to permit an independent control by making every effort to dissociate functions related to operations, protection of assets and their recording in the accounts.

Objectives

The three-year plan reflects the mid-term strategic directions, and the resulting annual plan makes up the framework of commitments made by the managers of the different Group entities.

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

The process of building the three-year plan also implies the respect of a structured approach aimed at ensuring the quality of the objectives. This approach is determined by the TF1 SA Financial Control and Strategic Planning department. The plans from the various TF1 Group entities and companies are reviewed by Finance and Executive Management.

A summary of these plans is presented to the Chairman and CEO and to the TF1 Board. During the third quarter of the year, a document summarising the whole of the TF1 Group three-year plan process is submitted to the Board of Directors for approval.

Rules and principles

The TF1 Group focuses on the respect of rules and values distributed through internal procedures (those of TF1 SA and of its subsidiaries), operating guidelines (the Eticnet guidelines, etc.) as well as through the dissemination of the Code of Conduct deployed by the Bouygues Group.

The aim of the Group's Code of Conduct is to induce managers and staff to adhere to a set of key common values, without replacing common sense, respect and the sense of responsibility of everyone. With this code, the Group is committed to respecting the most stringent standards of business conduct. It also includes an alarm mechanism to enable Group employees to point out irregularities appearing in certain pre-defined areas that they have become aware of in carrying out their jobs.

It is also to be noted that in 2006, TF1 joined the United Nations' Global Compact, demonstrating its will to adopt and promote and encourage respect of the principles and values of human rights, the environment, working standards and the fight against corruption.

TF1 is active in a sector that is subject to constant change, mainly as a result of technology advances. It therefore ensures a high level of skills among its employees, notably through an ambitious policy of selection and on-going training, which contributes to a positive internal control environment.

Finally, the Bouygues Management Institute organises regular seminars which TF1 executives attend. The objective of these seminars is to encourage managers to reflect on their role, responsibilities and the respect of ethical principles in their daily work and to rally all Group leaders around common values.

Above and beyond the various control processes in place, the Group makes a constant effort to continuously improve its internal control system.

In this respect, as of 2007, the TF1 Group adhered to an approach initiated by Bouygues combining its main businesses, including TF1. The purpose was to build an internal control system based on the reference framework proposed by the AMF and including the best practices the Group has implemented for several years as part of its business activity.

This approach works through an organisation that is made up of two workgroups that meet monthly and comprising representatives of each business unit. These groups cover:

- "internal finance and accounting control", specialised in processes linked to managing the organisation and developing finance and accounting information, and
- "internal control general principles", specialised in the five key elements of internal control specified in the AMF reference framework.

A parent company project team animates these work groups, with the help of a Group statutory auditor in the area of internal control of finance and accounting information. A co-ordinating committee and a steering committee complement this mechanism.

This effort culminated in the definition of simple and measurable control principles covering the company's prime businesses. In 2008, these common principles were subjected to a test of validity and appropriateness covering a suitable scope so as to verify the assessment potential.

This common approach is a first step and, since the end of 2008, has been supplemented by internal control principles specific to TF1's business and environment. The project will continue in 2009 and is closely linked to the work on risk definition so that the two processes fuel each other.

In 2009, an optimal organisation and appropriate tools will be deployed so as to extend and systematise the whole process.

INTERNAL DISSEMINATION OF INFORMATION

To ensure that staff receive information on the Group and its development, the Human Resources and Internal Communications department issues 3 times a year a magazine *(Regards)* and a monthly newsletter *(Coups d'œil).*

In addition an Intranet portal, *Déclic*, allows employees to understand the environment in which they operate and that of the Group. It enables all employees to access information on the Group (organisation, programmes, etc.), information about the audiovisual sector published in the press, as well as offers of mobility and training and the Intranet sites of the other companies in the Group or the parent company.

The tool also enables managers to gather information necessary for managing their teams, notably on skills training or to prepare the annual interview, etc.

Also, the organisation of employee conventions from time to time, the introduction (in 2007) of an annual conference and the monthly and quarterly committees of the TF1 Group's top managers help share and communicate information on trends, challenges and Group strategy.

The IS function of TF1 SA's Technical and IS department, together with operations and functions, defines the information systems required to generate information and securely and efficiently manage operations.

TF1 uses specific applications developed in-house and also software packages available on the market. These applications are analysed, monitored and operated rigorously to ensure their availability, integrity, security, and compliance with legal obligations.

With regard to applications dedicated to financial and accounting data, this work is carried out in close co-operation with the central Accounting and Tax department, Financial Control and Strategic Planning department and the Treasury and Financing department.

RISK MANAGEMENT

For the past few years, the IS department has been working on the formalisation of a data security policy to build a common security benchmark for the Group. This effort continues on a daily basis as the constant technology advances are fed into the security principles and rules.

Furthermore, in 2004, TF1 set up a process, in collaboration with external consultants, to identify risks and define a decision-making system for crisis management. This effort gave birth to an organisation called *"RÉAGIR"* whose aim is to design and update the main systems to resume key processes in the event of an incident.

The Bouygues Group has initiated a wide-ranging risk management process, particularly in the areas of quality, safety and the environment and sustainable development. In this context, Bouygues leads two committees, which regularly bring together the business managers of the group to discuss these questions.

To continue to improve the risk management system, in the course of 2007, TF1 set up a work group comprised of representatives of the main TF1 activities. Its aim is to update and enrich the work started in 2004. This work group has developed proposals to fine tune the organisation and the risk management and monitoring processes across the whole TF1 Group.

2008 saw the first stage of identification and specification of major risks based on a methodology defined in association with the Bouygues Group. This was done with the help of interviews carried out with around 100 Group managers.

The process will continue in 2009, culminating in a hierarchical structure and operational overview of the main risks for the TF1 Group. This will lead to a regular, targeted monitoring of the resources invested in better controlling these risks.

The main risks and the systems designed to control them are described below in section "2.2.3. Risk factors", which also includes the Group's policy concerning insurance. In addition, financial market risks (rates, exchange, etc.) are covered in paragraph 29 of the notes to the consolidated accounts.

The main business risks that TF1 tries to identify and constantly cover are linked to major processes – the acquisition and conformance control of audiovisual content, control of broadcasting and the activities.

Procurement processes

Through a process of standardisation of procurement contracts, TF1 secures supply of tangible and intangible products and their financial conditions, guarantees service continuity, and ensures that suppliers subscribe to an insurance policy.

TF1 decided to set up a Procurement department in November 2007. The prime goal is to implement a procurement policy to enable operational and financial improvement of the process across all the business units and respecting the Procurement Guidelines defined by the Bouygues Group.

Contracts for the purchase of broadcasting rights are signed by TF1 to secure programme grids for the coming years. These contracts are legally and economically complex and involve substantial amounts. These investment projects are initiated based on the channel's editorial policy and are subject to a procedure of approval and investment authorisation for each type of programme.

Furthermore, and where possible, framework agreements are signed upstream of the procurement process so as to control the costs of certain programmes and ensure supply. The Group centralizes and shares its multi-channel rights (free-to-air, cable and satellite, video and new media) as much as possible.

With this in mind, at the end of 2007, TF1 decided to create an Economic Interest Group (GIE) charged with acquiring audiovisual rights for the Group's broadcasting companies.

Programme compliance control

The programmes broadcast by the channel are subject to control by the CSA in the framework of the convention signed by the channel. Consequently, TF1 set up a programme compliance department which carries out upstream control of programmes to be broadcast. This effort, which receives the support of the Secretary General's advice, also helps to minimise the various legal risks inherent in broadcasting television programmes.

Furthermore, programmes targeting children are submitted to psychologists who are responsible for pre-viewing the most sensitive programmes.

A TF1 Publicité team pre-views all advertising spots after receiving the position from the ARPP (Authority for professionnal regulation of Advertising). TF1 Publicité ensures respect of the various regulatory provisions concerning advertising messages on multiple media. This includes:

- advertising film compliance to the regulations and the editorial policy of the medium,
- for the maximum duration of advertising space broadcast daily and by sliding hour,
- respect of invoicing rules (the so-called Sapin law N°93-122 of January 29, 1993).

Control of broadcasting and activities

TF1's Technical and IS department is responsible for creating the programmes it is given charge of, for designing, implementing and maintaining technical and information systems, and for managing the property, logistics and central services.

The department guarantees broadcasting continuity by assuring the availability and implementation of the necessary human and technical resources. For several years, it has also been responsible for managing the identification, control and prevention of major risks to TF1, and continues to analyse and manager risks operationally, for example through the "Reagir" committee.

The "Reagir" committee monitors and prevents major risks associated with the Group's key processes. It maintains and upgrades the various procedures based on the principle of continuous improvement covering the security of the people, assets, infrastructure, systems and data. It also updates and regularly tests the plans for rapid resumption of activities that could be discontinued by an exceptional event such as the interruption of the broadcast signal or non-accessibility of the TF1 building.

An external, protected back-up site has been operational since 2001 for the following three processes: programme broadcasting, production of the television news programmes (TF1 & LCI), and development of publicity spots for the TF1 channel.

In 2006, this back-up facility was improved with the installation of a digital process similar to that of the main broadcasting facility on a second external site. This installation and associated procedures make it possible, if necessary, to switch over from the main site with no noticeable disturbance of programmes. In the course of 2008, all back-up resources have been brought together at this single new external site.

The company's vital functions are included in the security plan through a process of resumption of activity, for example, for the various departments concerned with broadcasting, selling advertising space, accounting, treasury, payroll and IS operation. Procedures are tested from time to time so as to adapt the system if necessary.

The team in charge of this project also extended the range of risk factors to health risks that could hamper normal operations. They have been quantified and their impact assessed. The associated safety procedures are also tested.

Furthermore, the implementation of a website and a (no-charge) telephone number enables employees to be informed in real time in case of an emergency and to keep in touch with the company when the situation requires.

CONTROL ACTIVITIES

Other than the risk management mechanism, the TF1 Group also has a number of processes and systems that contribute to implementing the directions defined by General Management and which enable the goals the be achieved.

The Group gives particular focus to financial, legal and human resource processes through assignments fulfilled by TF1 SA functions. They monitor and support the various TF1 Group entities in their areas of expertise. They also disseminate the cross-functional procedures, monitor their respect, and participate in approving procedures that are specific to the different Group business lines.

Finance Department (DGAF)

The Finance Department includes the central financial departments and plays a control role through cross-functional procedures, methods and the principles it spreads throughout the Group.

Central Accounts and Tax Department (DCF)

The Central Accounts and Tax Department is responsible for defining the accounting principles, guaranteeing the reliability of the processes for collating and processing financial information and the consistency of accounting methods.

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

The DCF includes the TF1 SA accounting department and the consolidation department as well as giving functional guidance to the subsidiaries' accounting departments.

It helps to co-ordinate and constantly update the teams by setting and distributing rules, procedures and methods applicable throughout the Group. The DCF ensures implementation of the principle of separation of tasks between authorisers and payers.

Financial Control and Strategic Planning Department

TF1 and its exclusively controlled subsidiaries are subject to a financial and strategic planning process as well as a centralised budget control. For subsidiaries controlled jointly with a partner, this process is adjusted on a case by case basis while respecting the Group's principles.

The TF1 Group's three-year financial and strategic planning process constitutes a commitment from the Group's unit managers to General Management.

This process is decentralised at each company/unit level and is organised and led by Group Financial Control and Strategic Planning. The three-year plan and the annual budget are updated at least twice a year to adjust for end-year trends and review, if necessary, the three-year forecasts.

Each structure and activity produces a monthly dashboard and presents it to Financial Control at Meetings that are scheduled at the beginning of each year.

After a control, validation and analysis, the Financial Control and Strategic Planning department produces a Group consolidated dashboard that is annotated and presented to General Management. A summary of this document is then sent to Group Bouygues General Management.

In 2008, TF1 instituted a management cockpit, a performance measurement tool, using appropriate operational indicators and including the follow-up of objectives and the means applied to achieve them.

About 100 indicators have been established to reflect the corporate strategy and to act as a support for possible action plans. They are presented graphically and intuitively and discussed monthly at the Group executive committee. This mechanism helps bring about joint, and where appropriate, cross-functional solutions.

In 2009, this system is to be gradually introduced in the main Group entities so as to leverage all existing performance drivers at all operational levels.

Treasury and Finance Department

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

- the consolidation of interest and exchange rate risks,
- the maintenance of a level of expertise equal to the complexity of the issues,
- the guarantee of security of payment,
- the delegation of powers to a limited number of employees who alone are authorised by General Management to handle a limited number of financial operations for the entire Group companies according to authorisation thresholds and procedures.

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

- through monthly analysis and update of cash forecasts and reporting to General Management,
- through negotiation and maintenance of lines of sufficient back-up credit with an average of two to three years' maturity.

Human Resources and Internal Communications

The Human Resources Department plays a key role in the selection, induction 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 co-ordinates 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.

Within the framework of the management cycle, the Human Resources department, together with operations and functions, plans human resources needs.

These needs are formalised and are an integral part of the three-year financial and strategic planning process fixed by General Management.

Any request for hiring a permanent employee is subject to a formal approval procedure.

General Secretariat and Legal Affairs Department

The Group General Secretariat co-ordinates and drives two main functions that are organised as follows:

- the Legal Affairs Department, which is responsible for defining and supervising the group's policy on contracts, monitoring the various aspects of company law and development within the Group, as well as centrally co-ordinating insurance and property matters, for example, by ensuring coverage, premiums and franchises correspond to the risks in question,
- the Regulatory and Judicial Affairs Department, which co-ordinates relations with external organisations and authorities, ensures that TF1's regulatory obligations are met and closely follows all litigation. Risks and litigation and monitored in close co-operation with Finance so that they are reflected in the financial statements.

For several years, the General Secretariat and Legal Affairs Department 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 the 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.

Finally, the General Secretariat monitors and participates in the application of a consistent policy of delegation of powers. In particular, the subsidiaries over which TF1 exercises exclusive control are granted delegation of power based on guiding principles defined 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 THE CONTROL SYSTEM

Internal control systems must themselves be monitored continuously by corporate management and by means of *ad hoc* assessments, carried out by people who have no direct authority over, or responsibility for, the operation in question.

Audit Committee

Created in 2003, the Audit Committee is composed of at least two Directors. TF1 Directors who are executives or employee representatives are excluded.

Before presentation to the Board of Directors, it 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 accounting methods adopted to draw up the accounts and verify the internal procedures for the collection and control of the information used. In addition, it notes the conclusions of the Internal Audit assignments and validates the Internal Audit annual work plan.

Furthermore, the Audit Committee is kept updated on the deployment of the internal control process and the system of risk monitoring.

The statutory auditors' role is to ensure the fair presentation of the company's financial and net asset statements according to 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

Since 2004, the TF1 Group has had its own internal audit department, which took over the assignments previously handled by the central audit system of the Bouygues Group, with the exception of assignments covering the reliability, security and operation of information systems, which are still the responsibility of the latter.

The TF1 Group's Internal Audit carries out assignments in the different group entities and in various areas (finance, operations, organisation) according to an annual plan approved by General Management and the Audit Committee.

Assignments are carried out according to a rigorous methodology. They result in a report containing recommendations, which in turn give rise to an action plan and follow-up.

Internal audit is an analysis, control and information tool that enables the identification, control and improvement of risk control.

As part of its programme and schedule of assignments, Internal Audit verifies the application of internal control principles and rules. How they are introduced and applied remains the direct responsibility of the Group departments.

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 the challenges of internal control, especially in the areas of finance and accounting, where the reliability of information is of major importance.

This section summarises the main control processes in the generation of published finance and accounting information.

FINANCE IS

The IS Department works closely with the Finance Department to deploy and supervise the TF1 Group's major financial information systems, notably the accounting, management, treasury and consolidation tools. Also business applications are deployed 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, 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. In 2006, a compulsory workshop on data security was introduced for all company employees.

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

TF1 SA has developed and deployed at Group level its own management tool, which interfaces with the accounting software. It is based on the principle of a unique record of operations necessary for financial information. Processes for automated handling provide for the generation of data tailored to the needs of financial control, accounting and treasury.

The IT management system guarantees the control of commitments and payments, thanks to:

- the approval cycle for commitments, pre-defined in the IT application and limited to only those who are authorised,
- the electronic validation cycle for sourced and digitised invoices reflecting the said commitments.

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

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

All means of payment require a double signature, with an annual update of powers reserved for all bank accounts.

Since the end of 2008, TF1 has launched an important project called SIGMA. Its aim is to facilitate and streamline the preparation of information while optimising the processes in the areas of human resources, finance and purchasing. The applications currently dedicated to these three functions will migrate, entirely or in part, to an ERP (integrated management software package).

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

PROCESS OF PREPARATION AND CONSOLIDATION OF ACCOUNTS

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

Process for quarterly closing of TF1 accounts

Using the Group's management application, quarterly automated processing enables the Central Accounts and Tax Department to validate and then automatically generate the inventory entries in the accounting software, guaranteeing the convergence of the results from management and accounting processing.

As part of the procedure for closing the TF1 accounts, the inventory entries are jointly analysed and validated by the accounting and financial control departments. Periodically, the management data used for steering (reporting, etc.) are merged with the accounting system data.

Noting provisions follows an analysis of risks carried out jointly by Finance, the Secretariat General, Legal Affairs and Human Resources and the operational/functional departments concerned.

The Central Accounts and Tax department ensures respect of the process for handling of intangible fixed assets and goodwill in Group accounts. With regard to the latter, whenever necessary and at least once a year depending on the information provided by the Financial Control Department and the various operational entities, Central Accounts and Tax identifies the loss in value of intangible assets and potential depreciation of the representative financial assets. This process and its results are validated together with the statutory auditors and presented to the Audit Committee.

All items in the balance sheet and income statement are rigorously analysed by comparing them with the same period of the previous year. Changes are commented, and this clarifies the activity of the companies.

Consolidation process

The Central Accounts and Tax 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 different organisations and units and the statutory auditors.

The accounting options decided on are validated with the statutory auditors in advance of quarterly closing and presented to the Audit Committee.

As of January 1, 2005, the TF1 Group accounts are prepared in compliance with IFRS standards adopted by the European Union. Depending on local standards and tax regulations, reclassifications and adjustments are carried out by certain Group subsidiaries.

The consolidation tool deployed throughout the TF1 Group is a software package used by a large number of listed companies. The use of this consolidation tool allows for a rigorous analysis and control of the preparation of the accounts, which are therefore regulated by standard procedures.

The Central Accounts and Tax Department also has a monitoring and co-ordination role. It regularly distributes to Group accounting staff the applicable rules and methods in preparing company and consolidated accounts.

PROCESS FOR VALIDATING THE ACCOUNTS

The quarterly consolidated accounts are presented to the Chairman and CEO by the Finance Department.

At December 31 of each year, the accounts of TF1 and all its subsidiaries are audited by the statutory auditors. Each quarter, the consolidated accounts and the accounts of the main subsidiaries are subject to a review.

Before presentation to the Board of Directors, the Audit Committee reviews the consolidated accounts 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 THE PUBLISHING OF FINANCIAL INFORMATION

Besides the Chairman and CEO, only duly authorised persons may communicate financial information to the market. These are, in particular, the Executive VP Finance and the staff of the Financial Communications and Investor Relations department.

This department generates the activity summaries of TF1 and its subsidiaries for the Board of Directors. It distributes and communicates financial information on the TF1 Group and its strategy through, for example:

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

These documents are drawn up according to a structured process which respects the obligations concerning financial information and using financial information coming from the Group's subsidiaries and departments. Before distribution, they are monitored and approved by Legal Affairs, Human Resources, Finance and, in some cases, by the Board of Directors.

Before being submitted to the Financial Markets Authority in compliance with general regulations, the registration document is monitored by the statutory auditors, who verify the coherence of financial information and the accounts with historic data and who review the totality of the document.

Each subject to be communicated is accompanied by an explanation approved by General 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.tf1finance.fr website. However, anyone requesting this information, will receive it free of charge,
- all press releases are published in a national business daily, a national weekly and on a general-public financial website and on the AMF website. As of January 2007, TF1 complies with the so-called European "Transparency" directive covering new obligations on publishing financial information,
- analyst Meetings and General Meetings are re-transmitted fully direct on the Internet or by telephone, with no access restrictions. A recording of these Meetings is put on line on the group's website,
- two people from the TF1 Group travel abroad where Meetings are held to guarantee the correct information is delivered with strictly equal access. The documents presented at these Meetings are immediately published on the www.tf1finance.fr website.

CONCLUSION AND OUTLOOK

In the course of 2008, the TF1 Group has endeavoured to continue to enhance its mechanism for assessing its internal control processes. In particular, it has leveraged the system managed and animated by the Bouygues Group, which has led to the definition of a detailed catalogue on internal control common to all the Group's entities. It has also profited from the continued in-depth work on identifying risks.

The Group has also endeavoured to improve certain processes within its organisation (rights acquisition, purchasing, etc.) so as to gain in efficiency and cross-functional co-operation between the different entities. These initiatives will continue throughout the coming year, as will the work on assessing risks and enhancing the internal control catalogue.

In addition, in line with TF1's determination to continuously improve, 2009 will also represent a new step in the optimisation of its processes, particularly thanks to various major projects that have been undertaken.

For example, the Group will make every effort to make its financial information and human resources information systems more powerful with the implementation of an EFP common to all these departments. This project, called SIGMA, will help to facilitate and streamline the preparation of information while optimising the Group's processes in human resources and purchasing. Ultimately, some of the current information systems in these areas will be replaced by an ERP.

All of these objectives will be targeted in a spirit of maintaining a dynamic vision of internal control, based above all on the competencies, sense of responsibility and involvement of all employees.

2.2.3 Risk factors

INDUSTRIAL AND ENVIRONMENTAL RISKS

The "Réagir" committee set up in 2003 continues its work of monitoring and prevention of major risks associated with the Group's key processes. It also regularly updates the rapid recovery plans that could be set in motion subsequent to any exceptional event that would, for example, cause the transmission signal to be interrupted or prevent access to the TF1 building. In 2006, the risk management organisation added resources and strengthened its structure.

An outside, protected back-up site is operational for the three following processes: broadcasting programmes, producing the TV news (TF1 & LCI), creating the advertising screens for the TF1 channel. The company's vital functions are included in the security plan via processes of recovery of the activity for the different services linked to the channel – selling advertising space, accounting, cash, wages, and IT operations. Procedural tests are carried out from time to time so that any necessary adjustments can be made.

The outside back-up facility underwent a technical modification during 2005 and 2006, including the installation of a new back-up control room at a second outside location when the digital final control room was launched. At the end of first quarter 2008, all back-up resources were brought together at a single location.

BROADCASTING OF TF1 PROGRAMMES – RISK OF INTERRUPTION IN SIGNAL TRANSMISSION

TF1's programmes are currently broadcast to French homes:

- by radio waves, via the 112 main transmission sites and 3,070 TDF retransmission stations,
- by satellite, namely Atlantic Bird 3 of Eutelstat, operated by Globecast for unscrambled broadcasts in Secam,
- by Free-to-air DTT, free-view standard definition via the 112 main transmission sites and 210 secondary sites operated by TDF, TowerCast and OneCast,
- Free-to-air DTT, free-view high definition via the 51 main transmission sites operated by TDF, Towercast and Onecast,
- by satellite in free-view digital on the ASTRA 1 position from SES in the DTT SAT offering,
- by cable (the cable operators' "must-carry analogue" obligation) in Secam,
- by cable in digital standard definition,
- by satellite in digital standard definition in the Canalsatellite (ASTRA 1 from SES) and AB bundles (AB3 on EUTELSAT),
- by ADSL and by optical fibre if necessary in digital standart definition for broadcast via Internet access providers, ORANGE, FREE, NEUF, SFR, BOUYGUES TELECOM, DARTY,
- by cable, satellite, ADSL in digital high definition on more numerous networks.

TDF ensures the transmission (providing broadcasting sites with the TF1 signal) and broadcasting of programmes for TF1 (and all the national channels) jointly via its free-to-air network. Globecast ensures the satellite broadcasts. TDF is by far the main national operator broadcasting the television signal and there is no really comparable alternative to the TDF network and technical resources.

TF1 is therefore dependent on TDF for the broadcasting of its signal and if the TDF network breaks down cannot call on other terrestrial transmission methods offering a full, quick and economically acceptable coverage.

Little by little, the multiplatform terrestrial broadcast (analogue, DTT standard Definition and DTT High Definition) will reduce the effects of potential failures, these networks being independent and using separate teams.

Broadcasting sites are largely secure as a result of the redundant broadcasting transmitters. However, incidents can occur with the antenna system (antenna, wave guides and frequency multiplexers), while the electricity supply can escape TDF's notice (responsibility of EDF).

Power cuts have therefore occurred in the broadcasting of our signal for either technical reasons (defective transmitters/electricity supply). The penalties provided for in the contract are in no way commensurate with TF1's potential operating losses during these incidents (loss of audience, impact on TF1's image, advertisers requesting reductions, loss of merchandising rights, etc.).

The loss that TF1 could suffer if a transmitter fails is obviously proportional to the number of television viewers served by the defective transmitter. A failure in the Paris region (10 million viewers) could have major economic repercussions. This is why TF1 has negotiated a deal to ensure that TDF's services intervene very quickly in the event of a failure and requested the strengthening of back-up measures. Recently a failure of the terrestrial analogue signal during a few minutes occurred on the Eiffel Tower transmitter.

Eurosport has an entity in the UK that secures the broadcasting of its programmes.

ENVIRONMENTAL RISKS

(Source: Médiamétrie)

For the full-year 2008, despite a multiplication of the offerings and the evolution of the audiovisual landscape (in January 2007, 40% of the French population captured DTT channels and at end December 2008, they were 78%), the TF1 channel achieved a 27.2% market share for individuals of four years and over and 30.9% for women under 50. TF1 confirmed its leadership position and obtained 96 of the top 100 audiences in 2008.

The DTT market has become mature. The penetration with French people receiving 15 channels or more should increase from 80% at end 2008 to 86% at end 2009.

Seen from this angle, the Group considers that DTT does not constitute a risk:

- On the one hand, the greatest growth in DTT is now behind us. Within this trend, the TF1 Group has seen an erosion of its market share, but hardly different from that of its competitors: for example, between 2006 and 2008, which corresponds to the greatest growth of DTT, TF1 lost a 12% market share, compared to 9% for M6 and 17% for France 2 in the category women under 50, purchasing decision-makers.
- On the other hand, in a field that counts new players, the TF1 Group is pursuing its strategy of underpinning its leadership in unscrambled television, notably its position in free DTT.

REGULATION-RELATED RISKS

AUTHORISATION TO TRANSMIT

TF1 is an audiovisual communications service subject to authorisation. The company's initial authorisation to use frequencies for a duration of 10 years starting April 4, 1987 (Law of September 30, 1986) expired in 1997. Based on decision No. 96-614 of September 17, 1996, the channel received a first five-year renewal of this authorisation, without a bid for candidatures, effective starting April 16, 1997.

The TF1 channel's authorisation to transmit was automatically renewed for the years 2002 to 2007 by a decision of the CSA of November 20, 2001. Under the provisions of Article 82 of the modified Law of September 30, 1986, this authorisation could be automatically extended to 2012 on the basis of the "simulcast" broadcast of the digital terrestrial free-to-air channel. The CSA, by a decision dated June 10, 2003, modified the TF1 authorisation and its convention to integrate the specifications relative to DTT broadcast of the programme.

The March 5, 2007 law on modernising future audiovisual and television broadcasting introduced two automatic five-year extensions of TF1's authorisation. The first compensates for the premature discontinuation of analogue broadcasting by November 30, 2011 providing the channel is a member of a Public Interest Group implementing the measures necessary for such discontinuation. The second is relative to the channel's commitment to cover 95% of the French population with DTT.

It should be noted that the TF1 Group is subject to a variety of commitments covering general obligations to broadcast and invest in production, either through its schedule of conditions or as a result of regulations applicable to its activity. A change to the regulations could raise the current constraints imposed on TF1, with a possible negative impact on the company's profitability.

MODERNISING AUDIOVISUAL REGULATIONS

It is to be noted that, in the course of 2008, the Government has initiated several reforms concerning the modernisation of audiovisual regulations.

Modification to Decree No. 92-280 of March 27, 1992 setting the overall principles defining the obligations of service providers of advertising, sponsorship and home shopping.

Decree No. 2008-1392 of December 19, 2008 became effective on January 1, 2009 and makes the following modifications for the TF1 channel:

- relaxation of the capping of the duration of daily advertising from 144 to 216 minutes, rising from six to nine minutes per hour on average per day for the whole day and 12 minutes per clock hour (plus the elimination of accounting for advertising by sliding hour),
- sponsorship authorisation for pharmaceutical laboratories,
- opening of new broadcasting windows for home shopping.

Introduction of new rules on the TF1 channels obligation to produce audiovisual products.

On October 22, 2008, TF1 signed an agreement with the USPA, SPFA, SACD and SCAM to replace the regulatory mechanism on the obligation to order audiovisual products covered by Decree No. 3001-609 of July 9, 2001. To become effective, this agreement must be transposed into the regulations and conventions applicable to TF1.

Modification of law No. 86-1067 of September 30, 1986 on freedom of communication.

on March 5, 2008 a law relative to audiovisual communication and the new public service television made the following modifications:

- organisation and operation of France Télévisions:
  - creation of a single France Télévisions enterprise,
  - nomination of the presidents of the public audiovisual entities by decree,
  - elimination of advertising: as of January 5, 2009 between 8 p.m. and 6 a.m., and entirely as of the discontinuation of analogue broadcasting (end 2011). Implementation will be subject to financial compensation by the State,
- introduction of new taxes, the first on television advertising, the second on services provided by electronic communications operators,
- transposition of the European SMA Directive by:
  - the introduction of a new definition of on-demand media services,
  - the authorisation to place products in programmes under conditions determined by the CSA,
  - the authorisation to introduce a second break in programmes,
- the draft "Internet and Creation" law, currently in debate in Parliament, should provide some answers to the problem of pirating Group TF1 content on the Internet.

Any increase in the constraints currently imposed on TF1 by prevailing regulations could have a negative impact on the company's profitability.

CUSTOMER RISK

TF1 Publicité regularly monitors the financial health of advertisers wishing to invest on the media it is in charge of (channels, Internet sites of the TF1 Group and other developers). For any new advertiser or one that has experienced payment incidents, TF1 Publicité systematically demands advance payment of the full amount before broadcasting any advertising. In the eventuality of unpaid invoices for past orders, TF1 Publicité demands full payment of unpaid invoices as well as advanced payment of future orders. Otherwise, TF1 Publicité can refuse to sell services to an insolvent advertiser.

It is thanks to these conditions that TF1 Publicité has managed to keep its risk of non-payment by advertisers at less than 0.15% of annual turnover.

Eurosport has efficient processes in place to recover cable and satellite operator debts. The risk of non-payment by distributors is historically low thanks to the processes implemented to verify the financial health of its clients.

TF1 Vidéo and TF1 Entreprises have taken out credit insurance to protect themselves against customer bad debts.

There are no other significant single customer risks in the group's other subsidiaries which could durably affect the group's profitability.

MARKET RISKS

For Group TF1, exchange-rate risk is limited.

For 2008, over 95% of turnover was made in euros. 2% were made in dollars. Furthermore, it should be noted that 90% of purchasing (including acquisition of audiovisual rights) was paid in euros, 7% in dollars.

A detailed analysis of market risks (rates, exchange, liquidity, shares) can be found in the notes to the consolidated accounts.

INSURANCE/RISK COVER

As indicated in the report on internal control procedures, the Group has instituted a pro-active policy of risk identification and prevention and a corresponding unit has been established. This unit implements a regularly updated prevention plan. The group's insurance policies are then negotiated through brokers dealing with major international companies well-known for their solvency.

The existence of this prevention plan makes it easier for TF1 Group to obtain insurance contracts with these first-rate insurance companies.

The means of identifying and preventing risks developed for the Group and its subsidiaries by this dedicated unit are aimed at improving control of risks of damage but also at optimising contracts and the relations with insurers with regard to the premiums and the guarantee conditions.

The TF1 Group has two main types of insurance policy, which were put up for tender in 2008:

- non-life insurance, which insures TF1 and its existing or future subsidiaries in France and throughout the world wherever the TF1 Group does business. This policy provides cover against material damage to TF1 Group assets for amounts that are generally equal to the value of the assets insured. These guarantees are applicable also in the case of terrorist acts,
- public liability insurance covers the consequences if the public liability of TF1 and its existing or future subsidiaries are called in question due to injury caused to third parties for coverage amounts appropriate to the risks.

In addition to the compulsory insurance policies, TF1 has subscribed to a liability insurance for company officers since 1997. The insured are TF1 executive officers and its representatives in the Board of Directors of subsidiaries or associated companies (companies in which TF1 hold, directly or indirectly, 50% of the voting rights).

In addition, the insurance provides cover for de facto managers and employees who would be liable for any professional error committed in their executive, supervisory or management capacity.

The deductibles of each of these policies have been defined in function of the risks and the possible premium reductions so as to optimise the overall cost of the Group's risk cover.

At the present time, TF1 does not cover any of its risks through captive insurance or re-insurance companies.

LITIGATION

External counsel analyses individual disputes likely to harm TF1's interests. Where necessary, litigation gives rise to risk provisioning.

At this point in time, there is no government, judicial or arbitration procedure, including any pending or anticipated procedure or one likely to have, or have had in the past 12 months, any significant effect on the financial situation or profitability of the company or Group.

Any litigation of which the company or the group is aware has been fully provisioned in the accounts. Provision amounts are conservatively evaluated. Provision charges in respect of litigation are detailed in the notes to the consolidated accounts.

The main risks of litigation are summarised below:

RISKS ASSOCIATED WITH THE RIGHTS OF INDIVIDUALS (PRIVACY, LIBEL)

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

RISKS ASSOCIATED WITH INTELLECTUAL PROPERTY (AUTHOR RIGHTS, RELATED RIGHTS)

After the case brought against it in 2007 by the SPPF, made up of disc producers, TF1 was sued by a second civil society, the SCPP, in June 2008. These organisations dispute the fact that TF1 could use discs under the legal licence instituted in French law in 1985 and demand reparation of the damages they claim to have suffered in the period 1997 to 2005 (€33 million for SPPF and €57 million for SCCP). In the framework of these cases, TF1 has asked the SPRE to reimburse the sums paid to it during this period in accordance with the legal licence and called on a number of audiovisual producers as guarantors. The negotiations with all the organizations of this sector started in 2007 and continued in 2008. Their aim is to settle the past conflict in compliance with provisions appearing in the accounts, but also to agree on new arrangements for the future.

The TF1 Group was victim of pirated content for which it held the rights. Legal action was taken in 2008 to put a halt to these acts and demand reparation for damages from a certain number of platforms, such as Dailymotion or Youtube, but also sites such as Wizzgo; on November 25, 2008, the latter's on-line video copying service was judged to be illegal by the Paris tribunal.

Glem, which, on January 1, 2009, became TF1 Production, TF1's audiovisual production subsidiary, is the subject of a number of proceedings for the programme *Ile de la Tentation,* their purpose is not only to convert the "participation contracts" into "work contracts", but also to have the participants recognised as "actors". To date, these cases have resulted in diverging legal decisions. While three rulings of the Paris Court of Appeal (11/02/2008) concluded that three participants in the programme were salaried employees of the producer, Glem, though without recognizing their quality as actors, the Saint Étienne industrial tribunal excluded the existence of a work contract (ruling of 22/12/2008). Glem has lodged an appeal to the Court of Cassation against these three rulings. The decision is expected in first half 2009.

Other procedures are in process before the industrial tribunal of Boulogne Billancourt for other seasons and other candidates in *l'Ile de la Tentation*. They also target other programmes of which TF1 has acquired the rights from external producers, such as the programme *Koh Lanta*. Certain cases concern the producer and the TF1 channel (as acquirer of the broadcasting rights of the programme) as possible "co-employers". To date, TF1 has been subject to no legal decision.

The future of the cases in process will depend on the position taken by the Court of Cassation, in particular, a certain number of points: (i) the existence or not of a work contract, (ii) the conditions of application of the legal work duration, and (iii) the recognition or not of undeclared work.

In the case of a global cassation of the rulings of the Paris appeals court, it is likely that the procedures in process will cease. On the other hand, if the Court of Cassation upholds the appeal rulings, the cases could be extended to other audiovisual producers of past reality-TV programmes, though it should be noted that each programme has its own particularities, so that they could result in different legal decisions.

As far as the TF1 Group is concerned, its subsidiary TF1 Production is not specialised in reality-TV (even though it has produced *l'Ile de la Tentation* or *Greg le Millionnaire),* but rather in so-called "studio" entertainment programmes, magazines and fiction drama.

RISKS RELATED TO COMPETITION RIGHTS

M6, having lodged a complaint with the Competition Council, the latter considers that at the beginning of 2008, two of the commitments agreed to by TF1 and the AB Group on the occasion of the acquisition of TMC (autonomous operation of the advertising unit, space selling independent of TF1 Publicité) had not been respected. On the basis of this decision, the Minister of the Economy, though a ruling of November 17, 2008, imposed a fine of €250,000 on TF1.

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS AT THE COMBINED ANNUAL GENERAL MEETING ON APRIL 17, 2009 (ORDINARY PART)

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3

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS AT THE COMBINED ANNUAL GENERAL MEETING ON APRIL 17, 2009 (ORDINARY PART)

Ladies, Gentlemen and 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 2008 business year for your approval, and review the situation and growth prospects of the company and the Group.

This report also includes information on our social and environmental management as well as on the structure and composition of your company's Board of Directors.

As in previous years, the accounts for 2008 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, while the accounts for TF1 SA according to accounting rules and principles applicable in France (French GAAP).

3.1 2008 ACTIVITY AND RESULTS

Changes in accounting and reporting methods – accounts comparability

The development of some of the Group's activities has led the Group to refine its accounting methods, based on the proposed minor improvements to IAS 18 published in August 2008 (1) by the IASB. This text provides criteria for analysing services rendered in such a way as to determine whether the entity operates as main supplier or intermediary, so that the associated revenue and expenses to be entered into the accounts can be separated out.

In the context of its operations as an advertising sales structure, the Group takes its turnover as consisting of its advertising commission (i.e., the amount charged to the advertiser minus purchase of the advertising space), where the company does not offer any guaranteed revenue from marketing advertising space with respect to the platform owner. When such a guarantee is offered, the Group recognises its turnover as being the gross amount charged to the advertisers for advertising space.

For services involving technical intermediaries (e.g., VOD, interactive services etc.), the Group's turnover is considered to be the price paid for the final product by the consumer insofar as the Group assumes responsibility for after-sales service risks as well as legal and financial risks associated with such services.

In addition, an analysis of the current contractual framework for the "*Listes de mariage*" (wedding lists) activity with the company 1001 Listes has led the Group to limit payment for services rendered to the amount of commission earned by 1001 Listes.

This change in method, whilst not impacting the results, necessitates an adjustment, by one and the same sum, to the Group's turnover and operating expenses. The net effect on these entries is a decrease of €25.7 million for the 2008 business year and €24.7 million for 2007. In compliance with standard IAS 8, the 2007 accounts presented in the 2008 financial statements have been restated accordingly.

(1) IASB Publication dated August 7, 2008: Exposure draft of proposed Improvements to IFRSs (www.iasb.org) and, more particularly, provisions relative to IAS 18 pages 24-29 of the publication.

3.1.1 The Group

CONSOLIDATED PROFIT AND LOSS ACCOUNT – ANALYTICAL BREAKDOWN – RESTATED

(€m)	2008	2007
TF1 Channel		
Advertising revenue	1,647.3	1,718.3
Advertising costs	(79.0)	(81.1)
NET BROADCASTING REVENUE	**1,568.3**	**1,637.2**
Royalties and contributions		
Authors	(63.6)	(66.4)
CNC	(87.3)	(90.3)
Broadcasting costs		
TDF, Satellites, Transmissions	(54.0)	(54.2)
Programming costs (excl. World Cup and Euro 2008)	**(978.2)**	**(974.3)**
Rugby World Cup Cost		**(49.9)**
Euro 2008 Grid Costs	**(53.9)**	
GROSS MARGIN	**331.3**	**402.1**
Diversification and miscellaneous revenue and other products	946.0	1,013.3
Other operating charges	(953.7)	(980.9)
Net allocation to depreciation, amortisation and provisions	(147.1)	(129.3)
OPERATING PROFIT	**176.5**	**305.2**
Cost of net debt	**(22.4)**	**(21.4)**
Other financial income and expenses	**40.9**	**28.7**
Corporate income tax	**(40.8)**	**(93.0)**
Share of net income of companies consolidated under the equity method	9.6	8.3
NET RESULT FROM CONTINUING ACTIVITIES	**163.8**	**227.8**
Profit of discontinuing operations	0.0	0.0
NET PROFIT	**163.8**	**227.8**
Net profit attributable to the Group	**163.8**	**227.8**
Minority interests	(0.0)	(0.0)

In 2008, TF1 Group consolidated revenue fell by 5.3% to €2,594.7 million.

The TF1 channel's net advertising revenue was down by 4.1%, at €1,647.3 million, chiefly as a result of the continued world economic downturn. Rapid changes in the audiovisual sector and a lack of certainty concerning changes in the regulatory framework also affected spending by advertisers, who were more hesitant than in the past.

Turnover resulting from other activities amounted to €947.4 million, down by 7.2%, primarily as a result of a decline in income from the Audiovisual Rights department, which, in 2007, had benefited from the aftermath of the film *La Vie en rose.* If this is not taken into account, the decline in revenue of the diversification activities branch is reduced to 4.4%. In an uncertain, difficult situation such as we are currently experiencing, the activities of Téléshopping, TF1 Entreprises and TF1 Vidéo have been directly affected by the economic situation i.e., reduced buying power and reduced private consumption. Eurosport International continues to show a rise in revenue thanks to the channel's continued development on all platforms (satellite, broadband and DTT), the launch of the Eurosport HD channel and a year that had a plethora of sporting events.

Operating income as at December 31, 2008 amounted to €176.5 million, as compared with €305.2 million the previous year. Leaving aside the decline in turnover and the cost of the Olympic Games for Eurosport, this result was positively impacted by the three-strand expenses optimisation plan:

- decreased outside expenses: + €15 million,
- discontinuation of unprofitable activities (JET, TFou…): + €9.2 million,
- gains achieved through Group contract renegotiation (not including audio-visual rights): + €7.6 million.

It was negatively impacted by reorganisation costs (€41.6 million) and a cost overrun for the TF1 channel concerning Euro 2008 as compared to the 2007 Rugby World Cup (€4 million).

The operating margin is 6.8%.

The TF1 channel's grid costs increased by 0.8% to €1,032.1 million. Not including sporting events (Euro 2008 and the 2007 Rugby World Cup), grid costs rose by 0.4%, to €978.2 million.

Net cost of debt increased between 2007 and 2008, from €21.4 million to €22.4 million, principally because of a rise in the average debt over the full year owing to the acquisition of a 33.5% share in the AB group in April 2007.

Other products and expenses amounted to €40.9 million as at December 31, 2008. This sum arises mainly from a re-evaluation of the fair value of the TF1 Group's 9.9% share in Canal+ France, provisions for depreciation of non-recurring assets, and the positive effect of US dollar currency hedges.

The Group's net income has fallen by 28.1% to €163.8 million as a result of the downturn in activity, costs underwritten in 2008 relating to broadcasting major sports events, and reorganisation expenses.

As at December 31, 2008, total shareholders' funds amounted to €1,376.9 million on total balance sheet of €3,740.2 million. Net debt stood at 51.2% of total shareholders' funds, or €704.5 million, €500 million of which are linked to a bond loan which matures in November 2010, the remainder consisting mainly of drawdowns from Bouygues Relais. In addition, TF1 can sell to Vivendi its shares in Canal+ France as from February 2010, for a guaranteed sum of €745.8 million.

	Consolidated revenue		Current operating profit	
(€m)	**2008**	**2007**	**2008**	**2007**
Broadcasting France	**2,103.5**	**2,195.8**	**164.3**	**252.0**
TF1 Channel	1,655.0	1,729.3	136.4	221.1
Téléshopping Group	126.3	136.5	5.4	7.9
Thematic channels in France	187.9	188.6	3.6	2.0
TF1 Entreprises and subsidiaries	36.0	40.5	(0.4)	1.8
In-house production companies	31.1	28.1	2.7	2.1
e-TF1	60.4	65.1	(4.1)	(1.4)
Other	6.8	7.7	20.7	18.5
Audiovisual rights	**174.0**	**268.1**	**(10.8)**	**17.2**
Catalogue	54.7	101.4	(12.9)	6.1
Video	119.3	166.7	2.1	11.1
International broadcasting	**316.2**	**274.8**	**26.6**	**38.2**
Eurosport International	311.9	272.6	26.6	32.3
France 24	4.3	2.2	0.0	0.0
Europa TV	-	-	-	5.9
Total other activities	**1.0**	**0.2**	**(3.6)**	**(2.2)**
CONTINUING ACTIVITIES	**2,594.7**	**2,738.9**	**176.5**	**305.2**

BROADCASTING FRANCE

Revenue for the Broadcasting France division fell by 4.2% in 2008, to €2,103.5 million. Operating income declined by 34.8% to €164.3 million, achieving an operating margin of 7.8%.

The TF1 channel's advertising income was down by 4.1% and that of other activities in this division by 4.5%.

TF1 CHANNEL

(Source: Médiamétrie)

Throughout 2008, despite the increasingly wide choice of offering and the changes in the audiovisual sector (in January 2007, 40% of French audiences were receiving DTT channels, by the end of December 2008 this figure had risen to 78%), TF1 achieved a 27.2% share of the audience with respect to individuals aged 4 years and over, and 30.9% women under 50. TF1 reaffirmed its place as market leader, achieving 96 of the 100 top audiences in 2008.

In keeping with TF1's vocation as a general interest channel, all kinds of programme appeared in this ranking, in particular American television series (including franchises such as *Experts* and *Esprits Criminels* as well as *Grey's Anatomy*, *Dr House etc.*) which continued to attract large audiences, including a record 10.2 million viewers for *Les Experts Miami* on January 8, 2008.

Headed by *Euro 2008*, sports programmes restated their exclusive, event-driven nature on TF1 with the *Holland-France* match attracting 12.7 million viewers on June 13, 2008.

Feature films have remained as popular as ever with the French public, thanks, in particular, to French family comedies (*Les Bronzés 3 – Amis pour la vie* attracted 11.2 million viewers) and American blockbusters (*La Légende de Zorro*, *Benjamin Gates et le Trésor des Templiers* which respectively achieved totals of 8.8 million and 8.6 million viewers).

Also included in this hit-parade of successful TV programmes are specials like *Les Secrets des Enfoirés*, *l'Élection de Miss France* or the *NRJ Music Awards,* as well as documentaries and French fictional drama, such as *Julie Lescaut* or *Joséphine Ange Gardien,* which attracted over 8 million viewers in 2008.

ADVERTISING

(Source: TNS Media Intelligence)

Over the past 12 months, the advertising sector has felt the effects of President Nicolas Sarkozy's announcement, on January 8, 2008, concerning the suppression of advertising on all national television channels, as well as those of the new price structure introduced by France Télévision at the beginning of 2008. The combination of these factors with a declining economic climate resulted in advertisers taking a "wait and see" approach. This caused a 4.1% reduction in the channel's net advertising turnover for 2008.

TF1's share of the advertising market was 59.0% in 2008, as against 55.0% in 2007 (among historical Televisions). TF1's market share amounted to 44.7% in 2008, compared with 44.9% in 2007 (on the whole television market).

Of the mass consumption sectors, "food products", (TF1's biggest advertising client generating 21.8% of gross advertising revenue) has fallen by 9.4%. This sector has suffered the effects of a complex economic situation, particularly with respect to volatility in the price of raw materials and a decrease in consumer spending in France. The "beauty products" sector held up better with a fall of only 1.1% while "household products" managed to increase by 3.3%. Other sectors hit by the economic turndown include "publishing" and "telecommunications", whose takings fell by 5.9% and 2.9% respectively. Lastly, the repercussions of the financial crisis also impacted advertising investment in the "financial institutions and insurance" sector, down by 7.2%.

In contrast, the "automobile" sector (up by 12.3%) was positively affected throughout the year by spin-offs from the *Salon Mondial de l'Automobile* (World Car Exhibition) and the Eco labelling system that encourages drivers to buy vehicles that cause less pollution. The "health sector" remained on a strong upward trend, progressing by 24.3%, to become TF1's 8th biggest investor in advertising.

THEMATIC CHANNELS FRANCE

(Source: Médiamétrie - Médiamétrie Press Release - 29/12/2008)

In 2008, Thematic Channels France generated revenue of €187.9 million, a decrease of 0.4%, to consolidated revenue. The group's various channels achieved equally varied results. While DTT freeview channels saw their distribution make rapid progress (TMC was received by 82% of French households at the end of 2008 as against only 60% at the end of 2007), the pay-to-view channels available via cable, satellite and broadband suffered from reduced spending on the part of advertisers because of the economic climate.

TMC's clear position as a general interest channel for family viewing resulted in steady growth throughout 2008, with an end-of-year audience share of 2.3%. TMC is French DTT's leading channel with weekly audience figures of over 27 million, having increased its audience by 10 million in the course of one year.

Eurosport France, with its 1.6% audience share, remains the most watched and most attractive complementary channel in France, not including DTT channels (source: Médiamétrie MédiaCabSat, survey of thematic channel audiences between December 31, 2007 and June 15, 2008). Eurosport France can be viewed in High Definition on Canalsat since December 5, 2008.

As at December 31, 2008, the group's operating margin had improved to record a result of + €3.6 million as against + €2.0 million the previous year.

Channels	No. of households receiving the channel on December 31, 2008 (in millions)	No. of households receiving the channel on December 31, 2007 (in millions)	Change	Audience share (2)
TMC (1)	18.2	14.7	+23.8%	2.1%
Eurosport France	7.3	7.3	-	1.6%
TV Breizh	5.9	6.0	-1.7%	1.0%
TF6	5.9	6.0	-1.7%	0.9%
LCI	7.1	6.9	+2.9%	0.9%
Série Club	4.9	5.2	-5.8%	0.8%
Odyssée	2.5	2.0	+25.0%	0.3%
Ushuaia TV	2.2	2.6	-15.4%	0.3%
Histoire	4.4	4.6	-4.3%	0.2%

(1) Including terrestrial in south east France (around 2.2 million households) and DTT.

(2) Sources: Médiamat and MédiaCabsat wave 15 for the group's other channels - Extended offer, initialised base.

AB GROUP

The AB Group owns a catalogue of French-language television programme rights for over 1,300 programmes representing 37,000 hours of programming, including, for example, episodes from series such as *Navarro* and *Femme d'Honneur*. Moreover, the Group operates 22 television channels, including: RTL9 (65%), AB1, NT1, TMC (40%) with TF1 in France and AB3 and AB4 in Belgium...

The AB Group share of TF1's 2008 consolidated accounts amounted to €11.2 million.

THE TF1 CHANNEL'S DIVERSIFICATION ACTIVITIES

Téléshopping

The Téléshopping group's contribution to the 2008 consolidated revenue fell by 7.5%, to €126.3 million (€136.5 million in 2007), primarily because of the unfavourable economic situation and the downturn in household consumption.

Programme support and Catalogue business has suffered most from the economic downturn, while Internet sales have held up more successfully. The Stores branch of the operation has continued to thrive and has benefited from the opening of a third store in Lyon. In a generally adverse advertising situation, the group's Infomercial operation has recorded a 12% growth in turnover, thanks chiefly to increased audiences for DTT (TMC and NT1).

In Turkey, Dogan Téléshopping has seen turnover increase by 33%, due primarily to the optimisation of commercial offers and sustained growth of its Internet platform, plus the fact that it is now broadcast on a new 24/24 channel.

In this context, the Téléshopping group's operational results amounted to + €5.4 million.

TF1 Entreprises

Revenue for TF1 Entreprises and its subsidiaries was down by 11.1% in 2008.

The decline is primarily attributable to Music and Publishing activities which have been suffering the effects of reduced consumer spending in their sector (-15% for the music market, according to the French National Union of Phonographic Publishers, or SNEP).

Although penalised by a declining games market (-4.6% at the end of November, according to NPD), Games operations benefited from the acquisition of the Dujardin company and its *1000 Bornes* range, including the introduction in 2008 of *1000 Bornes Plateau* which was a resounding success, selling 90,000 copies, as were *1000 Bornes de Poche* (85,000 copies), *Nain Jaune* (35,000 copies), and the various boxed sets (70,000 units).

The TF1 Entreprises Group's operational result was (€0.4) million in 2008.

Production

The Production division (comprising TF1 Films Production, TF1 Publicité Production, Alma and the Glem Group) generated revenue of €31.1 million in 2008 and improved its operational result to €2.7 million.

e-TF1

Turnover for e-TF1 amounted to €60.4 million in 2008, a fall of 7.2% compared with 2007. Despite the great success of e-TF1 activities related to the Channel's television programmes (such as *Secret Story*), fewer interactive operations and a significantly less dynamic advertising market were responsible for the decline.

Other e-TF1 activities continued to prosper and benefited from the increasing number of visitors to the TF1 Network site (15.7 million individual visitors in December 2008, source: Nielsen NetRatings).

e-TF1's operational result for 2008 was (€4.1) million.

AUDIOVISUAL RIGHTS

The revenue of the Audiovisual Rights division fell by 35.1% to €174.0 million, with a negative operational result of (€10.8) million.

Catalogue business amounted to €54.7 million, due primarily to an unfavourable basis for comparison (*La Môme* released in 2007), box-office success being less than expected and films not being released on schedule. The operational result was (€12.9) million.

The TF1 Vidéo contribution (including CIC) was €119.3 million, down by 28.4%. TF1 Vidéo is operating in a receding DVD market and sales volume has declined by 19.8% owing to the lack of major films being released on DVD. The kind of performance seen in 2007 by titles such as *La Vie en Rose*, *Indigènes* and *Les Infiltrés* has not been repeated in 2008. Although they are still quite low, the VOD, or *Video on Demand,* sector has continued to make good progress compared with 2007. The operational result was €2.1 million.

INTERNATIONAL BROADCASTING

Eurosport International's turnover rose by 14.4%, to €311.9 million in 2008. This increase was mainly due to increased subscriber receipts (+11.4%) and advertising income (+16.7%).

At the end of December 2008, the Eurosport International channel was being received by 108.9 million households in 59 countries (+3.4%). On the international front, Eurosport had 66.4 million paying subscribers on December 31, 2008, an increase of 9.4%, some 68% of whom were from Central and Eastern Europe.

In May 2008 the group's offer was strengthened with the launch of the Eurosport High Definition channel in 26 countries. Most of the major sporting events were broadcast using this cutting-edge technology. The launch illustrates the group's capacity for innovation, its expertise and its responsiveness.

The complementary channel Eurosport 2, launched in January 2005, now broadcasts to 34.4 million households in 46 countries, achieving an increase of 25.9% in one year. Showing Hungarian and Romanian *Premier League* matches and now the new Serbian version, Eurosport 2 has been able to maintain its growth in Eastern Europe.

Eurosport News, the sports news channel, is received by 5.6 million households, practically all of which are paying subscribers.

Eurosport Events, a company specialising in organising sporting events and marketing non-media merchandise, extended its offer to include the new World Series of Snooker in June 2008.

Internet business continues to benefit from the Eurosport-Yahoo! Partnership through a site launched on the English, German, Spanish and Italian markets in 2007. Internet advertising revenue increased by 16.5%. This partnership has consolidated our position as the top sports site in Europe, supported by Eurosprt's editorial quality, marketing power and Yahoo!'s technical expertise.

International investments are also proving to be fruitful, as Eurosport has consolidated its position in the Asia/Pacific market, with 2.5 million households receiving the channel at the end of September 2008.

The operational result was €26.6 million, down by 17.6% because of the lavish programming (the Olympic Games in particular) as well as investment in the major development areas (High Definition, strengthening Eurosport2 in the UK etc.).

France 24 (in which TF1 has a 50% share), contributed €4.3 million to the division's revenue in 2008 and maintained a balanced operational result. TF1 sold its share of France 24 to Audiovisuel Extérieur de la France (AEF) on February 12, 2009.

MISCELANEOUS ACTIVITIES

MÉTRO FRANCE

The Métro France company, in which TF1 has a 34% share, had an average daily circulation of 750,000 in 10 French towns in 2008. The Métro France Publications share of TF1's 2008 accounts is (€0.8) million.

PILIPILI – TOP TICKET.S

In September 2007, TF1, Artémis (Pinault group) and Recruit (Japanese leader in the advertising press sector) launched a free urban monthly magazine and website dedicated primarily to publishing store advertisements that include invitations and special offers for customers. The magazine is currently available in six French cities: Lille, Lyon, Toulouse, Strasbourg, Rennes and Grenoble.

THE ROLE OF TF1 VIS-À-VIS ITS SUBSIDIARIES AND RELATIONS WITH THE PARENT COMPANY

(With regard to functions carried out by executives in the main subsidiaries, see pages 5 and 23).

The TF1 Group comprises around 50 operating subsidiaries held directly or indirectly (see the group organisation chart on page 6). Most of them are located in France.

The role of TF1 is the upstream definition of the group's main strategic directions. It gives guidance to the various structures, in particular seeking synergies and harmonising procedures.

From a financial point of view, TF1 verifies the level of capitalisation of its subsidiaries. The TF1 Group treasury department manages and consolidates the cash-flow of all group subsidiaries, with the exception of TMC, TCM, Metro France and Série Club, which manage their own cash-flow and financing.

The regulated contracts between TF1 and its subsidiaries, described in the special report of the statutory auditors, cover:

- the permanent availability to subsidiaries of TF1 functions (general secretariat, legal monitoring, internal communications, research and statistics, management control, etc.). This availability is invoiced to each subsidiary on a prorata basis of headcount and revenue. In financial year 2008, the total invoiced was €18.8 million. Other services requested by subsidiaries are invoiced at market rates,
- by virtue of an agreement dated October 12, 2005, effective January 1, 2005, LCI can, when major events occur, switch its channel to that of TF1, enabling it to assure immediate coverage. In 2008, LCI received a fixed annual fee of €5.0 million,
- the other agreements (notably the long-term loan to Eurosport) are detailed in the special report of the Statutory Auditors.

The regulated contracts between TF1 and Bouygues, described in the special report of the statutory auditors, cover:

- the permanent availability of Bouygues functions (human resources, finance, IT, communications, social development, etc.). This availability is invoiced on a prorata basis of TF1 headcount, permanent capital and consolidated revenue compared to those of Bouygues. In financial year 2008, the amount invoiced was €4.0 million. Other services requested are invoiced at market rates,
- the other agreements with Bouygues (share management, institutional campaign, plus use of aeroplanes) are detailed in the special report of the statutory auditors.

3.1.2 The TF1 parent company

In 2008, TF1 SA recorded revenue of €1,578.1 million, comprising advertising business amounting to €1,568.3 million and miscellaneous revenues of €9.8 million. Operating income totalled €151.0 million, a fall of 37.7%.

Financial income amounted to €3.7 million.

Net profits for the financial year were €138.9 million, a decline of 31.8%.

Expenses not allowable as deductions in calculating corporate income tax, as identified by Article 223 of the General Tax Code (GTC), amounted in 2008 to €252,052. No expenses fell within the terms of Articles 39-4 and 39-5 of the GTC.

APPROPRIATION AND BREAKDOWN OF TF1 PROFITS

In the resolutions submitted for your approval, you are asked to approve the parent company and consolidated accounts for financial year 2008. Having noted the existence of distributable profit of €244,339,483.77, taking into account net income for the period of €138,921,498.49 and the Retained Earnings of €105,417,985.28, you are also asked to vote on the following appropriation and breakdown proposed by the Board of Directors:

- distribution of a cash dividend of €100,302,931.24 (i.e., a dividend of €0.47 per share with a nominal value of €0.2),
- attribution of the remaining €144,036,552.53 to Retained Earnings.

The dividend detachment date (ex-rights date) for the Euronext Paris market shall be 22 April 2009. The dividend shall be paid in cash on 27 April 2009 and the cut-off date for positions qualifying for payment shall be the evening of 24 April 2009.

In accordance with paragraph 2, section 3 of Article 158 of the General Tax Code, this dividend is eligible for a 40% tax allowance for individuals fiscally domiciled in France.

You are asked to authorise the appropriation of the dividends arising on the TF1 treasury shares to Retained Earnings, in accordance with Article L. 225-210 of the French Commercial code.

You are reminded that the dividends distributed for the three preceding financial years were as follows:

Year ended:	Dividend paid per share	Allowance*
31/12/2005	€0.65	yes
31/12/2006	€0.85	yes
31/12/2007	€0.85	yes

* *Dividend eligible for a 40% allowance for individuals fiscally domiciled in France in accordance with Article 158.3.2 of the GTC.*

3.1.3 Outlook

2008 was a pivotal year for the TF1 Group. The four watchwords were: reorganisation, renewal, repositioning, returns.

These actions will be further strengthened in 2009.

REORGANISATION

In 2009, reorganisation will chiefly affect four main areas:

- governance: a new bonus system will be established and staff costs will be controlled by a policy of no longer systematically replacing staff who leave,
- management, via the implementation of Sigma, an Information Systems management tool, which will be common to the whole group,
- purchasing, by exploiting the Group's synergies,
- news, by pursuing the process begun in 2008.

The News Department will be one of the areas most involved in the reorganisation, with the aim of both strengthening synergies and continuing cost reduction without impacting negatively on programme quality.

The principal agent of this reorganisation will be Process News & Sports 2 (PNS2). PNS2 is a tool enabling channels to share the acquisition, management and production of stories, thus strengthening each channel's responsiveness. By facilitating the implementation of shared methods, PNS2 will improve the productivity of the news/sport division. The tool will be set up during the summer at LCI and in the autumn at TF1.

These reforms affecting methods and tools will also be beneficial in that they will enable TF1 to consolidate its competitive advantage by using new technologies, whereby TF1 news items will be produced and broadcast in High Definition.

This reorganisation should also result in more efficient management for the TF1 Group as a whole.

RENEWAL

In 2009 the TF1 Group will continue its policy of renewal regarding all kinds of programme: dramas and comedies, with new regularly appearing heroes, promising American TV series, game shows and light entertainment, reality shows for all audiences. TF1 will also continue to innovate and introduce new concepts.

Once again, this is a field where High Definition will be a major advantage both for entertainment and topical programmes on TF1.

REPOSITIONING

In 2009, the TF1 Group will pursue its strategic positioning as 360° media.

The TF1 Publicité advertising department which began this repositioning in 2008 is now operational. Since January 1, 2009, TF1 Publicité has been marketing the advertising airtime for all 113 local radio stations (having won the tender issued by GIE Les Indépendants in June 2008).

This leading product[1] (17.7% of commercial radio listeners aged 25-49) is complemented by the twinning of Sud Radio and Wit FM, which add the final link to the geographical radio coverage of the Indépendants group.

TF1 Publicité will also be offering its clients online advertising in 2009.

The group will be pursuing the multi-platform strategy launched in 2008, which enables all channels and brands to be represented on all the media and each platform to strengthen and be strengthened by the others.

A new TF1.fr website will be launched before the end of the first half of 2009. Corresponding closely with the television channel, the website will be a perfect example of the TF1 Group's bounce-back strategy, enriching and prolonging viewers' enjoyment with entertainment, news and interaction. Throughout the day, the new TF1.fr website will provide the opportunity to communicate with visitors to the site via videos, games, news stories, and dialogue (blogs, forums etc.).

RETURNS

In such a profoundly worrying economic situation, TF1 sees its likely consolidated turnover for 2009 as declining by 9%. A plan to reduce costs by €60 million, which will affect all the Group's activities, is to be implemented in response to this outlook.

This unprecedented cost-reduction programme has been decided in response to an exceptional economic situation: an international recession, an economic forecast of around -2% growth in France (IMF) for 2009, advertisers in financial difficulty, reduced investment in advertising, downturn in household consumption, growing presence of DTT, an imbalance in supply and demand for television sets and significant pressure on prices and profit margins.

This ambitious, but nevertheless realistic, savings programme, which will be followed in all the Group's various structures, consists of six major strategies:

- limiting investment,
- strengthening purchasing policy,
- no longer systematically replacing departing staff,
- decreasing programming costs without affecting audiences,
- accelerating overall reorganisation,
- reducing general expenses (assignment and entertainment expenses, IT costs, structure simplification etc.).

The objective of this plan is to respond to the effects of the current world economic climate without, however, sacrificing the medium-term to the short-term. Firstly, the savings made will not endanger in any way the TF1 tool or the TF1 brand. Secondly, the teams employed by the channel and its subsidiaries will continue to work on future projects, thus enabling TF1 to meet its profitability targets and consolidate its leading position.

In 2009, the TF1 Group strategy will continue to focus on two main areas: maintaining its position as leading unencrypted television service, for both TF1 and TMC, and establishing itself as a 360° medium.

TF1 will also continue its actions regarding sustainable development in 2009, with the aim of increasing public awareness of environmental, cultural diversity and solidarity issues.

(1) Source: Médiamétrie 126,000 Radio Oct.-Nov. 2008/Monday-Friday/5 a.m. - midnight.

3.1.4 Research and development expenditure

TF1's R&D activity primarily involves experimental development, aimed at launching a new product or broadcasting a new programme. In parallel, TF1 is also developing software and systems designed to increase performance.

In 2008, TF1 Group R&D expenditure totalled €13.5 million.

These new products, services and programmes developed for the TF1 Group are distributed in the following way.

R&D COSTS RELATED TO PROGRAMMES

TF1 Group activity includes significant creation and innovation in terms of entertainment programmes, TV dramas and the production of films, whose results are difficult to forecast. This innovation and creation of new programme concepts can include the following phases:

- acquisition of a format, programme concept, literary convention,
- execution of a sociological study of these new programmes among viewers,
- consulting service,
- finding a shooting location, casting, set design, production of an episode, etc.

Therefore, R&D costs related to programmes include:

- these different costs assuming that these new formats (TV drama, shows, entertainment, etc.) have never been broadcast in this form, whether or not they are broadcastable, insofar as they impact the costs for the fiscal year (scrapped or broadcast),
- the cost of literary conventions related to new concepts (not previously broadcast), scrapped during the fiscal year.

R&D COSTS RELATED TO INNOVATIVE TECHNOLOGY PROJECTS

The TF1 Group has set up a team dedicated to studying and developing technological innovations. Its mission is to:

- stay abreast of general-public technologies and their usage,
- propose new ideas for products leveraging emerging technologies,
- produce and test prototypes,
- carry out marketing, consumer and economic studies, etc.

In 2008, the team chiefly focused on:

- interactive services for "*triple-play set-top-boxes*",
- internet-connected television sets,
- new internet video advertising products,
- internet video broadcasting (*streaming*, *web players*, *Content Delivery Networks*),
- content protection and fighting fakes,
- digitising cinemas.

These new activities are based on innovative concepts, thus implying investment and launch costs:

In 2008, the TF1 Group launched TF1 Outdoor, which broadcasts on outdoor screens in public places. It also successfully applied for permission to carry out digital wireless radio broadcasts in three new innovative formats: LCI Radio, Wat Radio and Plurielles Radio.

R&D COSTS RELATED TO DEVELOPING SOFTWARE FOR USE IN-HOUSE

In 2008, the Department of Technology and Information Systems (DTSI) worked on the implementation of the Process News & Sports 2 (PNS2) software, whose objective is to modernise the system for producing news bulletins and sports magazine programmes. In 2009, this new system will replace PNS1, which had been introduced in 1999.

In addition, the DTSI teams have developed a new tool, Jade, which will improve staff and technical equipment planning.

TF1 has also invested significantly in developing a very high quality system of broadcasting from Lorient, intended for use by the Discovery division. This system will enable automated management of format (16/9e, 4/3 etc.) and catch-up television.

Lastly, the Study and Development team from the DTSI's Broadcasting division has been working on High Definition DTT, which started at the end of October, TMP (Personal Mobile Television) and the *switch-off* (end of analogue broadcasting, due at the end of 2011).

3.1.5 Post balance-sheet events

REGULATIONS

The law relating to audiovisual communication and the new national television service was promulgated on March 5, 2009 and published at the *Journal Officiel* (French Legal Gazette) on March 7, 2009.

FRANCE 24

On February 12, 2009, TF1 SA completed the sale to AEF (Audiovisuel Extérieur de la France) of its shares in France 24, which represented 50% of the capital and voting rights. The sale generated a net profit of around €2 million, which will be entered into the accounts for the first quarter of 2009.

SHOPPING À LA UNE

On February 12, 2009, Téléshopping SAS completed the transfer of all its shares in its subsidiary *Shopping à la une* to the company *Initiatives et développements* (I&D) in exchange for convertible bonds for its subsidiary Global Technologies, at a nominal value of €2 million.

At the same time, Téléshopping has the right to sell back the bonds received or the shares obtained in exchange, if certain conditions are not met in the next few years, namely those relating to appreciation in value.

LITIGATION

On January 12, 2009, TF1 was notified of grievances established by a rapporteur of the Competition Council concerning practices implemented in the pay television sector through the CERES agreement and the thematic channels' distribution agreements made in application of the CERES agreement.

There were no other post balance-sheet events to report.

3.2 HUMAN RESOURCES AND ENVIRONMENT UPDATE

3.2.1 Human resources

WORKFORCE

The breakdown of the TF1 Group workforce was as follows (as at December 31, 2008):

CDI (PERMANENT CONTRACTS)

Employees	Supervisory staff	Managers	Journalists	Total
77	734	2,323	597	3,731*

* Of whom 213 work abroad.

CDD (FIXED-TERM CONTRACTS)

Number of staff on fixed-term contracts	234
Number of staff with a qualification contract	57
Number of staff with an apprenticeship contract	50

SHORT-TERM CONTRACT WORKERS

Branch negotiations, concerning the establishment of a national professional agreement to give a collective status to fixed contract temporary workers employed by the broadcasting industry, resulted on December 22, 2006, in an agreement being signed between the Private Television Union (consisting of Canal+, M6 and TF1), all broadcasters including the national service, and most of the trade unions (CFDT, CFTC, CGC and FO). Following this, harmonisation agreements concerning the use of standard CDDs and de facto CDDs (Fixed Term Contracts) by TF1, LCI and Eurosport were concluded with the trade unions during 2007.

Throughout 2008, TF1 pursued its consistent, pro-active policy of integrating temporary workers, which was introduced in 2002 to try and reduce job insecurity for those employed on standard and de facto CDDs, and other temporary contracts. Since 1922 this policy has resulted in the hiring of 606 non-permanent workers (technical temporary workers, honorarium artists, freelancers and Directors). The TF1 Group is below the 10% of total employees threshold with respect to using temporary fixed-fee contract workers. It should be noted that only 1.75% of the total number of workers at TF1 SA are now temporary fixed-fee contract workers.

At the same time, TF1 has been setting up a genuine social benefits policy for this category of staff:

- concerning profit-sharing: access to TF1 or Bouygues share capital schemes, according to the conditions described in the agreement,
- concerning health: non-permanent associates can, in certain conditions, access a health insurance scheme. The expanded inter-branch agreement dated April 1, 2007 led to a reworking of the group's insurance scheme for this category of employees. A new scheme has been set up that incorporates the agreement's basic minimum service whilst maintaining the chief guarantees (illness, maternity etc.) already included in the TF1 contracts for this group of workers. TF1 was keen to keep the social benefits already in place for this category of workers,
- other: specific agreements relating to the use of such temporary workers (via de facto CDDs), annual re-evaluation of wage scales, access to social and cultural events organised by the Works Council.

Thus, for the Group as a whole, the break-down of full-time equivalent workforce over the 12 months, represented by non-permanent employees, was as follows:

Temporary fixed contract workers	Freelancers	Honorarium artists	Directors
287	46.2	58.94	11.66

HIRING AND DEPARTURES IN 2008

Number of staff hired on permanent contracts	496
Number of retirement departures	2
Number of retirements	3
Number of redundancies	22
Number of negotiated departures	164

Recruitment policies stem directly from the three-year strategic plans set out by General Management, after discussion with the various operational and functional structures within the group. They are adapted in real time to suit actual conditions in the company and aim to deliver the extremely high professional standards required for the company to maintain its position as market leader in its different activities and continue to motivate individuals and teams.

Recruitment involves integrating young talent (and equipping it for the jobs of tomorrow) and seeking seasoned professionals (to bolster existing teams or to launch new lines of business) on an on-going basis.

Equal numbers of staff left and were hired in the TF1 Group in 2008, due to General Management's determination to reorganise services in such a way as to develop synergies.

Overtime hours remained stable, mainly because of the inclusion of hours worked by temporary workers when filming fiction dramas produced by Alma Productions (*RIS* and *Seconde Chance*).

Number of hours of overtime	Total cost
63,846.60	€1,875,997.54

Very little use was made of workers from outside the TF1 Group (temporary workers) in 2008, as they amounted only to 13.7 full-time equivalents, or 0.36% of the group's permanent workforce.

ORGANISATION OF WORKING HOURS

Agreements on adapting and reducing working hours have been reached in all group companies. They govern the different staff categories according to their status (agreements on permanent staff – production, technical and administrative staff and journalists – and temporary staff).

Non-management staff work 37 hours a week and benefit from 14 supplementary work days off per year. Management staff work 213 to 216 days annually and benefit from 12 or 13 supplementary work days off per year. Supplementary workdays off do not apply to executives.

All TF1 Group companies are governed by ARTT ("35 hour working week") agreements, which enable staff to manage their time off, the only proviso being that it does not undermine the smooth running of operations.

A year after the signing of an addendum (Annex 7) to the agreement on adapting and reducing working hours, applicable to staff in the technical department, for services operating seven days a week, it is clear that the agreement has given employees a better view of and increased confidence in their time planning. It has also improved salary conditions for various constraints such as Sunday work and fairer sharing of weekend work.

To ensure that all staff have the opportunity to acquire new skills, and this for their own personal development and with no specific links to their jobs, they can convert supplementary workdays off into personal development time. This is not considered to be part of the company training plan.

All TF1 companies decided to maintain Whit Monday as paid holiday in 2008, and pay the associated contribution to "Solidarity Day".

ANNUAL WORK TIME: THE TABLE BELOW IS A SUMMARY OF THE DIFFERENT AGREEMENTS ON ADAPTING AND REDUCING WORKING HOURS THAT APPLY IN THE TF1 GROUP OF COMPANIES

PTAS status*	PTAS* annual work time
PTAS* status	1,569 hours – 1,576 hours
Non-management in constant hours and cycles (employees and supervisory staff)	1,584 hours - 1,591 hours
Managers in cycles	213 days - 216 days
Managers with a fixed number of annual days	N/A

* *Production, technical and administrative staff.*

Journalist status	Journalists' annual work time
Journalists with a fixed number of annual days	208 days - 215 days
Executives	N/A

TF1 GROUP ABSENTEEISM AND REASONS

Absentee rate (as a % of the no. of employees)	4.10
Total days of absence	45,693
Number of days absent without pay	986
Number of days absent for sickness	22,379
Number of days absent for occupational accident or work-related travel accident	3,020
Number of days absent on maternity/paternity leave	15,625
Number of days absent for special leave	3,820

As at December 31, 2008, 232 permanent staff were employed part time – 81% of them women and 19% men. Part-time at TF1 is a personal choice in practically all cases.

COMPENSATION

Compensation is reviewed each year through a mechanism that can combine general increases and merit increases with means and possibilities of tailored employee savings.

At privatisation of TF1 in 1987, 10% of its capital was offered to employees under preferential conditions. Consequently, 1,384 employees or former employees became shareholders, representing 2.33% of the capital. Currently, employee shareholding represents 4.3% of the capital.

In 1988, TF1 set up a company savings plan for all group employees.

As at December 31, 2008, 2,942 employees were members of the TF1 company savings plan, representing 82.55% of eligible employees of those companies of the TF1 Group belonging to the plan. Since May 1, 2008, the company contribution has been increased from 100% to 200% for the first €300 deposited.

The maximum company contribution is €3,750 gross per employee per year, making a net total contribution for 2008 of €7.9 million.

To help employees prepare to fund their retirement, the Bouygues group has set up a retirement savings fund, providing for a company contribution equal to 20% to 100% of the sums deposited, depending on the amount paid in by the employee. 11.90% of eligible employees were members of the scheme on December 31, 2008.

Profit-sharing has been paid out to all employees since 1989. In 2008, the profit-sharing reserve (relating to 2007) amounted to €11.1 million, or an average net amount per employee of €2,036.

The law dated February 8, 2008, aiming to improve consumer purchasing power, enabled 743 of the group's employees to redeem in advance share certificates held since before December 31, 2007, amounting to a total of €3.08 million.

To involve employees in measures related to respecting the group's financial commitments and improving personal and collective performance, management has set up a profit-sharing agreement for the whole of the TF1 Group, which has been signed for 2008, 2009 and 2010, with the actual objectives to be negotiated annually.

AVERAGE GROSS MONTHLY COMPENSATION FOR PERMANENT EMPLOYEES PER PROFESSIONAL CATEGORY IN THE TF1 GROUP IN 2008 (IN €)

Employees	Supervisory staff	Managers	Journalists	All categories
1,778	3,183	5,268	5,747	4,855

In 2008, the average annual salary increase was 4% for the TF1 Group. This figure corresponds to the comparison of employees' salaries who were in service on both December 31, 2007 and December 31, 2008.

It should be noted that, over the same period, social charges expenditure remained stable.

Employee contributions	Employer contributions	Total
€63.98 million	€113.37 million	€177.35 million

EQUAL OPPORTUNITIES FOR MEN AND WOMEN

2008 STATISTICS FOR THE WHOLE TF1 GROUP

Average gross monthly starting salary (in €)*	Employees	Supervisory staff	Managers	Journalists
Women	1,514	1,871	2,401	2,466
Men	1,336	1,838	2,525	2,500

* *Employees aged between 18 and 26 and with less than one year's service.*

New hires	Total
Women	243
Men	253
TOTAL	**496**

Promotions*	Total
Women	206
Men	250
TOTAL	**456**

* *With or without change of professional category.*

Number of trainees in 2008*	Total
Women	1,124
Men	1,211
TOTAL	**2,335**

* *In occupational training.*

Number of training hours in 2008	Total
Women	55,156
Men	53,983
TOTAL	**109,139**

In addition, TF1 continues to pursue its long-term policy of not discriminating between men and women and respecting equality between the sexes in accordance with the law, regarding recruitment, career development and salaries.

Significant work has been accomplished by the “Male/Female Professional Equality Committee” of the Works Council, with regard to comparing the situations of male and female workers employed by TF1 SA according to various criteria (numbers, holidays, training, compensation). Any differences noted that were based on precise indicators were then corrected (cf. 2008 business report).

Thus, in a sector where there were traditionally far more men than women (technical professions), for some years now the TF1 Group has succeeded in maintaining an equal balance, as it now employs 47.6% women and 52.4% men. The same can be said of the supervisory staff, 47.7% of whom are women.

The same results are to be found with respect to promotions made in 2008 (almost 14% of each sex) and training courses attended (63.4% of women and 62% of men).

The differences in compensation noted between men and women are primarily due to the fact that the technical professions needed by the TF1 Group consist mainly of men. Thus, for employees with the same level of qualifications (2 years of tertiary education), there is no denying that the starting salary for an employee with a technical qualification, most of whom are men, is generally higher on the job market than that of an employee with a secretarial qualification, nearly all of whom are women.

On the other hand, employees with the same qualifications all start at the same salary, so that male and female journalists, and male and female managers, of the same age and with the same level of training, will receive the same salaries in their first jobs.

Moreover, the company and the trade unions have decided to allocate the negotiated rates of collective and individual wage increases to all TF1 female employees who took maternity leave during the preceding year. Thus any women who took maternity leave in 2008 received a wage-increase of at least 2.5% in January 2009.

Lastly, in 2008, 25% of women whose maternity leave began in 2007 received a wage-increase that was above the rates negotiated with the trade-unions (collective and individual taken jointly).

INDUSTRIAL RELATIONS AND REPORT ON COLLECTIVE AGREEMENTS

Practically all Group companies have organisations of employee delegates, works councils, health and safety committees and trade union delegates. As a sign of sustained, constructive dialogue with union organisations, 56 negotiation Meetings took place in the TF1 Group in 2008, and twenty-five company agreements were signed.

As a result of the agreement concerning resources to be made available to TF1 SA unions signed in July 2006, union representatives undertook specific training at the start of 2007 in how to use the IT equipment allocated to them (specifically, for building and running their Intranet website), thus providing the trade union organisations with a more suitable, up-to-date means of communication.

In general, the agreements within the group offer social benefits in the area of social protection, departure bonus, time off, union rights, etc. that go well beyond guarantees provided by the Labour Code.

UNION LANDSCAPE WITHIN THE GROUP IN 2008 (PERMANENT MEMBERS)

	Works Council	Personnel delegates	Individual delegates	Board of Directors	Total
CFTC	14	22	33	22	91
CFTC/FO/CGC	6	9	1	5	21
CGT	1	1	0	0	2
CFDT	3	6	1	1	11
Independent	0	1	0	0	1
TOTAL	**24**	**39**	**35**	**28**	**126**

Number of Meetings with employee representatives (Works Council + Personnel delegates + Health & Safety Committee + Board of Directors)	341
Number of negotiations with union delegates	56
Number of collective agreements during the year	25

	2008
Number of occupational accidents with time off	58
Number of fatal occupational accidents (work or work-related travel)	1
Number of health and safety Meetings	58
Employees trained in safety	373

HEALTH, HYGIENE AND SAFETY CONDITIONS

As in previous years, in 2008 TF1 continued its policy of preventing occupational hazards, by raising the awareness of all parties involved.

Health and safety training courses were run for 378 employees from different staff categories in 2008. Fire-prevention training courses accessible to all members of staff are held on a regular basis, and fire drills for all staff are conducted as required by relevant legislation.

There are also job-specific risk management courses: first aid courses, driving in difficult situations (for News and Technical staff entrusted with assignments).

Other training programmes covering specific risks have also been implemented – accreditation for electrical risks and training in manipulation and posture, for example.

There are also courses aimed at improving employee working conditions:

- “managing personal equilibrium in a professional context” (understanding stress mechanisms, identifying their origins so as to better control stress),
- “eye relax” enabling employees to acquire the right reflexes to avoid visual and physical fatigue.

These courses meet employee expectations and have been a great success.

Lastly, a course on IT security has been run for all staff since late 2006.

Each group employee can follow this training.

For TF1, the good health of its employees is a top priority. The two medical teams comprising two company doctors and four nurses provide daily care (nurses treated staff on 8,388 occasions, and the doctors examined 3,470 employees in 2008) and specific care for employees with jobs involving particular risks (they vaccinated 1,163 employees and prepared 150 first-aid kits for staff bound for high-risk zones in 2006). This service also covers freelancers working for the group, as the professional bodies representing this staff category do not have a medical centre.

The two medical teams run significant prevention campaigns, providing a service that is well beyond the legal requirements, including anti-influenza vaccination, prevention of cardio-vascular disease, monitoring of avian flu with the creation of specific protocols, awareness-raising regarding respiratory disease etc. In 2008, a stress-monitoring initiative was launched, whereby employees are asked to complete a questionnaire when visiting the doctor. The aim of the initiative is to identify sources of stress or worry and set up collective actions according to the results obtained.

The master occupational-hazard documents have been updated with the aid of the company doctors and the members of the CHSCT (health, safety and hygiene committee). These documents list all the hazards in each of the companies’ work units and record the monitoring of preventive measures that have been established for each of the risks listed (instructions, training courses, etc.).

PROFESSIONAL DEVELOPMENT

The TF1 Group ensures that all employees receive individual professional guidance with respect to career development throughout their working lives. The reception and integration mechanism for new staff quickly helps them understand the workings of their new environment as well as the various activities of the Group.

The annual interview enables employees to have a one-to-one conversation with their line managers, during which they will discuss how the past year has gone, their objectives for the coming year, their professional development plans and any training needs that have arisen.

Professional development training is an excellent channel for expanding employees' skills, as well as improving the technical, people-based and managerial expertise needed to carry out the tasks assigned. It also aims to prepare associates for new responsibilities.

The work that has gone into Process News & Sports 2 (PNS2), with the aim of modernising the system for producing news bulletins and sports magazines, has resulted in an acceleration of the Group's efforts to train technical and editorial teams.

As has been the case for several years now, management and human relations continue to be a priority, and there are now specialist training tracks for new managers and team leaders. New modules have been introduced this year, particularly in the fields of the role of management lines and maintaining personal balance in the professional environment.

Technical training for IT staff was one of the priority areas to receive major funding.

We should also mention the "professional skills" courses, enabling staff to develop their specific expertise in fields as diverse as journalism, management, law and marketing.

Finally, language courses and theme days for learning about the professions practised within the Group were continued.

In 2008, a budget of €8.3 million was dedicated to training within the TF1 Group, i.e., 3.25% of total wage costs.

2,335 TF1 Group employees received training during 2008.

The training plan involved a total of 55,459 hours of training in the TF1 Group in 2008. Moreover, 35,661 hours of additional training were given to 84 TF1 Group employees through sandwich courses and individual training leave.

As a result of the Individual Training Entitlement (DIF), a total of 273,640 hours were released by the TF1 Group.

289 requests for training were accepted in 2008, i.e. a total of 13,082 were consumed by 289 employees, making an average of 45.26 hours per employee.

The Group's apprenticeship tax for 2008 amounted to €1,808,580

With respect to newly qualified staff recruitment, the TF1 Group has an active policy of offering work placements, thus creating not only an excellent recruitment pool for the company but also establishing high-quality relationships with schools and universities. This framework enabled the TF1 Group to offer placements to 784 individuals in 2008 (school work experience, fixed-term holiday contracts and shadowing placements).

TF1 has built up close relationships with a number of teaching establishments, including:

- Lycée Jacques Prévert, Boulogne (Audiovisual diploma),
- Lycée René Cassin, Bayonne (Audiovisual diploma),
- University of Paris I – Panthéon - Sorbonne (Masters),
- ESCP-EAP, Paris (Masters, Media),
- University of Paris IX- Dauphine (Masters, Telecommunications and New Media),
- Institut National des Télécommunications, Evry (Management and Telecommunications),
- École Nationale Supérieure des Télécoms, Paris,
- AUDENCIA, Nantes

Another priority area in the group's HR policy is professional mobility, meaning the wish to promote the career development of each employee through individual monitoring and deliberate management of the career path. All HR managers meet twice monthly to discuss the mobility requests submitted by employees. Similar Meetings are held regarding staff on fixed-term contracts.

The TF1 Group is currently negotiating an HR Planning agreement.

DISABLED WORKERS

TF1 has strengthened its procedures for welcoming and integrating disabled staff and further increased its use of services provided by the adapted businesses sector, by signing a Group agreement with social partners relative to the integration and retention of disabled workers. The Actions Handicap Committee, created in December 2007, is responsible for coordinating the various actions.

The six main themes of the agreement are:

- a hiring and integration plan, preferably involving permanent contracts (take on at least 30 disabled workers over the next three years),
- professional training,
- management of disabled employees,
- accessibility and adaptability of tools,
- use of adapted sector services,
- information and communication.

In 2008, the group hired 9 disabled workers on different kinds of contract (permanent/temporary/sandwich contracts) in the Audiovisual Technical department, Production, Computer Graphics, Secretarial Services, Accounts and Management.

The Group also offered 3 work-placements with the possibility of a sandwich contract or fixed-term contract at the end of the placement.

The TF1 Group regularly uses the adapted sector for services such as cocktail parties, media product recycling (cassettes, DVDs), printing (information leaflets, sourcing tools, catalogue CE), mail-shots (unsuccessful job applications, competitions), boxed games packaging, DVD wrapping, goodies, staff availability (dispatch of literature, distribution of Christmas cards and gifts), etc.

Number of disabled workers employed by	
TF1 SA	29
Group	49
Pre-tax amount paid to sheltered workshops	
TF1 SA	€149,473.20
Group	€221,793.58

To help achieve its aim of integrating 30 disabled workers, the TF1 Group has developed its sourcing and now works with specialised recruitment agencies, temporary agencies and organisations working in the field of finding jobs for young people with disabilities (Tremplin, Afij, Adapt etc.).

All buildings used by the TF1 Group meet the regulations concerning establishments open to the public and are adapted to suit the disabled, while in the second half of 2009 work is due to begin on making the lifts more accessible.

TF1 is committed to Meeting its responsibilities with respect to the content of its broadcasts and other products, particularly concerning programme accessibility: in 2008, over 80% of its programmes were sub-titled and many benefited from audio-description.

SOCIAL BENEFITS

The Group has a highly developed policy in favour of promoting family life (bonuses of €915 for staff when they marry or have children, places reserved in a crèche). At the request of the works councils, they have been responsible for the payment of child care benefits since January 1, 2005. This is allocated to staff whose children are under four years old and looked after in a crèche, or by a nursery nurse or by a childminder (€8 net per full day worked, up to a maximum of €1,830 per year).

Expectant mothers continue to receive normal wages throughout their maternity leave, and, from the sixth month of pregnancy, work 10 hours less per week. Moreover, they can also take a further four weeks nursing leave. Fathers who have a PACS agreement will henceforth have an extra day's paid leave.

TF1 provides a staff canteen for all employees through a company specialising in group catering and subsidises meals by €4.80. The restaurant itself was designed and renovated with the services of an architect, to the satisfaction of all staff.

A collective group agreement concerning a holiday savings account has been signed by the five trade union organisations represented in the TF1 Group. Set up in 2007, the holiday savings account contains the employees' paid leave "capital", consisting of any paid leave (annual entitlement, extra days per year of service, ARTT days) that has not been taken by the end of the year and/or conversion of all or part of their annual bonus into days off. Employees can then use this capital either to take time off when it suits them or a maximum of five days per year can be converted into extra pay. It can also be used by the company to arrange transitional holiday periods for employees approaching retirement.

Employees benefit from very high quality medical expenses insurance (particularly regarding dental prostheses and optical expenses), half of the premiums being paid by the company. The scheme provides for a high level of services and is a government approved scheme. A collective group agreement relating to complementary health insurance for the TF1 Group has been signed by four of the trade union organisations and came into effect in January 2008. Several different kinds of insurance contract are available to Group employees. There is a specific contract for all employees who travel to high-risk zones (war, earthquake etc.). This agreement is monitored by an insurance committee which includes representatives of the trade union organisations signatory to the agreement.

TF1 is also keen to give its employees a pleasant working environment and to this end has provided workers with on-site services such as an "orange card" machine (for buying public transport passes), a travel agency, a cash-machine and a hairdresser. A sports doctor, health insurance representative and social worker are also regularly available for consultation. Employees have access to a sports room and gym for a very reasonable sum (€12 per month), where classes are held on Saturday mornings as well as on weekday mornings, lunchtimes and evenings. All employees wishing to participate in these activities are seen by the sports doctor first, as the company takes investing in its employees' health and fitness very seriously.

In the context of the "1% Logement" housing assistance programme, TF1 offers "social housing" solutions to employees in need of emergency help. Over the past 20 years, the Group has provided just over 550 such homes to members of its workforce. 25 employees were housed in 2008, a figure that remains stable despite the national housing shortage and increasingly restrictive allocation conditions.

In addition, a new mechanism was set up in 2008 providing temporary accommodation in a residence in Boulogne, for 3 under thirty year olds with a professional project.

Moreover, the Group offers its employees the whole range of schemes provided for in the "1% Logement" housing assistance programme: 55 Loca-pass (loans to pay rental deposits etc.), 58 Pass-travaux (loans to carry out renovations etc.), 17 first-home loans, 2 Mobili-Pass (support for employees whose professional development incurs moving to a different location).

Loans to adapt accommodation for disabled employees, or employees who have a disabled family member, are made available by the collecting bodies.

Lastly, a representative of the "1% logement" organisations is regularly available to employees, to help them with the procedures involved and give advice about financing their property plans.

TF1 regularly convenes the Works Council Housing Committee to inform it of all operations undertaken in the context of the "1% logement" programme. In concurrence with new laws passed in December 2008, the organisations involved in the "1% logement" initiative will no longer be advancing loans for help with renovation costs (Pass-travaux).

EXAMPLE OF THE TERRITORIAL IMPACT OF THE TF1 GROUP'S ACTIVITIES

TF1 encourages its employees to participate in actions of social solidarity, by organising in-house events in collaboration with jeveuxaider.com, a charitable organisations portal.

On March 31 and April 1, 2008, Eurosport made a one-off donation of nearly 11,000 new items, which were distributed to charitable organisations operating in France that focused on sports activities. The work of these associations is aimed at at-risk young people and adults and sick children.

The 2008 "Christmas Solidarity" collection was in aid of local projects and sustainable development. 436 boxes were prepared, using donations from employees and company services, and 13 associations were to receive these gifts, three of which were suggested by group employees.

Established in 2007 with the aim of promoting diversity and professional integration, the TFI Corporate Foundation started its work in 2008 by recruiting its first members (www.fondationtf1.fr).

In January 2008 a call for proposals was published, aimed at 18 to 30 year olds living in sensitive districts. Judged on a video presentation of their reasons for wanting to work in the audiovisual industry, 8 candidates were selected by a jury consisting of members of the profession, and then offered the chance to join TF1 on two-year apprenticeships, which would also include training and individual tutoring. The operation will be repeated each year. The current trainees are working as journalists, Directors, graphic artists, editing technicians, sound technicians and traffic managers. Each is supported by a mentor, who gives him or her the benefit of their own network and experience. The operation will be renewed each year.

Younger people (aged 12 to 17) are given the opportunity to get to know the company through sport-related activities (www.fondationtf1.fr).

So that people from the media can meet people living in disadvantaged areas in circumstances other than those that prevail at times of crisis, the TF1 Corporate Foundation has determined to establish a dialogue between the two by accompanying members of the editorial staff on visits to schools in the suburbs. Journalists, presenters, editors-in-chief etc. explain the work of the various teams and answer questions, at secondary schools in Paris and the provinces.

In 2006, TF1 and the TBWA France Group set up a communications agency in La Courneuve, called Nouvelle Cour. The agency offers students who have been awarded the Courneuve BTS in Communications, a first temporary job in the industry (one or two years at the most). The main purpose of the venture is to discover potential talent that may be lying in the suburbs and give the youngsters concerned some professional experience. This unusual initiative has been a great success: the first people to have taken advantage of this opportunity have since been taken on by well-known agencies. Moreover, Nouvelle Cour was responsible for the TF1 Business Report layout…

ROLE OF SUB-CONTRACTING

The TF1 Group makes almost no use of sub-contracting. However, it does entrust third parties with some services such as security, building maintenance, catering etc. Within the framework of these different partnerships, the TF1 Group asks each of its service providers to contractually adhere to the social and environmental regulations etc. in force.

3.2.2 Report on the environment

TF1 GROUP AWARENESS OF ENVIRONMENTAL ISSUES

Today, there is consensus amongst members of the international scientific community concerning the dangers of climate change and loss of biodiversity.

In France, national debate was inspired by the "*Grenelle de l'Environnement*", a kind of environmental summit held in 2007, with the purpose of developing a new ecology policy and finding a way to make continued growth compatible with the limits of a finite planet. This resulted in the general mobilisation of private, national and charitable organisations and led to the beginnings of a new legislative framework.

It was made clear that the role of the media in this respect was to raise public awareness of issues related to sustainable development, via news bulletins, special programmes and advertising spots telling the public how to be environmentally aware consumers. Whereas the environmental footprint of the media had previously been seen as quite light in comparison with other sectors, it was in fact demonstrated to be similar to that of other economic activities, when looked at from the point of view of greenhouse gas emissions: the sector generates transport, use of electronic products and electricity consumption. Companies in this area of business must therefore set an example for all involved, particularly their viewers.

The TF1 Group is committed to raising public awareness through its broadcasts and websites: practical information concerning the environment is included in daily weather forecasts, major prime-time programmes like Ushuaia Nature, dedicated programmes on thematic channels such as Ushuaia TV, whose editorial policy is entirely dedicated to sustainable development, LCI's talk show, news items and awareness campaigns targeting children (*Bouge-toi pour ta planète !* – Get moving for your planet - on tfou.fr) etc. Throughout the year, the Group's various companies carry out awareness and educational activities to inform viewers about respecting the environment.

Since 2006, with the assistance and expertise of the Bouygues Group, the TF1 Group has been taking steps to measure and reduce its impact on the environment. In 2006 and 2007, in partnership with ADEME (French Agency for the Environment and Sustainable Energy), TF1 carried out a Carbon Assessment, to estimate greenhouse gas emissions caused by its main channel. The resulting action plan aims to reduce emissions from every source identified, whether internal or external.

With respect to other environmental issues, the Group implements a pro-active policy in all the properties it owns: energy consumption, liquid consumption, raw materials consumption (e.g., paper) and responsible waste management. The Group's action and improvement plans always go well beyond legal requirements, and measures introduced echo management's determination to implement best practices, including the mobilisation of suppliers and raising employee awareness.

THE ENVIRONMENTAL MANAGEMENT SYSTEM (SME)

Management of General Services, responsible for the environmental policy at the Group's Paris region sites, has been implementing a management system dedicated to the environment since 2005. Based on a commitment to continuous prevention and improvement, the Environmental Management System leverages TF1's quality processes and in particular the dynamics of the "plan/do/check/act" cycle of the ISO 9001 system and the like.

The "environment" road map is scrutinised every month by a dedicated committee that approves objectives, ensures implementation of actions, measures their efficiency and provides feedback.

SCOPE AND NATURE OF THE MEASURES

In 2006, the Environmental Management System, the defined objectives and the consumption measures were applied to the buildings occupied by TF1 SA, TF1 Publicité, e-TF1, LCI and Eurosport, and the subsidiaries sharing the buildings with them. These buildings are located at Boulogne and Issy-les-Moulineaux and represent a total surface area of around 62,000 m^2, not including car parks. This area is going to change significantly in 2009, as three nearby buildings in Boulogne are to accommodate most of employees, some of whom are currently employed at Seine Saint Denis. This reorganisation will not only benefit the company, it will also reduce travel between the two sites to a minimum and enable improved management of the buildings.

METHOD OF MEASURING INDICATORS

- Electricity and water meters installed in the buildings are read and the readings compared with supplier invoices.
- Waste is measured by the service-provider (invoicing by weight).

To better target in-house consumer profiles, TF1 will continue upgrading its buildings management tool in 2009 by installing more meters throughout the supply networks (electricity, water, air-conditioning etc.) and as a result control consumption by more accurate management of these installations.

NRE LAW DATA

WATER CONSUMPTION

In 2008, water consumption (primarily used in the air-conditioning system, wash-rooms and kitchens) was 61,658 m^3, down by 4% since 2007. Repair of the heat pump circuits and converting air-cooling towers from sprinkling to ventilation between the seasons were behind this decrease.

Automatic detectors and electrically operated flow control valves have been installed on the wash-room basins to reduce consumption.

In 2006, service providers using water and gas (cleaners, kitchen) were made aware of the importance of reducing consumption through a contract modification.

CONSUMPTION OF RAW MATERIALS

For an audiovisual sector group like TF1, the main raw material consumed is paper.

Various means of reducing consumption have been implemented – shifting to electronic publications, encouragement to print less and the use of the two-side printing facility of the multifunction copiers.

The paper used is now recycled or from certified forests. Its weight has been reduced (from 90 g per sheet to 75 g).

114 tons of paper were used in 2008, as against 120 in 2006.

ENERGY CONSUMPTION

The TF1 Group uses electricity for the company's everyday activity, the air conditioning systems in the various buildings and for its broadcasting business (studio lighting, machine rooms, final production, etc.).

Electricity consumption increased by 3% in 2008, following several years of decline. This one-off over-consumption was caused by the installation of a double technical platform prior to replacing the newsroom equipment.

Surveys conducted in 2007 have led to total re-lamping of the Point du Jour site, using more efficient, low-energy lights. Energy savings on lighting should amount to over 50%.

Gas is now only used in one building, which will itself no longer be used after company reorganisation in 2009. Gas consumption in 2008 was 32,000 cubic metres, considerably less than in 2007 (50,000 cubic metres).

MEASURES FOR IMPROVING ENERGY EFFICIENCY

Many different steps have been taken within the framework of the "Environment" roadmap so as to keep up the work achieved so far:

- reduction of car park lighting, optimisation of lighting periods,
- programmed studio switch-off, facilitated by new technical management installation in the building,
- completion of installation of presence detectors in washrooms,
- plans to reduce studio lighting and air-conditioning,
- televisions and computers switched off by security staff on their rounds, lighting and air-conditioning in stand-by mode on the non-technical floors from 10 p.m.,
- re-lamping of the whole site, using more efficient, low-energy lights,
- replacement of dichroic lamps by LED lamps, which will reduce unit consumption from 35 W to 8 W, whilst at the same time significantly lengthening the life expectancy of each lamp (from one to five years),
- trialling of reduced thermostat variation for office air-conditioning systems.

USE OF RENEWABLE ENERGY SOURCES

A survey is still ongoing in 2009 into turning the studio roofs into a green roof-garden and installing photovoltaic panels.

CONDITIONS RELATING TO SOIL USE

Not applicable.

EMISSIONS INTO AIR, WATER AND SOIL

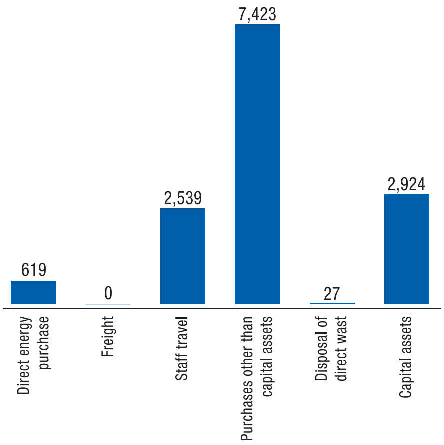
A first carbon assessment of TF1 broadcasting was carried out with the assistance of ADEME in 2006 and 2007.

Greenhouse gas emissions arise from external factors, such as the electricity consumed by television sets, or caused by bought-in programs, and internal factors (programme production, purchase of IT and broadcasting equipment, electricity consumption etc.). The action plan concerns both kinds of source.

Downstream external greenhouse gas emissions, caused by electricity consumption by viewers watching TF1 programmes, have been calculated to represent the equivalent of 52,000 tons of carbon. Bought-in programmes (purchases excluding capital assets) generate around 8,000 tons.

Annual greenhouse gas emissions from internal sources, from programme production through to broadcast, have been estimated at the equivalent of around 6,000 tons of carbon, distributed as illustrated below.

EMISSIONS BY ITEM (CARBON EQUIVALENT TONS)



Action plan regarding greenhouse gas emissions from external sources:

- in 2008, TF1 worked with other players in the sector to promote energetically eco-friendly television set design and the point-of-sale display of information concerning this energy consumption,
- programme production, whether in-house or external, was the second largest source of greenhouse gas emissions found by the assessment. However, there is little awareness in this sector in France of the idea of the carbon footprint and how it can be reduced. At the end of 2008, therefore, TF1, assisted by institutional partners such as the Chamber of Commerce, DRIRE, ADEME and the Ile-de-France Film Commission, launched an information campaign for producers. This involves publishing information on the Internet concerning best practices in each of the professions, as well as the provision of an environmental footprint calculator. The two tools will be presented to companies working in the sector at the beginning of April, during Sustainable Development week.

Action plan concerning in-house greenhouse gas emissions, with the assistance of the Bouygues Group:

- new purchasing and liquidation policy for IT equipment, incorporating ecological criteria,
- incentives to use cars with low emissions and to offset carbon emissions,
- continued efforts to reduce energy consumption.

In anticipation of the impact of regulations concerning the gradual elimination of gases that damage the ozone layer (EC regulation No. 2037/2000 of the European Parliament and of the Council of June 29, 2000, with a 2015 deadline), TF1 decided to replace the air-conditioning equipment involved (around 1,600 heat pumps and air-conditioning cabinets and five iced water production systems) starting in 2006. This 5-year programme is part of a plan to completely overhaul the building.

Gas used in cooling equipment is one of the fluids recommended by the prevailing regulations. Every precaution is taken when purging worn-out equipment and before scrapping.

NOISE AND ODOUR POLLUTION

Eurosport is based in a housing area. It therefore insulated noisy roof-top equipment as of 2001. Supplier equipment (cooling systems, air-refrigeration towers, air treatment 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.

When renovating the headquarters generators, a "Venturi" ventilation system will be installed on the generator exhausts to improve the air mixture and consequently reduce the impact of exhaust gases.

WASTE HANDLING

Miscellaneous waste, such as paper, salvaged neon light bulbs etc., decreased significantly in 2008, amounting to 1,216 tons as compared with the 1,600 tons produced in 2007.

Office waste

Taking into consideration the specifics of the TF1 Group sites, waste sorting has been developed wherever feasible. Eurosport has installed dual-container waste bins (paper/other waste). At TF1 Headquarters, the calculation of waste volume to be removed and the logistics necessary has led to Management of General Services installing a waste compressor that has been in operation since August 2003. Sorting is then managed by a service company (La Corbeille Bleue), which re-sells the waste collected for recycling. The service provided includes detailed sorting by hand and recycling 80% of the content. Only plastics are excluded.

A special container has been installed for sorted paper.

Neon light bulbs and toners

The Exprimm company (responsible for on-site electrical maintenance) collects the used neon light bulbs. 100% of changed neon light bulbs are recuperated and sent for recycling. Toner cartridges are also collected and recycled. Copier filters are changed regularly.

Batteries

A battery collection point has been installed in all reprographics areas. Employees are encouraged to use them for both professional and personal battery collection. The weight of batteries collected remains stable, at 1 ton. The reporting department has replaced the 50,000 batteries used each year by rechargeable ones.

Cooking oil

This is stored in special containers and removed by a specialist company.

Treated industrial waste

This is handled by the Boulogne Billancourt local authority. Service providers are aware of the issues concerning waste disposal. They do not use disposable wipes or non-biodegradable products for cleaning.

Grey goods

Some of the overhauled IT, broadcast and telephone equipment is still in working order. It is given to associations on condition that they respect the regulations on waste management when it is no longer in working order. Some items are also sold to a broker who takes charge of the destruction of non-usable parts according to legal standards.

DVD

TF1 Vidéo ensures collection by the distributor of unsold and returned DVDs, which are then completely recycled by sheltered workshops or specialised companies. In the sheltered workshops, the box is resold and reused, the paper insert is recycled and the discs are transformed into plastic bottles or fleeces. In 2008, some 4 million DVDs were recycled in this way.

Product	What becomes of it?
Paper	Paper handkerchiefs and tablecloths
Batteries and car batteries	Re-used by industry after extraction of iron, manganese, zinc and mercury
Used cooking oil	Used as fuel after filtering
Bottle tops	Made into plastic transport pallets (18 kg of tops = 1 pallet)
Printer toner	Container is dismantled, cleaned, refilled and sold
Used IT equipment	Equipment in fair condition is renovated and given to charitable associations, otherwise destroyed
Furniture	Unusable items are destroyed and materials recycled. Items in satisfactory condition are donated to charitable associations
Wet waste	Destroyed
DVDs	Box resold and reused, paper insert recycled and discs transformed into plastic bottles or fleeces

MEASURES TO LIMIT IMPACT ON ECO-BALANCE

The group's activities, which take place primarily in France, have no impact on eco-balance.

EXPENDITURE TO ANTICIPATE THE CONSEQUENCES OF THE GROUP'S ACTIVITIES ON THE ENVIRONMENT AND SPENDING ON REDUCING ENVIRONMENTAL HAZARDS

The total renovation of the Point du Jour building will have a significant impact on energy consumption as well as improving the environmental performance of the site overall.

STRUCTURES IN PLACE IN CASE OF ACCIDENTAL POLLUTION OCCURRING OFF COMPANY PROPERTY

Not applicable

MEASURES TAKEN TO ENSURE COMPLIANCE WITH LEGAL PROVISIONS

Upstream of action plans, there is thorough legal monitoring of environmental issues, as well as those relating to safety, hygiene and security. A cross-functional group has been set up for this purpose, involving the Legal Department, Social Affairs, General Services and Safety.

TF1 continues to regularly update the technical/regulatory documents concerning Listed Installations for the Protection of the Environment (ICPE).

The installations affected by this legislation are classified according to activity, extent of activity and level of risk or nuisance involved, resulting in their being subject either to authorisation or declaration.

TF1 has several installations subject to ICPE regulations, including:

- electricity generators,
- cooling units,
- cooling towers.

Assessment results showed that all these installations complied with ICPE regulations and do not cause any pollution or other nuisance whatsoever.

At the start of 2009, TF1 will be declaring new installations to the local environmental department – those shortly to be in service at its MSS and Atrium sites,.

ENVIRONMENTAL ASSESSMENT AND CERTIFICATION

Above and beyond its legal obligations, TF1 has the quality of the air (dust content, hygrometry) and water (coffee machines) checked five or six times a year.

TF1 works on environmental issues with certified service providers (ISO 9001 and/or 14001 for waste, electrical systems maintenance, purchase of furniture, etc.).

It is not intended that the Environmental Management System itself be audited, even though it is based on recognised standards.

It should, however, be noted that TF1 is already included in the four main stock market indices relating to socially responsible investment: the DJSI, FTSE4Good, Aspi Eurozone and Ethibel. While TF1's inclusion in these stock market indices does not constitute an assessment or certification, it nevertheless provides a positive indication of TF1's consideration of social and environmental demands.

Effects of radio-waves on health

The CHSCT has been informed of steps taken in 2007 regarding the broadcasting aerials located on the roof of the main TF1 building in Boulogne. These demonstrate that authorised levels in the approach area around the aerials are not exceeded. Entrance to this area is reserved for a few technicians only, and the danger zone is clearly indicated: no-one is allowed within this zone.

Mobile aerials (broadcasting vehicles, air-transportable aerials), have been assessed by APAVE, who found no anomalies to report. 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.

IN-HOUSE ENVIRONMENTAL MANAGEMENT STRUCTURES

To handle issues concerning "risk management", "health and safety" and "the environment", TF1 has opted for a "networked" system rather than dedicated departments. This structure enables the operations staff to be involved and suits the cross-functional nature of these issues. The same principle applies to the task force responsible for implementing actions subsequent to the Carbon Assessment.

A co-ordinator is responsible for ensuring that task force members have complementary skills, and supervising and reviewing progress.

STAFF TRAINING AND COMMUNICATION

An internal communications plan covering subjects linked to sustainable development has been launched. Related subjects appear regularly in in-house publications (*Coups d'Œil, Regards, etc*.) and on the Intranet.

In anticipation and support of the lifestyle changes needed to protect the environment and conserve resources, a dialogue has been established with employees via the Mygreentv Club. Transport, food, energy and office supplies are some of the issues addressed, by way of equipment or service testing, surveys, brain-storming and encouraging others to follow the example of staff who are already active in the protection of the environment, both at home and at work. The aim of the club is to promote real-life examples of good practice that can be repeated within the company. This dialogue platform is an interactive Intranet service. Each year, a number of events are organised with the aim of fixing the approach more firmly in the group ethos.

3.3 AVAILABLE INFORMATION IN THE REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE CORPORATE GOVERNANCE AND THE INTERNAL CONTROL PROCEDURES

3.3.1 Risks factors

With regard to risk factors, see page 45.

3.3.2 Directors' compensation

With regard to Directors' compensation, see page 32.

3.4 TF1 SA SUBSIDIARIES AND HOLDINGS

3.4.1 Main acquisitions and disposals

This paragraph appears in Chapter 4.2, note 4, paragraphs 4.1 and 4.2.

3.4.2 Other commitments

None.

3.5 CAPITAL AND STOCK OWNERSHIP

Ref. Article. 6 of the Articles of Incorporation.

3.5.1 Evolution of capital as at December 31, 2008

Shares issued represent 100% of existing capital and voting rights.

There is no founder share, nor beneficiary share, nor convertible or exchangeable bond, nor voting right certificate, nor double voting right.

No clause in the Articles of Incorporation limits the free negotiability of shares making up the capital.

The company is authorised to make use of legal provisions for 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.

	Operation	Issue price per share		Number of shares		Total share capital after increase
		Nominal	Premium	Issued	Total	
24/07/87	Privatisation of TF1	FRF 10	0	0	21,000,000	FRF 210,000,000
29/10/99	Increase of employee capital	FRF 10	FRF 969.21	118,316	21,118,316	FRF 211,183,160

	Operation	Nominal value per share		Number of shares		Total share capital
		Nominal	Increase	Issued	Total	
01/01/00	**Conversion of capital to Euro**					
	a) Capital increase	FRF 10	FRF 3.12	0	21,118,316	FRF 277,054,144.17
	b) Conversion	€2	0	0	21,118,316	€42,236,632
20/06/00	Division of nominal value	€0.2	0	0	211,183,160	€42,236,632

	Operation	Issue price per share		Number of shares		Total share capital after increase
		Nominal	Premium	Issued	Total	
20/12/01	Increase of employee capital	€0.2	€23.21	812,919	211,996,079	€42,399,216

	Operation	Issue price per share		Number of shares		Total share capital after increase
		Nominal	Premium	Issued	Total	
From 01/01/02 to 30/06/02 certified on 04/09/02	Exercise of share options in plan n°2	€0.2	€7.77	1,249,000	213,505,079	€42,701,016
	Exercise of share options in plan n°3	€0.2	€9.82	260,000		

	Operation	Issue price per share		Number of shares		Total share capital after increase
		Nominal	Premium	Issued	Total	
From 01/07/02 to 31/12/02 certified on 24/02/03	Exercise of share options in plan n°2	€0.2	€7.77	275,500	214,050,579	€42,810,116
	Exercise of share options in plan n°3	€0.2	€9.82	270,000		

	Operation	Issue price per share		Number of shares		Total share capital after increase
		Nominal	Premium	Issued	Total	
From 01/01/03 to 31/12/03 certified on 23/02/04	Exercise of share options in plan n°2	€0.2	€7.77	242,070	215,154,149	€43,030,830
	Exercise of share options in plan n°3	€0.2	€9.82	861,500		

	Operation	Issue price per share		Number of shares		Total share capital after increase
		Nominal	Premium	Issued	Total	
From 01/01/04 to 30/11/04 certified on 30/11/04	Exercise of share options in plan n°2	€0.2	€7.77	263,430	215,573,679	€43,114,736
	Exercise of share options in plan n°3	€0.2	€9.82	156,100		

		Amount of capital change		Number of shares		Total share capital after reduction
	Operation	Nominal	Premium	Issued	Total	
30/11/04	Cancellation of treasury shares	€0.2	-	313,950	214,759,729	€42,951,946
	Cancellation of shares bought by the company	€0.2	-	500,000		

	Operation	Issue price per share		Number of shares		Total share capital after reduction
		Nominal	Premium	Issued	Total	
15/02/05	Cancellation of shares bought by the company	€0.2		700,000	214,059,729	€42,811,946

	Operation	Issue price per share		Number of shares		Total share capital after reduction
		Nominal	Premium	Issued	Total	
From 16/02/05 to 27/05/05 certified on 27/05/05	Exercise of share options in plan n°2	€0.2	€7.77	30,000	214,722,129	€42,944,426
	Exercise of share options in plan n°3	€0.2	€9.82	632,400		

	Operation	Amount of capital change		Number of shares		Total share capital after reduction
		Nominal	Premium	Issued	Total	
27/05/05	Cancellation of shares bought by the company	€0.2		670,000	214,052,129	€42,810,426

	Operation	Issue price per share		Number of shares		Total share capital after increase
		Nominal	Premium	Issued	Total	
From 22/02/06 to 19/05/06 certified on 22/05/06	Exercise of share options in plan n°4	€0.2	€23.07	382,000	214,449,129	€42,889,826
	Exercise of share options in plan n°7	€0.2	€20.00	15,000		

	Operation	Amount of capital change		Number of shares		Total share capital after reduction
		Nominal	Premium	Issued	Total	
22/05/06	Cancellation of shares bought by the company	€0.2		200,000	214,249,129	€42,849,826

	Operation	Issue price per share		Number of shares		Total share capital
		Nominal	Premium	Issued	Total	after increase
From 05/07/06 to 20/09/06 certified on 21/11/06	Exercise of share options in plan n°4	€0.2	€23.07	1,731,000	215,980,129	€43,196,026

		Amount of capital change		Number of shares		Total share capital
	Operation	Nominal	Premium	Issued	Total	after reduction
21/11/06	Cancellation of shares bought by the company	€0.2		1,928,000	214,052,129	€42,810,426

		Issue price per share		Number of shares		Total share capital
	Operation	Nominal	Premium	Issued	Total	after increase
From 22/11/06 to 31/12/06	Exercise of share options in plan n°7	€0.2	€20.00	70,000	214,122,129	€42,824,426

		Amount of capital change		Number of shares		Total share capital
	Operation	Nominal	Premium	Issued	Total	after reduction
20/02/07	Cancellation of shares owned by the company	€0.2		251,537	213,870,592	€42,774,118

		Issue price per share		Number of shares		Total share capital
	Operation	Nominal	Premium	Issued	Total	after increase
From 24/01/07 to 16/07/07	Exercise of share options in plan n°7	€0.2	€20.00	339,900	214,310,492	€42,862,098
			€21.06	100,000		

		Amount of capital change		Number of shares		Total share capital
	Operation	Nominal	Premium	Issued	Total	after reduction
12/11/07	Cancellation of shares owned by the company	€0.2		900,000	213,410,492	€42,682,098

3.5.2 Bond issue

In compliance with the authorisation granted by the shareholders at the Combined General Meeting of April 23, 2002 (9th resolution of the ordinary part of the Meeting) and by decision of the Board at the Meeting of September 8, 2003, TF1 issued, on November 12, 2003 on the international market, bonds with a nominal amount of €500 million represented by 500,000 bonds in the denomination of €1,000 each, with the following conditions:

Amount	€500 million
Settlement date	November 12, 2003
Date from which interest runs	November 12, 2003
Maturity	November 12, 2010
Issue price	99.381% of the total nominal amount.
Coupon	4.375% per annum, payable in arrears on November 12 of each year with the first payment on November 12, 2004.
Normal redemption	at par in full at maturity.
Early redemption	Except in case of change of tax regime applicable to bonds, TF1 refrains during the whole term from making early reimbursement of bonds. TF1 reserves the right to proceed to purchase bonds on or off the market. Bonds bought in this way will be cancelled.
Nature and form of bonds	In bearer and registered form. The bonds – issued under French legislation – will be accepted through Euroclear France, Clearstream Luxembourg and Euroclear.
Rank of debt	The bonds constitute direct, unconditional, unsubordinated and unsecured obligations of TF1 and rank and will rank equally and rateably both among themselves and (subject to such exceptions as are from time to time mandatory under French law) with all other present and future unsecured and unsubordinated obligations of TF1.

3.5.3 Financial resolutions submitted for approval to the Combined General Meeting of April 17, 2009

The table below sets out the financial operations the company may implement subsequent to the Combined General Meeting of April 17, 2009, providing said Meeting gives the company its authorisations and delegations. The notes following this table detail the use made during the year of delegations with the same object granted previously.

The maximum nominal amount of immediate and/or deferred capital increases that can be made by virtue of authorisations granted is fixed at €15 million.

The maximum nominal amount of securities that may be issued by virtue of authorisations granted is fixed at €900 million.

Authorised operations concerning the capital of TF1

(subsequent to the AGM of April 17, 2009 if it endorses the authorisations and delegations submitted to it)

	Maximum nominal amount of capital increases	Maximum nominal amount of debt instruments	Validity of authorisation	Time remaining (2)	General Meeting	Resolution No.
Securities entitling the holder to debt securities (delegation of powers)	-	€900 million	26 months	26 months	AGM 17/04/2009	24
Shares or securities with maintained PSR (3) (delegation of powers)	€15 million	€900 million	26 months	26 months	AGM 17/04/2009	17
Shares or securities with elimination of PSR (3) (delegation of powers)	€15 million	€900 million	26 months	26 months	AGM 17/04/2009	19
Shares to be issued through attribution of free shares following incorporation of any sum whose capitalisation is possible (delegation of powers)	€400 million	-	26 months	26 months	AGM 17/04/2009	18
Shares and securities remunerating shares tendered (delegation of powers)	(1) (4)	(1) (4)	26 months	26 months	AGM 17/04/2009	22
Shares and securities remunerating shares tendered in share exchange offers (delegation of powers)	(1)	(1)	26 months	26 months	AGM 17/04/2009	23
Shares reserved for employees participating in a company savings scheme (PEE)	(4)	(4)	26 months	26 months	AGM 17/04/2009	25
Shares to be issued for attribution of free shares	(4)	(4)	38 months	26 months	AGM 17/04/2008	15
Shares to be issued for options to subscribe to shares	(4)	(4)	26 months	26 months	AGM 17/04/2009	26
Share buy-back programme	per 24 month period (4)	per 24 month period (4)	18 months	18 months	AGM 17/04/2009	15
Capital reduction through cancellation of buy-back shares	(4)	(4)	18 months	18 months	AGM 17/04/2009	16

(1) It is specified that:
- the total nominal amount of capital increases authorised (resolutions n°17, 19, 22, and 23 of the AGM of April 17, 2009) may not exceed €15 million even if the Board of Directors decides to increase the number of shares to be issued (20th resolution of the AGM of April 17, 2009 – to a maximum equal to 15% of the initial issue, during a period of 30 days following the closure of subscriptions),
- the total nominal amount of securities (resolutions n°17 and 19 of the AGM of April 17, 2009) may not exceed €900 million.

(2) As of the vote of the AGM of April 17, 2009.

(3) PSR: Preferential Subscription Rights.

(4) Not exceeding an aggregate limit of 10% of the capital.

(5) The Board of Directors is authorised (resolution n° 21 of the AGM of April 17, 2009), for a period of twenty-six months following the AGM of April 17, 2009, to derogate from the conditions – with respect to 10% of the capital – relating to fixing the price of shares (and/or securities), set out in the 19th resolution presented to the AGM on April 17, 2009, to be issued through public offerings, without preferential right to subscription, in one of two possible ways.

Use of delegation of financial authorisations previously granted

During the year 2008:

- in the scope of the 2006 attribution of free shares, the company exercised the forward purchase concluded in 2006 with a banking counterparty for a total of 191,025 TF1 shares at a unit price of €25.76 representing a total amount of €4.9 million: at April 1, 2008, following delivery to the beneficiaries, the company held 14,625 TF1 shares. Situation at February 18, 2009: percentage of capital held by the company: 0.00006%; accounting value of the portfolio: €0.4 million; market value of the portfolio: €0.1 million (closing share price on February 18, 2009: €7.75) - resolution n° 20 of the General Shareholders' Meeting of April 12, 2005,
- a share option subscription plan (plan n°10) was launched on March 20, 2008, enabling 170 beneficiaries to subscribe to 2,000,000 shares (exercise price without reduction: €15.35) - resolution n° 29 of the General Meeting of April 17, 2007,
- the company has not undertaken any other purchases of its own shares,
- the company has not used prior authorisations to issue securities through public offerings.

Furthermore, during 2009, the Board decided to launch an option subscription plan (Plan n°11) on March 20, enabling 140 beneficiaries to subscribe to two million shares; the price of exercising the option to subscribe shall be equal to the average opening price during the 20 stock market sessions preceding the date of March 20, 2009, with no discount applied.

3.5.4 Share Amount/Category

There are no investment certificates, preference shares nor shares with double voting rights.

3.5.5 Purchase on the Stock Market

The Combined General Meetings of April 17, 2008 and prior years authorised the Board of Directors to buy shares in the company up to a limit of 10% of the number of shares making up the company capital on the date of exercise of the share buy-back programme. These authorisations permit the Board of Directors to buy shares in the company to cancel them.

By virtue of these authorisations, TF1 did not purchase TF1 shares. However, following the exercise of the forward purchase in the scope of the 2006 attribution of free shares, up to the delivery of the shares to their beneficiaries,

TF1 owned 14,625 TF1 shares.

As of November 12, 2007, the TF1 capital stands at €42,682,098.40 and at 213,410,492 shares.

3.5.6 Share management

TF1, as issuing company, manages its own securities department and financial department.

3.5.7 Shareholders

EVOLUTION OF SHARE OWNERSHIP STRUCTURE

To the best knowledge of the Board of Directors, the Company's share ownership is broken down as follows:

	Situation at December 31, 2008			Situation at December 31, 2007			Situation at December 31, 2006		
	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	91,806,565	43.0%	43.0%	91,806,565	43.0%	43.0%	91,797,585	42.9%	42.9%
Total Core shareholders (1)	91,806,565	43.0%	43.0%	91,806,565	43.0%	43.0%	91,797,585	42.9%	42.9%
Others France (2) (3)	53,938,394	25.3%	25.3%	51,062,880	23.9%	23.9%	58,065,839	27.1%	27.1%
of which employees (4)	9,174,435	4.3%	4.3%	7,645,335	3.6%	3.6%	7,275,885	3.4%	3.4%
Treasury shares	14,625	0.01%	0.01%	0	0.00%	0.00%	251,537	0.1%	0.1%
Europe (ex France) (3)	30,767,327	14.4%	14.4%	35,506,507	16.6%	16.6%	37,318,765	17.4%	17.4%
Others (3)	36,883,581	17.3%	17.3%	35,034,540	16.4%	16.4%	26,688,403	12.5%	12.5%
TOTAL	**213,410,492**	**100.0%**	**100.0%**	**213,410,492**	**100.0%**	**100.0%**	**214,122,129**	**100.0%**	**100.0%**

(1) Concert declared by Euronext in December, 31, 2008.

(2) Including non-identified holders.

(3) Estimates by Euroclear.

(4) 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 double voting right.

To the best knowledge of the company, there are no TF1 shares pledged and TF1 has pledged none of its subsidiaries' shares.

The 14,625 treasury shares were acquired, following a forward purchase of 191,025 TF1 shares, made on March 22, 2006 at a unit price of €25.76, to cover the allocation decided in 2006, of free TF1 shares, to be granted to the beneficiaries on April 1, 2009.

THRESHOLD CROSSINGS

Declarations of threshold crossings by listed intermediaries or fund managers brought to the notice of the Financial Markets Authority in 2008 were as follows:

Date of declaration	Date of operation	Listed intermediary or fund manager	Statutory threshold crossing	Nature of threshold crossing	Number of shares	% of capital	Total number of votes	% of total votes
25/02/2008	No communicated	Artisan Partners	1%	Increasing	2,326,506	1.09%	2,326,506	1.09%
26/02/2008	26/02/2008	Orbis Investments Management Ltd	4%	Increasing	8,543,930	4.00%	8,543,930	4.00%
28/02/2008	26/02/2008	Crédit Agricole Asset Management	1%	Decreasing	322,154	0.15%	322,154	0.15%
18/04/2008	17/04/2008	UBS Investments Bank	1%	Decreasing	2,085,077	0.97%	2,085,077	0.97%
30/04/2008	28/04/2008	Latham & Watkins on behalf of GLG Partners LP	2%	Increasing	4,611,095	2.16%	4,611,095	2.16%
14/05/2008	13/05/2008	SG Asset Management	4%	Increasing	8,604,380	4.03%	8,604,284	4.03%
20/05/2008	15/05/2008	Latham & Watkins on behalf of GLG Partners LP	3%	Increasing	6,568,459	3.08%	6,568,459	3.08%
11/06/2008	No communicated	Artisan Partners	2%	Increasing	4,332,773	2.03%	4,332,773	2.03%
19/06/2008	17/06/2008	MFS (Massachusetts Financial Services)	1%	Increasing	2,637,389	1.24%	2,637,389	1.24%
24/06/2008	20/06/2008	DNCA Finance/ Leonardo	3%	Increasing	6,435,450	3.02%	6,435,450	3.02%
21/07/2008	16/07/2008	Latham & Watkins on behalf of GLG Partners LP	3%	Decreasing	6,058,805	2.84%	6,058,805	2.84%
20/08/2008	14/08/2008	Latham & Watkins on behalf of GLG Partners LP	2%	Decreasing	4,267,935	1.99%	4,267,935	1.99%
05/09/2008	No communicated	Edmond de Rothschild Asset Management	1%	Increasing	2,629,636	1.23%	2,629,636	1.23%
09/09/2008	04/09/2008	Latham & Watkins on behalf of GLG Partners LP	1%	Decreasing	1,950,851	0.91%	1,950,851	0.91%
17/09/2008	15/09/2008	Harris Associates	10%	Increasing	21,521,000	10.08%	21,521,000	10.08%
10/10/2008	No communicated	Artisan Partners	2%	Decreasing	4,268,061	1.99%	4,268,061	1.99%
28/10/2008	No communicated	Artisan Partners	2%	Increasing	4,322,205	2.03%	4,322,205	2.03%
04/11/2008	03/11/2008	Orbis Investment Management Limited	4%	Decreasing	8,409,588	3.94%	8,409,588	3.94%
17/11/2008	13/11/2008	MFS Investment Management	1%	Decreasing	2,133,815	0.99%	1,711,412	0.80%
21/11/2008	17/11/2008	MFS Investment Management	1%	Increasing	2,145,803	1.01%	1,718,791	0.81%
15/12/2008	12/12/2008	MFS Investment Management	1%	Decreasing	1,931,640	0.91%	1,422,732	0.67%
15/01/2009	29/12/2008	Harris Associates	10%	Decreasing	21,319,708	9.99%	21,319,708	9.99%

To the best knowledge of the company, there are no shareholders other than Bouygues and Harris Associates L.P. holding more than 5% of the capital or voting rights. Harris Associates L.P. has declared that its intentions with respect to TF1 have the sole purpose of investment.

3.5.8 Shareholders' agreement

SHAREHOLDERS' AGREEMENT BETWEEN VIVENDI, TF1 AND M6

According to the shareholder agreement signed on January 4, 2007, TF1 and M6 have a right of joint exit in case of the disposal of exclusive control of Canal+ France by Vivendi/Canal+ Group and the right to dispose of their shares in priority on the market in case of a stock market introduction of Canal+ France. TF1 and M6 are not represented on the Supervisory Board of Canal+ France and have no right whatsoever concerning the management of the company.

AB GROUP

According to the agreement, TF1 has the right to designate one third of the AB Group's Board members.

Until April 2, 2009, AB Group securities are non-transferable. Moreover, TF1 has right of veto concerning all transfers of assets included in shares held by the AB Group that the AB Group might sell. After this date, TF1 has direct pre-emptive rights regarding the assets sold.

After the initial period of non-transferability, if the Berda Family intends to dispose of its shares in the AB Group, TF1 has the right to first make an offer and then dispose of the shares jointly.

Should the Berda Family decide to dispose of its shares in the AB Group to certain competitors, TF1 also has the right to buy all AB Group shareholdings in Télé Monte Carlo SA (TMC).

3.5.9 Potential capital

If all the options granted were to be exercised and if all allocated shares were to be acquired, the share capital of TF1 would increase by 6,502,100 shares to comprise 219,912,592 shares after this gross dilution.

There is no other form of potential capital.

Options remaining valid appears in chapitre 4.2, Note 30.2.

3.5.10 Concerted Action

There is no concerted action relative to TF1.

3.6 THE SHARE

The TF1 share is quoted on Eurolist, compartment A; ISIN Code: FR0000054900.

There is currently no request for admission to another stock exchange.

At December 31, 2008, the TF1 share was included in the following stock market indices: CACnext20, SBF 120 and FTSE Eurofirst 300. The TF1 share is also included in the following sustainable development indices: DJSI STOXX, FTSE4Good Ethibel Europe and ASPI Eurozone.

In November 2008, S&P downgraded the TF1 rating to BBB+ / A-2, outlook negative.

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.

3.6.1 Dividends and returns

Year	Dividends (1) paid in euros in the business year			Stock market price in euros (closing price) (1)			Gross return based on last price
	Net	Tax credit	Overall revenue	Highest	Lowest	Last	
1997	0.24	0.12	0.36	9.4	7.4	9.4	3.9%
1998	0.34	0.17	0.51	1.1	9.4	15.2	3.3%
1999	0.46	0.23	0.69	54.9	14.8	52.0	1.3%
2000	0.65	0.325	0.975	94.2	45.9	57.5	1.7%
2001	0.65	0.325	0.975	63.1	19.1	28.4	3.4%
2002	0.65	0.325	0.975	36.9	19.6	25.5	3.8%
2003	0.65	0.325	0.975	29.8	18.6	27.7	3.5%
2004	0.65	-	0.65	31.1	21.3	24.0	2.7%
2005	0.65	-	0.65	26.1	20.5	23.4	2.8%
2006	0.85	-	0.85	29.1	23.3	28.1	3.0%
2007	0.85	-	0.85	28.5	17.5	18.3	4.6%
2008	0.47 (2)	-	0.47 (2)	19.2	9.1	10.4	8.1%

(1) Re-calculated taking into account division of nominal by 10.

(2) Dividends submitted to General Meeting for approval.

3.6.2 Development of prices and volumes

At December 31, 2008, the TF1 share closed at €10.44, representing a fall of 43.0% since the start of the year, as against a fall of 42.3% in the CAC 40 index and 47.0% in the CACnext 20 index.

Between January 1 and December 31, 2008, daily exchange of TF1 securities amounted to an average of 1.6 million (compared to 1.5 million in 2007). On April 29, more than 13 million securities were exchanged, which was the highest level reached during the period in question.

The stock market valuation of the TF1 Group was €2.2 billion on December 31, 2008, representing a PER (calculated on the basis of net 2008 revenue of €163.8 million) of 13.5 compared to a PER of 17.3 at December 31, 2007.

Stock market prices and transaction volumes over the last three years and the current year have developed as follows for the TF1 share:

Year	Month	Highest (1) Euros	Lowest (1) Euros	Last Euros	Number of securities exchanged (2)	Capitalisation (3) *(in €m)*
2004	January	31.4	27.5	29.0	28,489,074	6,239.5
	February	29.5	27.4	27.7	26,108,348	5,959.6
	March	28.6	24.5	25.8	27,522,667	5,559.6
	April	27.8	25.5	25.8	34,864,258	5,546.4
	May	26.7	23.8	25.4	24,092,844	5,471.9
	June	26.7	24.8	25.9	23,261,329	5,577.6
	July	26.3	23.0	23.7	21,711,933	5,104.4
	August	23.8	21.1	23.1	22,966,019	4,975.2
	September	25.2	22.4	22.8	28,604,328	4,921.3
	October	24.3	22.2	23.6	26,326,170	5,083.2
	November	24.8	23.2	24.0	24,121,214	5,163.0
	December	24.1	22.8	23.9	24,372,189	5,143.5
2005	January	25.6	23.9	24.6	22,718,500	5,293.8
	February	26.1	24.2	24.5	23,749,674	5,248.6
	March	25.3	23.9	24.4	17,955,057	5,222.9
	April	24.6	21.4	21.9	32,457,198	4,687.7
	May	22.7	21.3	22.0	24,366,144	4,711.3
	June	22.9	21.5	22.0	24,254,582	4,704.9
	July	23.5	21.1	23.0	26,359,466	4,927.5
	August	23.2	21.3	21.8	17,686,990	4,662.1
	September	22.1	21.4	22.1	25,913,716	4,724.1
	October	22.8	20.5	21.4	23,589,013	4,580.7
	November	21.9	20.8	21.3	20,492,835	4,563.6
	December	24.3	21.2	23.4	43,245,715	5,017.4
2006	January	26.6	23.2	26.1	33,088,384	5,582.5
	February	27.8	24.2	25.3	27,557,444	5,411.2
	March	26.5	24.9	25.0	22,569,684	5,351.3
	April	26.8	24.1	26.3	20,838,349	5,629.6
	May	27.1	24.7	25.8	31,547,069	5,520.4
	June	26.3	23.9	25.5	18,022,954	5,458.3
	July	26.2	24.3	24.9	19,585,520	5,340.6
	August	26.1	24.4	25.0	16,297,638	5,344.9
	September	25.7	24.1	25.2	18,802,734	5,392.0
	October	27.2	24.9	26.6	24,205,681	5,698.1
	November	28.6	26.4	27.9	17,336,124	5,980.6
	December	29.2	27.6	28.1	17,345,711	6,019.0
2007	January	28.6	25.9	26.0	24,322,641	5,563.2
	February	27	24.6	25.4	40,876,799	5,432.3
	March	26.0	24.1	25.1	29,942,991	5,368.2
	April	26.3	24.4	25.3	27,198,680	5,410.9
	May	27.2	24.2	26.4	36,505,319	5,646.2
	June	27.2	25.1	25.7	33,113,504	5,507.0
	July	26.2	24.1	24.7	22,184,538	5,292.7
	August	22.2	19.5	21.4	59,150,231	4,585.6
	September	21.7	18.7	18.8	30,724,167	4,028.4
	October	22.6	18.5	19.1	52,025,746	4,092.7
	November	19.3	17.4	18.9	40,912,297	4,033.5
	December	19.5	17.9	18.3	17,972,877	3,905.4

Year	Month	Highest (1) Euros	Lowest (1) Euros	Last Euros	Number of securities exchanged (2)	Capitalisation (3) *(in €m)*
2008	January	19.2	15.1	16.9	38,060,113	3,597.9
	February	18.3	15.6	15.7	28,027,004	3,350.4
	March	15.6	13.1	13.9	30,341,403	2,906.5
	April	15.5	13.0	13.6	47,935,335	2,972.7
	May	14.6	12.3	12.7	42,028,531	2,714.4
	June	13.9	10.1	10.6	37,815,213	2,268.4
	July	11.7	9.3	11.1	33,720,087	2,360.2
	August	12.9	10.8	11.9	28,756,060	2,537.3
	September	14.3	11.6	12.4	51,537,118	2,648.3
	October	13.2	9.1	10.0	39,300,313	2,131.9
	November	10.9	9.3	10.8	23,026,515	2,298.3
	December	11.8	10.0	10.4	19,793,969	2,227.9

Source: Euronext Paris SA.

NB: Prices re-calculated taking into account division of nominal by 10 in June 2000.

(1) The highest and lowest prices quoted refer to extreme values achieved during the session.

(2) Volumes exchanged refer to transactions taking place both on the CAC central trading system and outside said system.

(3) Calculation based on last price of the month multiplied by the number of shares reported at the end of the month.

3.7 RESOLUTIONS PRESENTED TO THE BOARD MEETING

Your statutory auditors will provide you with their reports on the accounts for the year 2008 and on agreements relative to Article L. 225-38 of the French Commercial Code.

In the resolutions that are submitted to you, we propose that you:

- approve the company accounts and consolidated accounts for 2008, the appropriation and distribution of earnings and the agreements and operations stipulated in Article L. 225-38 of the Commercial Code, as mentioned in the special report of the statutory auditors,
- discharge the Directors,
- endorse the co-opting of Gilles Pélisson to the Board of Directors, executed by the Board of Directors at its Meeting on February 18, 2009,
- renew for two years the terms of office of Directors Patricia Barbizet, Martin Bouygues, Olivier Bouygues, the Bouygues company, Patrick Le Lay, Nonce Paolini, Gilles Pélisson, the SFPG (Société Française de Participation et de Gestion) and Haïm Saban, which expire at the end of the present Meeting,
- authorise implementation of a share buy-back programme allowing your company to buy its own shares on the stock market. The purpose of the buy-back programme is either appropriation to employees or their cancellation, subject to adoption of the 16th resolution (extraordinary part) to buy back a number of shares corresponding to those to be issued in the framework of share option plans or one or several capital increases reserved for employees. Such a purchase would be limited to 10% of the capital. The maximum purchase price per share would be set at €25 and the minimum sale price per share would be €15. The maximum amount of funds destined for the execution of this share purchase scheme will be €533 million.

You are kindly requested to cast your vote on the resolutions proposed.

The Board of Directors

3.8 STATEMENT OF COMPANY OPERATIONS OVER THE LAST FIVE BUSINESS YEARS

Nature of indicators *(in €)*	**2004**	**2005**	**2006**	**2007**	**2008**
I - End of year financial position					
a) Company capital	42,951,946	42,810,426	42,824,426	42,682,098	42,682,098
b) Number of shares issued	214,759,729	214,052,129	214,122,129	213,410,492	213,410,492
c) Number of convertible bonds					
II - Overall operational results					
a) Turnover excluding taxes	1,572,077,137	1,579,618,085	1,649,601,932	1,651,380,074	1,578,094,919
b) Profits before tax, employee participation, liquidations and provisions	388,424,004	410,573,959	355,728,097	331,000,742	231,461,449
c) Tax on profits	130,525,658	104,129,231	76,931,481	71,971,099	23,176,898
d) Employee participation	12,885,824	10,146,927	8,185,797	7,978,095	3,605,647
e) Profits after tax, employee participation, liquidations and provisions	155,794,175	182,330,515	250,816,043	203,747,738	138,921,498
f) Amount of profits distributed	138,639,275	138,970,385	181,790,003	181,386,487	100,302,931 (1)
III - Operational results per share					
a) Profits after tax and employee participation but before liquidations and provisions	1.14	1.38	1.26	1.18	0.96
b) Aggregate employment earnings	0.73	0.85	1.17	0.95	0.65
c) Expenditure on benefits	0.65	0.65	0.85	0.85	0.47 (1)
IV - Employees					
a) Number of employees	1,485	1,508	1,540	1,573	1,536
b) Total payroll costs	101,314,664	105,746,613	111,770,510	116,739,407	121,186,526
c) Total of employee benefit costs	48,465,021	51,454,510	52,182,591	57,127,130	54,153,178

(1) Dividend submitted to AGM for approval.

4

FINANCIAL STATEMENTS

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TF1 Group consolidated financial statements for the year ending December 31, 2008 are completed by audited consolidated financial statements for the year ending December 31, 2007 and 2006 as presented in registration document 2007 filed with Autorité des Marchés Financiers on March 26, 2008 and March 23, 2007 (D. 08-0152 and D. 07-0216). The consolidated accounts have been prepared in accordance with IFRS.

4.1 CONSOLIDATED FINANCIAL STATEMENTS

4.1.1 Consolidated balance sheet

Assets *(€m)*	**Note**	**Dec. 31, 2008**	**Dec. 31, 2007**
Goodwill	7	506.1	509.7
Intangible assets		168.0	209.7
Audiovisual rights	*8.1*	*132.8*	*179.8*
Other intangible assets	*8.2*	*35.2*	*29.9*
Property, plant and equipment	9	178.0	158.3
Investments in associates	5, 10	259.3	253.4
Non-current financial assets	12.2	741.0	691.6
Non-current tax assets	26.2	17.2	21.8
Total non-current assets		**1,869.6**	**1,844.5**
Inventories		558.4	520.4
Programmes and broadcasting rights	*11*	*542.0*	*499.8*
Other inventories		*16.4*	*20.6*
Trade and other debtors	12.3	1,226.8	1,232.5
Current tax assets		46.8	14.4
Other current financial assets	12.1, 12.2	14.0	5.0
Cash and cash equivalents	12.4	9.8	34.9
Total current assets		**1,855.8**	**1,807.2**
Held-for-sale assets	4	14.8	-
TOTAL ASSETS		**3,740.2**	**3,651.7**

Shareholders' equity & liabilities (€m)	Note	Dec. 31, 2008	Dec. 31, 2007
Share capital	13-1	42.7	42.7
Share premium and reserves		1,170.4	1,123.5
Net profit attributable to the Group		163.8	227.8
Shareholders' equity attributable to the Group	**13**	**1,376.9**	**1,394.0**
Minority interests		-	-
Total shareholders' equity		**1,376.9**	**1,394.0**
Non-current debt	14, 15	695.5	617.6
Non-current provisions	16-1	57.2	34.7
Non-current tax liabilities	26-2	2.9	0.8
Total non-current liabilities		**755.6**	**653.1**
Current debt	15	22.9	14.8
Trade and other creditors	14-2	1,514.9	1,513.1
Current provisions	16-2	43.5	60.4
Current tax liabilities		1.2	4.5
Other current financial liabilities	29-2	10.2	11.8
Total current liabilities		**1,592.7**	**1,604.6**
Liabilities relating to held-for-sale assets	4	15.0	-
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3,740.2**	**3,651.7**
Net debt (continuing operations)	15	704.5	597.3
Held-for sale assets and liabilities		-	-
Total net debt		704.5	597.3

4.1.2 Consolidated income statement

(€m)	Note	2008	2007
Net advertising revenue	17	1,833.6	1,884.3
TF1 channel		*1,647.3*	*1,718.3*
Other channels		*186.3*	*166.0*
Diversification revenue		761.1	854.6
Revenue		**2,594.7**	**2,738.9**
Other operating revenue		0.2	0.2
External production costs	18	(641.2)	(627.6)
Other purchases and changes in inventory	19	(524.6)	(529.7)
Staff costs	20	(445.3)	(437.5)
External expenses	21	(527.4)	(554.3)
Taxes other than income taxes		(138.4)	(141.5)
Depreciation and amortisation, net		(94.5)	(88.4)
Provisions and impairment, net		(52.6)	(40.9)
Other operating income and expenses	22	5.6	(14.0)
Current operating profit		**176.5**	**305.2**
Other non-current operating income and expenses		-	-
Operating profit		**176.5**	**305.2**
Income associated with net debt		13.4	9.6
Expenses associated with net debt		(35.8)	(31.0)
Cost of net debt	**23**	**(22.4)**	**(21.4)**
Other financial income and expenses	24	40.9	28.7
Income tax expense	26	(40.8)	(93.0)
Share of profits/losses of associates	10	9.6	8.3
Net profit from continuing operations		**163.8**	**227.8**
Post-tax profit from discontinued/held-for-sale operations		**-**	**-**
Net profit		**163.8**	**227.8**
attributable to the Group		**163.8**	**227.8**
attributable to minority interests		-	-
Weighted average number of shares outstanding (in thousands)	27	213,400	213,763
Basic earnings per share (in euros)	27	0.77	1.07
Diluted earnings per share (in euros)	27	0.77	1.06

STATEMENT OF RECOGNISED INCOME AND EXPENSE

(€m)	2008	2007
Consolidated net profit for the period	**163.8**	**227.8**
Fair value adjustments to financial instruments and other financial assets	1.0	(3.9)
Change in cumulative translation difference	(0.6)	(0.2)
Actuarial gains and losses on employee benefits	0.3	(1.1)
Taxes on items credited or debited directly to equity	(0.9)	0.4
Share of profits and losses of associates recognised directly in equity		
Other movements, net		
Income and expense recognised directly in equity	**(0.2)**	**(4.8)**
TOTAL RECOGNISED INCOME AND EXPENSE	**163.6**	**223.0**
attributable to the Group	**163.6**	**223.0**
attributable to minority interests	-	-

4.1.3 Consolidated statement of changes in shareholders' equity

(€m)	Share capital	Share premium	Treasury shares	Reserves	Income and expense recognised directly in equity	Shareholders' equity attributable to the Group	Minority interests	Consolidated shareholders' equity
Balance at December 31, 2006	**42.8**	**19.8**	**(12.1)**	**1,307.6**	**-**	**1,358.1**	**(0.1)**	**1,358.0**
Capital increase (share options exercised)	0.1	8.9	-	-	-	9.0	-	9.0
Share-based payment	-	-	-	4.7	-	4.7	-	4.7
Purchase of treasury shares	-		(18.7)	-	-	(18.7)	-	(18.7)
Cancellation of treasury shares	(0.2)	(25.9)	26.1	-	-	0.0	-	0.0
Dividends paid	-	-	-	(181.8)	-	(181.8)	-	(181.8)
Other transactions with shareholders	-	-	-	(0.3)	-	(0.3)	0.1	(0.2)
Net income attributable to the Group	**-**	**-**	**-**	**227.8**	**-**	**227.8**	**-**	**227.8**
Income and expense recognised directly in equity	**-**	**-**	**-**	**-**	**(4.8)**	**(4.8)**	**-**	**(4.8)**
Balance at December 31, 2007	**42.7**	**2.8**	**(4.7)**	**1,358.0**	**(4.8)**	**1,394.0**	**-**	**1,394.0**
Capital increase (share options exercised)	-	-	-	-	-	-	-	-
Share-based payment	-	-	4.3	(3.6)	-	0.7	-	0.7
Purchase of treasury shares	-	-	-	-	-	-	-	-
Cancellation of treasury shares	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	(181.4)	-	(181.4)	-	(181.4)
Other transactions with shareholders	-	-	-	-	-	-	-	-
Net income attributable to the Group	**-**	**-**	**-**	**163.8**	**-**	**163.8**	**-**	**163.8**
Income and expense recognised directly in equity	**-**	**-**	**-**	**-**	**(0.2)**	**(0.2)**	**-**	**(0.2)**
BALANCE AT DECEMBER 31, 2008	**42.7**	**2.8**	**(0.4)**	**1,336.8**	**(5.0)**	**1,376.9**	**-**	**1,376.9**

4.1.4 Consolidated cash flow statement

(€m)	Note	2008	2007
Consolidated net profit (including minority interests)		163.8	227.8
Depreciation, amortisation, provisions & impairment (excluding current assets)		110.0	97.7
Intangible assets and goodwill		*76.7*	*74.9*
Property, plant & equipment		*24.4*	*21.2*
Financial assets		*5.7*	*3.0*
Provisions		*3.2*	*(1.4)*
Other non-cash income and expenses		(18.7)	(10.3)
Effect of fair value remeasurement		(43.7)	(33.1)
Share-based payment expense		0.7	4.7
Net (gain)/loss on asset disposals		1.3	(0.6)
Share of (profits)/losses and dividends of associates		(4.7)	(8.3)
Dividend income from non-consolidated companies		(2.0)	(2.1)
Sub-total		**206.7**	**275.8**
Net interest expense		22.4	23.9
Income tax expense (including deferred taxes)		40.8	93.0
Operating cash flow		**269.9**	**392.7**
Income taxes paid		(68.0)	(99.8)
Change in operating working capital needs		5.8	32.5
Net cash generated by operating activities		**207.7**	**325.4**
Cash outflows on acquisitions of property, plant & equipment and intangible assets		(87.7)	(102.0)
Cash inflows from disposals of property, plant & equipment and intangible assets		1.3	3.2
Cash outflows on acquisitions of financial assets		(4.6)	(1.3)
Cash inflows from disposals of financial assets		0.3	0.2
Effect of changes in scope of consolidation	28-2	(3.4)	(233.2)
Dividends received		2.0	2.1
Change in loans and advances receivable		(12.3)	(1.3)
Net cash used in investing activities		**(104.4)**	**(332.3)**
Cash received on exercise of share options		-	9.0
Purchases and sales of treasury shares		-	(18.7)
Dividends paid during the year		(181.4)	(181.8)
Cash inflows from new debt contracted	28-3	197.0	119.7
Repayment of debt (including finance leases)	28-3	(126.0)	(140.5)
Net interest paid (including finance leases)		(27.0)	(22.7)
Net cash used in financing activities		**(137.4)**	**(235.0)**
CHANGE IN CASH POSITION OF CONTINUING OPERATIONS		**(34.1)**	**(241.9)**
Cash position at beginning of period		**29.9**	**271.8**
Change in cash position during the period		(34.1)	(241.9)
Cash position at end of period	**28-1**	**(4.2)**	**29.9**

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Note 1 Significant events of 2008

No significant events with an impact on the consolidated financial statements of the TF1 Group occurred during the year ended December 31, 2008.

During the year ended December 31, 2007, TF1 acquired a 33.5% interest in the AB Group for €230 million (refer to the notes to the consolidated financial statements for the year ended December 31, 2007 for details).

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, 2008 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.

The consolidated financial statements are presented in millions of euros.

They were adopted by the Board of Directors on February 18, 2009 and will be submitted for approval by the shareholders at the forthcoming Ordinary General Meeting to be held on April 17, 2009.

2.2 NEW AND AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS

2.2.1 New standards, amendments and interpretations effective within the European Union and mandatorily applicable to periods beginning on or after January 1, 2008

The TF1 Group has adopted all the new and amended standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) and endorsed by the European Union that are applicable to the Group's operations with effect from January 1, 2008.

The TF1 Group has elected to apply the specific provisions of EC Regulation 611-2007, which allows the adoption of IFRIC 11 (IFRS 2 – Group and Treasury Share Transactions) to be postponed until January 1, 2009.

The new standards, amendments and interpretations that apply to the TF1 Group are described below:

Standard/Interpretation		Effective Date		Impact on TF1
		EU *	TF1	
IFRIC 11	IFRS 2 – Group and Treasury Share Transactions	March 1, 2008	**January 1, 2009**	The cost of employee benefits under plans awarded to TF1 Group employees by the Bouygues Group for the year ended December 31, 2008 was immaterial.
Amendment to IAS 39 & IFRS 7	Reclassification of financial assets	Reclassification from July 1, 2008	July 1, 2008	No impact on the consolidated financial statements of the TF1 Group

* *Unless otherwise indicated, applicable to accounting periods beginning on or after the date shown in this column.*

2.2.2 New standards, amendments and interpretations for which early adoption is allowed

The TF1 Group has decided not to early adopt the following pronouncements:

Standard/Interpretation		Effective Date		Expected impact on the TF1 Group
		EU *	TF1	
Revised IAS 1	Presentation of Financial Statements	January 1, 2009	January 1, 2009	Change in the presentation of the financial statements
Amended IAS 23	Borrowing Costs	January 1, 2009	January 1, 2009	No impact on the TF1 Group consolidated financial statements
IFRIC 13	Customer Loyalty Programmes	January 1, 2009	January 1, 2009	No impact on the TF1 Group consolidated financial statements
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	January 1, 2009	January 1, 2009	No material impact on the TF1 Group consolidated financial statements
IFRS 8	Operating Segments	January 1, 2009	January 1, 2009	Impact assessment ongoing, no material impact identified to date
IFRS 2 Amendment	Share-Based Payment – Vesting Conditions and Cancellations	January 1, 2009	January 1, 2009	No impact on the TF1 Group consolidated financial statements

* *Unless otherwise indicated, applicable to accounting periods beginning on or after the date shown in this column.*

2.2.3 Standards, amendments and interpretations issued by the IASB but not yet endorsed by the European Union

Standard/Interpretation		IASB Effective Date *	Expected impact on the TF1 Group
IAS 39 amendment	Financial Instruments – Eligibility of Hedged Items	July 1, 2009	No material impact on the TF1 Group consolidated financial statements for the year ended December 31, 2008
Revised IFRS 3	Business Combinations	July 1, 2009	No impact on the TF1 Group consolidated financial statements given that no business combinations have occurred
Revised IAS 27	Consolidated and Separate Financial Statements	July 1, 2009	Change in the presentation of the financial statements
IAS 32 and IAS 1 amendment	Puttable financial instruments and obligations arising on liquidation	January 1, 2009	No impact on the TF1 Group consolidated financial statements
IFRIC 12	Service Concession Arrangements	January 1, 2008	No impact on the TF1 Group consolidated financial statements
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	October 1, 2008	No impact on the TF1 Group consolidated financial statements
IFRIC 17	Distributions of Non-cash Assets to Owners	July 1, 2009	No impact on the TF1 Group consolidated financial statements
First Annual Improvements to IFRS		January 1, 2009	Impact assessment ongoing

* *Unless otherwise indicated, applicable to accounting periods beginning on or after the date shown in this column.*

2.3 CHANGE IN ACCOUNTING POLICY

The expansion of some of the Group's activities has led TF1 to reassess certain accounting policies on the basis of the proposed amendment to IAS 18 published by the IASB in August 2008 (1). This proposal establishes criteria for determining whether an entity is acting as a principal or as an agent, and hence for determining how revenues and the associated expenses are recognised in the financial statements.

For the advertising airtime sales agency business, TF1 recognises the agency commission (i.e. the gross amount billed to the advertiser less the cost of buying the media) as revenue in cases where TF1 offers no guarantee that the media owner will collect any revenue for selling the advertising airtime. If the agency offers such a guarantee, TF1 recognises as revenue the gross amount of advertising airtime sales invoiced to the advertiser.

In the case of services requiring recourse to technical service-providers, such as VoD or interactive services, TF1 recognises the price paid by the end user as revenue in cases where the Group bears the after-sales, legal and financial risks associated with these services.

Based on a review of the contractual framework currently in place for the "Wedding Lists" business of the subsidiary 1001 Listes, TF1 has decided to limit the revenue recognised on the provision of these services to the commission collected by 1001 Listes.

This change in accounting policy has no impact on net profit, but has resulted in matching adjustments to revenues and operating expenses, both of which have been reduced by €25.7 million for the year ended December 31, 2008 and by €24.7 million for the year ended December 31, 2007. In accordance with IAS 8, the 2007 figures presented for comparative purposes in the 2008 financial statements have been restated.

(1) See "Exposure Draft of Proposed Improvements to IFRSs", issued by the IASB on August 7, 2008 (www.iasb.org), and specifically the proposed amendments to IAS 18 on pages 24 to 29 of the Exposure Draft.

2.4 SELECTION OF ACCOUNTING TREATMENTS, EXERCISE OF JUDGMENT AND USE OF ESTIMATES

Preparation of the consolidated financial statements requires TF1 management to exercise judgement in the selection of accounting treatments and to use estimates for the measurement of assets, liabilities, income and expenses, which may have a material impact on the amounts reported in the financial statements.

2.4.1 Accounting treatments

The principal accounting treatments involving the exercise of judgment are listed below, along with a reference to the note that describes the main analytical methods used in applying each treatment:

- goodwill and impairment testing (notes 2.7 and 2.10);
- recognition and measurement of audiovisual rights (note 2.8.1);
- recognition and measurement of programmes, broadcasting rights and sports transmission rights (note 2.12);
- classification of financial instruments (notes 2.11 and 2.17);
- revenue recognition (notes 2.3 and 2.20).

2.4.2 Use of estimates

Preparation of the consolidated financial statements requires the TF1 Group to make various estimates and use various assumptions regarded as realistic and reasonable. Events or circumstances may result in changes to these estimates or assumptions, which could affect the value of the Group's assets, liabilities, equity or net profit.

The principal accounting policies requiring the use of estimates are:

- impairment of goodwill (note 7): the carrying amount of goodwill in the TF1 consolidated financial statements is reviewed annually using the method described in note 2.10. These impairment tests are sensitive to medium-term financial forecasts and to the discount rates used to estimate the value in use of cash-generating units (CGUs);
- impairment of audiovisual rights (note 8.1): impairment testing of audiovisual rights is based on an analysis of projected future revenues;
- impairment of programmes and broadcasting rights (note 11): impairment testing of programmes and broadcasting rights is based on the probability of transmission, assessed mainly on the basis of future programming schedules;
- measurement of provisions for retirement benefit obligations (note 16.1.2): these provisions are calculated by the TF1 Group itself using the projected unit credit method, as described in note 2.19.1. This calculation is sensitive to assumptions regarding the discount rate, the salary inflation rate and the employee 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 12.5 and 14.3): the fair value of financial instruments is determined by reference to market prices. In the case of derivative instruments, market prices are determined and supplied to the TF1 Group by its bankers. Where no quoted market price is available, fair value is estimated using other valuation methods such as the discounted cash flow method.

2.5 CONSOLIDATION METHODS

Subsidiaries

Subsidiaries are companies over which TF1 exercises control. Control is presumed to exist where the parent company has the power directly or indirectly to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. Subsidiaries are included in the consolidation from the date on which control is effectively transferred to the Group. Divested subsidiaries are excluded from the consolidation from the date on which the Group ceases to have control.

TF1 accounts for investees over which it exercises exclusive control using the full consolidation method. Under this method, all assets, liabilities, equity, income and expenses of each subsidiary are combined on a line-by-line basis in the consolidated financial statements. Minority interests in equity and in net profit are identified separately under "Minority interests" in the consolidated balance sheet and the consolidated income statement.

Jointly controlled entities

A jointly controlled entity is one in which the power to govern the financial and operating policies of the entity is contractually shared by TF1 with one or more other parties, none of which exercises control. TF1 accounts for interests in such entities using the proportionate consolidation method. Under this method, TF1 includes its own share of the subsidiary's assets, liabilities, equity, income and expenses in the relevant lines of its own consolidated financial statements.

Associates

An associate is an enterprise in which TF1 exercises significant influence, which means that TF1 has the power to participate in the financial and operating policy decisions of the investee without exercising control. Significant influence is presumed to exist if the parent company holds, directly or indirectly, 20% or more of the voting power of the investee.

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 subsequent to January 1, 2004

Business combinations are accounted for using the purchase method. Under this method, 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.

The cost of a business combination is the aggregate of:

- the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree; plus
- any costs directly attributable to the business combination.

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.

If the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected, the TF1 Group recognises any adjustments to these provisional values within twelve months following the acquisition date. If the adjustment between provisional and final fair value accounting materially affects the presentation of the financial statements, the comparative information for the period preceding the final accounting for the combination is restated as though the final accounting had been completed at the acquisition date.

If the share of the fair value of the identifiable assets and liabilities acquired exceeds the cost of the combination, the excess is recognised immediately in the income statement as negative goodwill.

Subsequent to initial recognition, goodwill is measured at cost less any impairment losses, determined using the method described in note 2.10. Any impairment losses are charged as an operating item in the income statement, and may not be subsequently reversed.

Specific treatment on transition to IFRS

In accordance with the option allowed under IFRS 1, the TF1 Group elected not to remeasure goodwill arising on business combinations effected prior to January 1, 2004.

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 includes shares in films and audiovisual programmes produced or co-produced by TF1 Films Production, TF1 Vidéo, Glem and Téléma; distribution and trading rights owned by TF1 International, TCM DA and TF1 Entreprises; and music rights owned by Une Musique and Baxter.

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, with a minimum of three years straight-line;
- audiovisual distribution rights: amortised in line with revenues, with a minimum of three years straight-line;
- audiovisual trading rights: straight-line basis over five years;
- music rights: amortised over two years, 75% in the first year and the remaining 25% in the second year.

The amortisation method used for films co-produced by TF1 Films Production and Téléma is consistent with industry practice (amortisation in line with revenues subject to a minimum of straight-line amortisation over three years).

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 trademarks owned by the TF1 Group and regarded as having an indefinite useful life, which are not amortised.

2.9 PROPERTY, PLANT AND EQUIPMENT

2.9.1. Property, plant and equipment owned outright

Property, plant and equipment is carried at acquisition cost net of accumulated depreciation and impairment losses.

Depreciation is charged on a straight-line basis over the expected useful life of the asset, taking account of any residual value of the asset:

- buildings: 25 to 50 years
- technical installations: 3 to 7 years
- other property, plant and equipment: 2 to 10 years

Land is not depreciated.

Where an asset is made up of components with different useful lives, these components are recorded as separate items within property, plant and equipment.

Gains or losses on disposals of property, plant and equipment represent the difference between the sale proceeds and the net carrying amount of the asset, and are included in "Other operating income and expenses".

2.9.2 Property, plant and equipment acquired under finance leases

Property, plant and equipment held under leases which transfer substantially all the risks and rewards of ownership of the asset to the TF1 Group is recognised as an asset in the balance sheet at the inception date of the lease, at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability; the finance charge is recognised in the income statement under "Expenses associated with net debt", a component of "Cost of net debt".

Assets held under finance leases are depreciated over the same periods as assets of the same type owned outright.

2.10 IMPAIRMENT OF NON-CURRENT ASSETS

At each balance sheet date, TF1 assesses whether there are internal or external events or circumstances which indicate that a non-current asset may have been impaired. If there is such an indication, or if the asset is required to be tested for impairment annually (goodwill, and intangible assets with indefinite useful lives), the recoverable amount of the asset is estimated.

2.10.1 Goodwill and indefinite-lived intangible assets

The recoverable amount of an asset is the higher of value in use or fair value less costs to sell. If fair value less costs to sell cannot be reliably measured, the recoverable amount of an asset is its value in use.

The value in use of assets to which independent cash flows can be directly allocated is determined individually. All other assets are grouped within cash-generating units (CGUs) to determine their value in use. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The value in use of an asset or a CGU is measured using the discounted cash flow (DCF) method, based on 3-year cash flow projections approved by TF1 management and the Board of Directors plus a standard annual cash flow figure for the time horizon beyond the 3-year business plan. The cash flows used are determined on an after-tax basis.

These cash flow projections are discounted using an after-tax discount rate, determined on the basis of the weighted average cost of capital 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 below.

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 12.5. Unlisted securities whose fair value cannot be measured reliably are carried at cost.

Available-for-sale financial assets are tested individually for impairment. If there is objective evidence of impairment, an impairment loss is recognised in the income statement; these impairment losses may not be subsequently reversed.

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). Any programme acquisition advance payments made before these conditions are met are treated 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 specific valuation):

TF1 rules by programme type	Drama 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.

External productions that have not been broadcast, and the rights to which have expired, are expensed as a component of current operating profit.

Rights ordered under irrevocable contracts but not yet available for transmission (see above) are disclosed in the notes to the consolidated financial statements, and valued as follows:

- Programmes and broadcasting rights:

  Rights acquisition contracts not yet 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 under the contract. Advance payments are recognised in the balance sheet as a supplier prepayment in "Trade and other debtors".

- Sports transmission rights:

  Acquisitions of sports transmission rights under irrevocable orders placed before the balance sheet date are priced at the contractual amount less any sums already paid at that date.

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 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, plus the uneliminated portion of treasury current accounts with companies consolidated by the proportionate consolidation method.

Cash and treasury current accounts are classified in the "Loans and receivables" category and carried at amortised cost.

2.15 HELD-FOR-SALE ASSETS

A non-current asset or a group of assets and liabilities is classified as "held-for-sale" if its carrying amount will be recovered principally through a sale transaction rather than through continuing use, and a sale is highly probable. If material, such assets and asset groups are reported separately from other assets or asset groups, and are measured at the lower of their carrying amount or fair value less costs to sell.

An operation is treated as discontinued or held-for-sale when it is a separate line of business that is material to the Group, and either (i) the criteria for classification as a held-for-sale asset are met or (ii) it has been sold by the TF1 Group.

Discontinued and held-for-sale operations are presented on a separate line in the income statement for each of the periods reported, showing the post-tax profit or loss of discontinued or held-for-sale operations until the date of sale and the post-tax gain or loss arising from the sale of such operations or from remeasuring the assets and liabilities of such operations at fair value less costs to sell.

If material, cash flows relating to discontinued and held-for-sale operations are shown in a separate section at the foot of the consolidated cash flow statement for all the periods reported.

2.16 TREASURY SHARES

Treasury shares acquired by the TF1 Group are deducted from consolidated equity. No gains or losses arising on the purchase, sale or cancellation of treasury shares are recognised in the income statement.

2.17 FINANCIAL LIABILITIES

Financial liabilities are classified in one of two categories: financial liabilities at fair value through profit or loss and financial liabilities at amortised cost.

Financial liabilities at fair value through profit or loss comprise:

- liabilities regarded as held for trading, comprising liabilities incurred principally with a view to repurchasing them in the near term;
- liabilities designated by the Group on initial recognition as financial instruments at fair value through profit or loss.

The TF1 Group's non-derivative financial liabilities mainly comprise a bond issue, borrowings (including credit facilities contracted with banks or with the Group), treasury current accounts with credit balances, bank overdrafts, and finance lease obligations.

These liabilities are measured at amortised cost.

Where a financial liability is wholly or partially hedged by an interest rate instrument, the hedged portion is accounted for under hedge accounting rules (see note 2.18.1).

2.17.1 Bond issues

Bond issues are initially recognised at the amount of the issue proceeds net of issue costs.

Subsequently, bond issues are measured at amortised cost using the effective interest method. The effective interest rate takes account of issue costs and redemption premium, which are recognised in the balance sheet as a deduction from the nominal value of the bond issue and amortised using the effective interest method over the term of the bond issue. Amortisation and interest charges are recognised in the income statement under "Expenses associated with net debt". The portion of accrued interest falling due within less than one year is recorded in "Current debt".

2.17.2 Other financial liabilities

Other current and non-current financial liabilities comprise borrowings, treasury current accounts with credit balances, bank overdrafts and finance lease obligations, and are measured at amortised cost.

Commitments to buy out minority shareholders are recognised as a financial liability. Any excess of the amount of the liability over the carrying amount of the related minority interests is recognised 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 derivative instruments not designated as hedges as defined in IAS 39 are recognised in the income statement.

2.19 PROVISIONS AND CONTINGENT LIABILITIES

A provision is recorded when a legal or constructive obligation to a third party arising from a past event will certainly or probably result in an outflow of resources that can be measured reliably. Provisions are reviewed at each balance sheet date, and adjusted where necessary to reflect the best estimate of the obligation as of that date.

Contingent liabilities are obligations whose existence will be confirmed only by the occurrence of future events or for which the outflow of resources cannot be measured reliably. No provision is recorded for contingent liabilities.

2.19.1 Non-current provisions

The main types of non-current provisions are:

Provisions for retirement benefits

The Group's employees are entitled to retirement benefits under defined-contribution and defined-benefit plans, which may be partially managed by the Group's pension funds.

The employees of TF1 Group subsidiaries in France belong to general and top-up French pension schemes. These are defined-contribution plans, under which the TF1 Group's obligation is limited to the payment of a periodic contribution based on a specified percentage of staff costs. These contributions are expensed in profit or loss for the period under "Staff costs".

The pension cost recognised for defined-benefit plans is determined using the projected unit credit method at the expected retirement date, based on final salary, and taking account of:

- vested benefit entitlements under collective agreements for each category of employee based on length of service;
- staff turnover rate, calculated using historical average data for employees leaving the Group;
- salaries and wages, including a coefficient for employer's social security charges as currently payable;
- an annual salary inflation rate;
- life expectancy of employees, determined using statistical tables;
- a discount rate, applied to the obligation and reviewed annually.

The Group's obligation is partially covered by an insurance contract. The provision for retirement benefits recognised in the balance sheet represents the total obligation less the value of this contract.

Actuarial gains and losses arise on defined-benefit post-employment benefit plans as a result of changes in the actuarial assumptions used to measure the obligation and plan assets from one period to the next, and of differences between actual market conditions and the expected market conditions used in the assumptions. With effect from January 1, 2007, the TF1 Group has recognised actuarial gains and loss directly in equity (net of deferred taxes) in the period in which they occur, in accordance with the option offered by the amendment to IAS 19.

Provisions for long-service leave

These provisions cover entitlement to additional compensated absence awarded by some TF1 Group companies to employees based on length of service. The calculation of the cost of vested compensated absence rights takes into account length of service, salary at the time the rights will be taken up, and staff turnover. The provision is discounted at the same rate as the provision for retirement benefit obligations.

Provisions for litigation, claims and risks

These provisions cover litigation, claims and non-recurring risks for which settlement occurs outside the normal operating cycle.

They are measured as the probable outflow of resources resulting from ongoing litigation or claims arising from an event prior to the balance sheet date. Provisions for litigation and claims include the estimated amount payable to third parties in respect of litigation and claims. They also include provisions for charges relating to disputes with tax and social security authorities; in such cases, the amount shown on reassessment notices issued by the authorities is provided for unless the company concerned regards it as highly probable that it will successfully defend its position against the authorities.

2.19.2 Current provisions

Current provisions mainly comprise provisions for litigation and claims arising in the normal operating cycle and for which settlement will probably occur within twelve months. They are measured in the same way as non-current provisions (see above).

2.20 REVENUE RECOGNITION

The TF1 Group recognises revenue when:

- it is probable that the economic benefits associated with the transaction will flow to the Group;
- the amount of revenue can be measured reliably;
- at the transaction date, it is probable that the amount of the sale will be recovered.

The specific revenue recognition policies applied to each business line are as follows:

- sales of advertising airtime are recognised on transmission of the advertisement or commercial. 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;
- 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.

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), and investment and operating grants awarded by the French State to the France 24 news channel.

Grants are recognised in the balance sheet of the receiving entity once the grant has been definitively awarded, except for operating grants made to France 24 approved at the end of one financial year for the subsequent financial year.

Grants awarded by audiovisual industry support funds are initially recorded as deferred income in "Trade and other creditors" on the liabilities side of the balance sheet once the grant has been definitively awarded. They are taken to the income statement under "Other operating income and expenses" 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.

Investment grants awarded to France 24 are deducted from the carrying amount of the assets they finance. These grants are recognised as the asset is depreciated, by means of a reduction in the depreciation charge.

Operating grants awarded to France 24 are initially recognised in "Trade and other creditors", and are taken to the income statement as and when the expenses they offset are recognised.

2.22 OTHER NON-CURRENT OPERATING INCOME AND EXPENSES

This item comprises 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 on a separate line 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;
- gains or losses arising on 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 derivative instruments 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;
- other revenues generated by cash equivalents and financial assets used for treasury management purposes;
- expenses arising from the remeasurement of financial assets and financial liabilities at fair value, such as changes in the fair value of interest rate derivative instruments and changes in the fair value of cash equivalents and financial assets used for treasury management purposes;
- income generated by the disposal of assets used for treasury management purposes.

2.24 DEFERRED TAXATION

Deferred taxation is recognised using the liability method on all temporary differences existing at the balance sheet date between the carrying amount of assets and liabilities in the consolidated balance sheet and their tax base, except in the specific cases mentioned in IAS 12 (primarily goodwill).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets arising on deductible temporary differences and on the carry-forward of unused tax losses are recognised only to the extent that it is probable that they can be offset against future taxable profits.

Taxes on items recognised directly in equity are taken to consolidated reserves.

2.25 EARNINGS PER SHARE

Basic earnings per share is obtained by dividing net profit for the period by the weighted average number of shares outstanding during the period.

All shares conferring unrestricted rights upon the shareholder are included. Shares in the parent company held by the company itself or by consolidated companies are excluded from the average number of shares outstanding.

Diluted earnings per share is calculated by including all financial instruments giving future access to the capital of the parent company, whether these instruments are issued by the parent company itself or by a subsidiary. The dilutive effect is calculated separately for each instrument, based on the conditions prevailing at the balance sheet date. Anti-dilutive instruments are excluded.

Non-dilutive share subscription option plans are excluded from this calculation.

2.26 SHARE-BASED PAYMENT

TF1 has awarded share subscription option plans and consideration-free share allotment plans to its employees (see note 30).

In accordance with IFRS 2, the cost of these equity-settled share-based payment plans is recognised as an expense in "Staff costs", with the credit entry recognised in equity.

The total expense relating to share subscription option plans is measured at the grant date of the options using the Black-Scholes-Merton model, and is recognised over the vesting period.

The total expense relating to consideration-free shares is measured at the allotment date (taking into account any specific terms and conditions liable to affect fair value), and recognised over the vesting period on a straight line basis.

In accordance with IFRS 1 and IFRS 2, only plans granted after November 7, 2002 and not vested as of January 1, 2004 are measured and recognised as an expense (in "Staff costs").

2.27 SEGMENT REPORTING

TF1 organises its operating activities into strategic business units, each of which is managed appropriately to the nature of the products and services sold and the specific economic environment. The primary level of segment reporting adopted by TF1 is the business segment, because risks and returns on investment are affected by the nature of the products or services sold. The secondary level of segment reporting is the geographical segment.

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 business segments used in primary-level segment reporting are:

Broadcasting France

This segment includes the TF1 channel, associated and spin-off activities regarded as inseparable from this channel, and other free-to-air or pay-TV channels broadcasting primarily to France. Activities inseparable from TF1 include the in-house advertising airtime sales agency, and companies involved in the production or co-production of programmes intended for the TF1 channel.

Broadcasting International

This segment comprises subsidiaries involved in the development and broadcasting of pay-TV programmes primarily broadcast outside France, in particular Eurosport and France 24.

Audiovisual Rights

Subsidiaries whose principal activity is the production, publishing or distribution of audiovisual rights not exclusively intended for TF1 Group channels are included in this segment. Production activities include delegated productions or co-productions of films. Publishing and distribution activities include all media (CD, DVD, etc) and all channels (cinemas, TV channels and all retail distribution channels).

Other activities

This segment comprises all activities not included in any of the segments described above.

Note 3 Significant changes in scope of consolidation

The consolidated financial statements of the TF1 Group for the year ended December 31, 2008 include the financial statements of the companies listed in note 36.

No significant changes in the scope of consolidation occurred in 2008.

Operations held for sale are reported separately in accordance with IFRS 5 (see note 4).

The cash impact of significant changes in the scope of consolidation is described in note 28.2.

3.1 NEWLY-CONSOLIDATED ENTITIES AND INCREASES IN PERCENTAGE INTEREST IN 2007

3.1.1 Acquisition by TF1 of a 33.5% interest in the AB Group

With effect from April 2, 2007, the TF1 Group has exercised significant influence over the AB Group, as demonstrated by its interest of 33.5% in the capital and its representation on the Board of Directors. Consequently, the Group has accounted for AB Group as an associate (i.e. by the equity method) since that date, in accordance with IAS 28. This investment is shown in the balance sheet under "Investments in associates" at the acquisition cost of €230.3 million, including goodwill, directly attributable acquisition costs and the effect of deferred settlement terms.

3.1.2 Acquisition of exclusive control over Téléma

TF1 International SAS, which since April 17, 2000 had held a 49% interest in the capital of Téléma, acquired the remaining 51% of the capital and voting rights in 2007 for €5.6 million.

3.1.3 Acquisition of a 100% interest in Dujardin

In July 2007, TF1 Entreprises acquired a 100% interest in the capital of Dujardin, one of France's leading producers of card and board games, for €5.4 million.

3.1.4 Top Ticket.s

TF1 SA formed an alliance with the Artemis Group and the Recruit investment fund to create Top Tickets, a company that produces *PiliPili*, a freesheet carrying advertisements for local businesses and events, launched in September 2007.

3.2 FINALISATION OF THE SALE OF EUROPA TV DURING 2007

The 29% interest in Europa TV held by TF1 SA was sold to Holland Coordinator & Service Company Italia, subject to conditions, on December 20, 2006 at a provisional valuation of €26.7 million. Following approval by AGCOM (the Italian communications authority) on June 6, 2007, the sale was completed on June 14, 2007 at a final valuation of €32.6 million, generating an additional gain on disposal of €5.9 million. This gain was recognised in the first half of 2007, and was reported in "Other operating income and expenses".

3.3 INTERNAL REORGANISATIONS WITH NO IMPACT ON THE CONSOLIDATED FINANCIAL STATEMENTS

As part of the ongoing rationalisation of the legal structure of the TF1 Group, the following transactions were carried out:

- 2008: merger of RCV into TF1 Vidéo, merger of Dujardin International into Dujardin, merger of Ciby DA into TF1 International, merger of TF1 VOD into TF1 Vidéo, merger of TF1 Hors Média into TF1 Publicité, and merger of Alma, TF1 Publicité Production, Tout Audiovisuel Productions, Quai Sud and Yagan into Glem;
- 2007: merger of Eurosales into Eurosport SA and merger of Glem Films into TF1 Films Production.

Note 4 Operations held for sale at December 31, 2008

4.1 FRANCE 24

At the end of 2008, the TF1 Group began negotiations with Audiovisuel Extérieur de la France with a view to the sale of TF1's interest in France 24.

As of December 31, 2008, the assets of France 24 and France 24 Advertising were classified in "Held-for-sale assets" and the related liabilities in "Liabilities relating to held-for-sale assets" in accordance with IFRS 5.

See note 35, "Post balance sheet events".

4.2 SHOPPING À LA UNE

Since 2004, the TF1 Group has been developing, via its subsidiary Shopping à la Une, a web-based exclusive shopping promotion business offering leading products and brands on the "surinvitation.com" website.

In December 2008, the Group signed an agreement to sell this business to *Initiatives et Développements*. Under the terms of the agreement, the sale will be completed during the first quarter of 2009.

As of December 31, 2008, the assets of Shopping à la Une were classified in "Held-for-sale assets" and the related liabilities in "Liabilities relating to held-for-sale assets" in accordance with IFRS 5.

See note 35, "Post balance sheet events".

4.3 BREAKDOWN OF "HELD-FOR-SALE ASSETS" AND "LIABILITIES RELATING TO HELD-FOR-SALE ASSETS"

2008 (€m)	France 24	Shopping à la Une	Total
Non-current assets	0.2	0.1	0.3
Current assets	14.3	0.2	14.5
TOTAL HELD-FOR-SALE ASSETS	**14.5**	**0.3**	**14.8**
Non-current liabilities	0.3	-	0.3
Current liabilities	13.9	0.8	14.7
TOTAL LIABILITIES RELATING TO HELD-FOR-SALE ASSETS	**14.2**	**0.8**	**15.0**
Revenue	**4.4**	**2.7**	**7.1**
Operating profit/(loss)	**-**	**(1.3)**	**(1.3)**

Note 5 Interests in jointly controlled entities

The TF1 Group owns interests in jointly controlled entities, a list of which is provided in note 36.

The table below shows the share of the assets, liabilities, revenue and operating profit of these entities as included in the consolidated financial statements.

TF1 share	TF6/Série Club		TMC		France 24		TCM		Other	
(€m)	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Non-current assets	22.4	22.2	15.9	15.6	-	0.2	9.8	12.4	0.5	0.4
Current assets	10.1	8.8	17.4	12.5	-	18.2	0.2	3.7	2.0	1.4
TOTAL ASSETS	**32.5**	**31.0**	**33.3**	**28.1**	**-**	**18.4**	**10.0**	**16.1**	**2.5**	**1.8**
Shareholders' equity	22.7	23.4	10.0	5.1	-	-	5.1	2.8	(4.9)	(3.0)
Non-current liabilities	0.7	0.5	11.2	11.1	-	0.1	6.0	6.0	(0.6)	(1.1)
Current liabilities	9.1	7.1	12.1	11.9	-	18.3	(1.1)	7.3	8.3	5.9
TOTAL LIABILITIES & EQUITY	**32.5**	**31.0**	**33.3**	**28.1**	**-**	**18.4**	**10.0**	**16.1**	**2.8**	**1.8**
Revenue	**15.1**	**16.9**	**27.6**	**12.7**	**4.4**	**2.2**	**4.8**	**3.9**	**4.7**	**3.8**
Current operating profit/(loss)	**0.3**	**1.3**	**5.5**	**0.9**	**-**	**-**	**4.5**	**0.4**	**(3.8)**	**(3.2)**

Note 6 Segment information

6.1 INFORMATION ON BUSINESS SEGMENTS

The contribution of each business segment to the consolidated financial statements was as follows:

	Broadcasting France		Audiovisual Rights		Broadcasting International		Other Activities		Total	
(€m)	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
REVENUE	**2,103.5**	**2,195.8 ***	**174.0**	**268.1**	**316.2**	**274.8**	**1.0**	**0.2**	**2,594.7**	**2,738.9 ***
Profit										
Current operating profit/(loss)	**164.2**	**252.0**	**(10.8)**	**17.2**	**26.7**	**38.2**	**(3.6)**	**(2.2)**	**176.5**	**305.2**
Depreciation and amortisation, net	*(37.7)*	*(31.5)*	*(48.7)*	*(50.1)*	*(8.0)*	*(6.7)*	*(0.1)*	*(0.1)*	*(94.5)*	*(88.4)*
Provisions and impairment, net	*(27.8)*	*(20.4)*	*(23.2)*	*(17.4)*	*(1.6)*	*(3.1)*	-	-	*(52.6)*	*(40.9)*
Other non-current operating income and expenses	-	-	-	-	-	-	-	-		
Share of profits/(losses) of associates (1)	11.0	8.0	-	-	(0.6)	0.1	(0.8)	0.2	9.6	8.3
Post-tax profit from discontinued and held-for-sale operations	-	-	-	-	-	-	-	-	-	-
BALANCE SHEET										
Segmental assets (2)	359.4	381.9	113.6	121.7	378.7	373.8	0.4	0.3	852.1	877.7
Segmental liabilities (3)	77.2	73.9	19.6	14.9	3.9	6.3	-	-	100.7	95.1
Investments in associates	248.1	240.9	-	-	-	0.5	11.2	12.0	259.3	253.4
Capital expenditure (4)	15.0	81.4	49.2	58.4	13.3	8.0	0.3	0.4	77.8	148.2

* *Negative impact of change in accounting policy on 2007 revenue: €24.7 million (see notes 2.3 and 2.20).*

(1) *The share of profits/losses of associates recorded for each segment is as follows:*
- broadcasting France: the €11 million share of profits for 2008 (€8 million for 2007) relates to the AB Group;
- broadcasting International: the share of losses for 2008 relates to Sailing One;
- other Activities: the share of profits/losses relates to Metro France Publications.

(2) *Segmental assets include audiovisual rights, other intangible assets, goodwill, and property, plant and equipment.*

(3) *Segmental shareholders' equity and liabilities include current and non-current provisions.*

(4) *See the Capital Expenditure table below for a reconciliation of capital expenditure with the consolidated cash flow statement.*

Capital expenditure

Reconciliation with the consolidated cash flow statement:

(€m)	**2008**	**2007**
Capital expenditure	77.8	148.2
Investment grants received	(18.5)	(15.5)
Change in creditors related to acquisitions of intangible assets	30.6	(34.0)
Change in creditors related to acquisitions of property, plant & equipment	(2.2)	3.3
Cash outflows on acquisitions of property, plant & equipment and intangible assets	**87.7**	**102.0**

6.2 INFORMATION ON GEOGRAPHICAL SEGMENTS

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		Total	
(€m)	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
Revenue	2,256.6	2,437.1 *	294.2	268.2	43.9	33.6	2,594.7	2,738.9 *
Segmental assets	849.4	860.5	2.4	16.8	0.3	0.4	852.1	877.7
Capital expenditure	76.1	147.1	1.6	1.0	0.1	0.1	77.8	148.2

* *Negative impact of change in accounting policy on revenue: €24.7 million (see notes 2.3 and 2.20).*

Note 7 Goodwill

For impairment testing purposes, goodwill has been allocated to cash generating units (CGUs) as follows:

(€m)	Broadcasting France	Broadcasting International	Audiovisual Rights	Other Activities	Total
Goodwill at Jan 1, 2008	**173.4**	**336.3**	**-**	**-**	**509.7**
Acquisitions	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Other	(3.6)	-	-	-	(3.6)
Goodwill at Dec 31, 2008	**169.8**	**336.3**	**-**	**-**	**506.1**
Gross value	*180.1*	*336.3*	-	-	*516.4*
Accumulated impairment	*(10.3)*	-	-	-	*(10.3)*

(€m)	Broadcasting France	Broadcasting International	Audiovisual Rights	Other Activities	Total
Goodwill at Jan 1, 2007	**168.9**	**336.3**	**-**	**-**	**505.2**
Acquisitions	5.8	-	-	-	5.8
Disposals	(0.3)	-	-	-	(0.3)
Impairment	-	-	-	-	-
Other	(1.0)	-	-	-	(1.0)
Goodwill at Dec 31, 2007	**173.4**	**336.3**	**-**	**-**	**509.7**
Gross value	*183.7*	*336.3*	-	-	*520.0*
Accumulated impairment	*(10.3)*	-	-	-	*(10.3)*

In 2007, TF1 acquired the Dujardin Group, and provisionally recognised goodwill on the acquisition of €3.5 million.

During 2008, as part of the final purchase price allocation, TF1 adjusted the provisional amounts recognised on this acquisition, as a result of which the provisional goodwill of €3.5 million was reallocated in full to the “1000 Bornes” trademark (gross value of €5.3 million less the deferred tax impact of €1.8 million).

Based on impairment tests conducted using the method described in note 2.10, no material impairment of goodwill was identified as of December 31, 2008.

The recoverable amount of the Broadcasting France CGU and the Broadcasting International CGU was 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 Group Board of Directors.

Cash flows beyond the projection time-frame were extrapolated at a perpetual growth rate consistent with the growth potential of the markets in which each CGU operates, and with their competitive positions in those markets.

The after-tax discount rate applied (6.28%) was determined using the method described in note 2.10.1.

An analysis of the sensitivity of this calculation to changes in key parameters identified no probable scenario in which the recoverable amount of either CGU would fall below its carrying amount.

Note 8 Intangible assets

8.1 AUDIOVISUAL RIGHTS

Movements during the year ended December 31, 2008 were as follows:

2008 *(€m)*	January 1	Increases	Decreases	Change in scope of consolidation, reclassification *	December 31
Gross value	1,070.9	71.8	(11.0)	(40.5)	1,091.2
Amortisation	(851.6)	(64.0)	3.4	-	(912.2)
Impairment	(39.5)	(21.9)	15.2	-	(46.2)
Audiovisual rights	**179.8**	**(14.1)**	**7.6**	**(40.5)**	**132.8**

* *As of December 31, 2007, the TF1 Group recognised €40.5 million for rights acquisition contracts entered into by TF1 SA in anticipation of the formation of the TF1 Acquisitions economic interest grouping. In 2008, these rights were transferred to TF1 Acquisitions and reclassified as broadcasting rights inventories, in line with their intended use.*

Movements during the year ended December 31, 2007 were as follows:

2007 *(€m)*	January 1	Increases	Decreases	Change in scope of consolidation, reclassification	December 31
Gross value	898.7	113.9	(7.3)	65.6	1,070.9 *
Amortisation	(729.6)	(62.6)	1.6	(61.0)	(851.6)
Impairment	(41.3)	(15.6)	7.8	9.6	(39.5)
Audiovisual rights	**127.8**	**35.7**	**2.1**	**14.2**	**179.8**

* *This item includes €40.5 million relating to the acquisition contracts carried by TF1 on behalf of the TF1 Acquisitions economic interest grouping (see note above).*

The tables below show the maturities of audiovisual rights acquisition contracts entered into by TF1 to secure future programming schedules:

Audiovisual rights *(€m)*	Less than 1 year	1-5 years	More than 5 years	Total
2008	**11.9**	**-**	**-**	**11.9**
2007	16.7	-	-	16.7

8.2 OTHER INTANGIBLE ASSETS

2008 *(€m)*	January 1	Increases	Decreases	Change in scope of consolidation, reclassification	December 31
Astra satellite advance	18.9	-	-	-	18.9
Concessions, patents and similar rights *	41.9	2.9	(0.2)	6.6	51.2
Other	8.5	2.4	(1.6)	(2.9)	6.4
Gross value	**69.3**	**5.3**	**(1.8)**	**3.7**	**76.5**
Astra satellite advance	(9.7)	(2.7)	-	-	(12.4)
Amortisation	(28.3)	(3.3)	1.8	2.4	(27.4)
Impairment	(1.4)	(0.1)	-	-	(1.5)
Amortisation and impairment	**(39.4)**	**(6.1)**	**1.8**	**2.4**	**(41.3)**
Other intangible assets, net	**29.9**	**(0.8)**	**-**	**6.1**	**35.2**

* *In 2008, the TF1 Group recognised the "1000 Bornes" trademark as an intangible asset with a value of €5.3 million as part of the final purchase price allocation in connection with the acquisition of the Dujardin Group.*

2007 *(€m)*	January 1	Increases	Decreases	Change in scope of consolidation, reclassification	December 31
Astra satellite advance	18.9	-	-	-	18.9
Concessions, patents and similar rights *	40.2	1.6	(3.2)	3.3	41.9
Other	9.0	2.8	-	(3.3)	8.5
Gross value	**68.1**	**4.4**	**(3.2)**	**-**	**69.3**
Astra satellite advance	(7.0)	(2.7)	-	-	(9.7)
Amortisation	(29.3)	(1.8)	3.0	(0.2)	(28.3)
Impairment	(1.3)	(0.1)	-	-	(1.4)
Amortisation and impairment	**(37.6)**	**(4.6)**	**3.0**	**(0.2)**	**(39.4)**
Other intangible assets, net	**30.5**	**(0.2)**	**(0.2)**	**(0.2)**	**29.9**

* *No trademarks of material value were owned as at December 31, 2007.*

Note 9 Property, plant and equipment

Movements in property, plant and equipment during the year ended December 31, 2008 were as follows:

2008 *(€m)*	January 1	Increases	Decreases	Change in scope of consolidation, reclassification	December 31
Land	45.7	-	-	-	45.7
Buildings	58.3	0.2	-	(0.3)	58.2
Technical facilities	165.9	16.9	(4.7)	4.3	182.4
Technical facilities held under finance leases	14.3	-	(6.5)	(2.2)	5.6
Other property, plant and equipment	105.5	12.3	(5.9)	0.9	112.8
Property, plant and equipment under construction	3.2	15.5	-	(7.2)	11.5
Gross value	**392.9**	**44.9**	**(17.1)**	**(4.5)**	**416.2**
Buildings	(11.7)	(2.5)	1.6	0.1	(12.5)
Technical facilities	(136.6)	(13.1)	4.6	1.4	(143.7)
Technical facilities held under finance leases	(13.0)	(0.7)	6.5	2.3	(4.9)
Other property, plant and equipment	(73.3)	(10.0)	5.6	0.6	(77.1)
Depreciation	**(234.6)**	**(26.3)**	**18.3**	**4.4**	**(238.2)**
Net value	**158.3**	**18.6**	**1.2**	**(0.1)**	**178.0**

Movements in property, plant and equipment during the year ended December 31, 2007 were as follows:

2007 *(€m)*	January 1	Increases	Decreases	Change in scope of consolidation, reclassification	December 31
Land	45.7	-	-	-	45.7
Buildings	58.3	-	-	-	58.3
Technical facilities	154.7	10.1	(1.3)	2.4	165.9
Technical facilities held under finance leases	13.8	-	-	-	13.8
Other property, plant and equipment	93.3	11.7	(1.9)	2.4	105.5
Other property, plant and equipment held under finance leases	1.6	-	(1.1)	-	0.5
Property, plant and equipment under construction	1.5	4.5	-	(2.8)	3.2
Gross value	**368.9**	**26.3**	**(4.3)**	**2.0**	**392.9**
Buildings	(10.8)	(2.5)	1.6	-	(11.7)
Technical facilities	(127.2)	(10.5)	1.3	(0.2)	(136.6)
Technical facilities held under finance leases	(11.7)	(0.8)	-	-	(12.5)
Other property, plant and equipment	(64.9)	(8.9)	1.5	(1.0)	(73.3)
Other property, plant and equipment held under finance leases	(1.3)	(0.1)	0.9	-	(0.5)
Depreciation	**(215.9)**	**(22.8)**	**5.3**	**(1.2)**	**(234.6)**
Net value	**153.0**	**3.5**	**1.0**	**0.8**	**158.3**

Note 10 Investments in associates

The table below gives a breakdown of investments in associates:

(€m)	AB Group	Metro France Publications	Europa TV (1)	Other (2)	Total
Country	**France/Belgium**	**France**	**Italy**	**France**	
January 1, 2007	**-**	**11.8**	**26.7**	**1.7**	**40.2**
Share of net profit/(loss), net of dividends received	8.0	0.2	-	0.1	8.3
Change in scope of consolidation	230.3	-	(26.7)	1.3	204.9
December 31, 2007	**238.3**	**12.0**	**-**	**3.1**	**253.4**
Share of net profit/(loss), net of dividends received	6.0	(0.8)	-	(0.6)	4.6
Change in scope of consolidation	-	-	-	1.3	1.3
December 31, 2008	**244.3**	**11.2**	**-**	**3.8**	**259.3**

(1) The 29% interest in Europa TV was accounted for as an associate in the consolidated financial statements for the year ended December 31, 2006. The conditions for the sale of this interest having been fulfilled in June 2007, the effects of the sale were finally recognised in the financial statements as of that date (see note 3.2).

(2) Other associates comprise JFG Networks, Sky Art Media and Sailing One.

The table below gives summary information about material investments in associates:

TF1 Group share	AB Group (1)		Métro France Publications	
(€m)	2008	2007	2008	2007
Non-current assets	40.5	43.2	0.3	0.2
Current assets	47.1	38.7	12.5	10.9
TOTAL ASSETS	**87.6**	**81.9**	**12.8**	**11.1**
Shareholders' equity	33.2	27.2	0.2	1.0
Non-current liabilities	11.7	14.1	0.2	0.1
Current liabilities	42.7	40.6	12.4	10.0
TOTAL LIABILITIES AND EQUITY	**87.6**	**81.9**	**12.8**	**11.1**
Revenue	**56.8**	**53.5**	**13.3**	**13.7**
Operating profit/(loss)	**16.0**	**14.1**	**(0.8)**	**0.2**

(1) The 2008 figures are based on the September 30, 2008 financial statements (the most recent accounts available) and a 33.5% interest. The 2007 figures are based on the September 30, 2007 financial statements and a 33.5% interest.

Data relating to other associates are not material for the years ended December 31, 2008 and 2007.

No evidence of impairment of the investment in the AB Group was identified as of December 31, 2008.

An analysis of evidence of impairment led TF1 to test the investment in Métro France Publications for impairment. The after-tax discount rate applied (7.98%) was determined using the method described in note 2.10.1.

An analysis of the sensitivity of this calculation to changes in key parameters identified no material risk. No impairment loss was recognised against this investment.

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, 2007	Other movements, net	Change in scope of consolidation, reclassification	December 31, 2007	Other movements, net	Change in scope of consolidation, reclassification	December 31, 2008
TF1 channel	672.9	(27.3)	1.2	646.8	8.8	0.4	656.0
TF6	4.0	(1.2)	-	2.8	(0.3)	-	2.5
Série Club	1.8	(0.6)	-	1.2	(0.2)	-	1.0
Odyssée	0.7	(0.5)	-	0.2	0.6	-	0.8
Histoire	0.5	(0.1)	-	0.4	-	-	0.4
TV Breizh	10.0	(2.0)	-	8.0	(4.3)	-	3.7
TFOU	0.6	0.3	-	0.9	(0.9)	-	-
JET	0.8	(0.8)	-	-	-	-	-
Ushuaïa TV	0.5	0.5	-	1.0	(0.2)	-	0.8
TMC	1.7	0.6	0.6	2.9	0.1	-	3.0
TF1 Acquisitions (EIG)	-	-	-	-	13.4	40.5	53.9
Gross value	**693.5**	**(31.1)**	**1.8**	**664.2**	**17.0**	**40.9**	**722.1**
Impairment	(141.9)	(22.5) (1)	-	(164.4)	(15.3) (2)	(0.4)	(180.1)
Net value	**551.6**	**(53.6)**	**1.8**	**499.8**	**1.7**	**40.5**	**542.0**

(1) €82.0 million of charges to impairment losses, net of €59.5 million of reversals of impairment losses.

(2) €85.8 million of charges to impairment losses, net of €70.5 million of reversals of impairment losses.

The table below shows the maturity of broadcasting and sports transmission rights acquisition contracts entered into by TF1 to secure future programming schedules:

2008 ***(€m)***	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Programmes and broadcasting rights (1)	578.0	749.2	54.8	1,382.0
Sports transmission rights	211.1	428.5	53.4	693.0
TOTAL	**789.1**	**1,177.7**	**108.2**	**2,075.0**

(1) In 2008, some of these contracts were expressed in foreign currencies: €13.9 million in Swiss francs, €20.1 million in pounds sterling, and €353.2 million in U.S. dollars.

2007 ***(€m)***	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Programmes and broadcasting rights (1)	462.8	754.5	119.9	1,337.2
Sports transmission rights	222.5	498.7	91.0	812.2
TOTAL	**685.3**	**1,253.2**	**210.9**	**2,149.4**

(1) In 2007, some of these contracts were expressed in foreign currencies: €7.8 million in Swiss francs, €36.9 million in pounds sterling and €405.7 million in U.S. dollars.

Programmes and broadcasting rights:

In 2008, this relates mainly to TF1 SA (€1,245.9 million, compared with €1,232.4 million in 2007).

Sports transmission rights:

These commitments relate mainly to TF1 SA (€477.5 million in 2008, €568.1 million in 2007) and Eurosport (€215.5 million in 2008, €244.1 million in 2007).

Note 12 Financial assets

12.1 CATEGORIES OF FINANCIAL ASSETS

The tables below show financial assets by category:

	Financial assets at fair value through profit or loss					
2008 (€m)	**Designated at fair value on initial recognition**	**Held for trading**	**Available-for-sale financial assets**	**Loans and receivables**	**Held-to-maturity investments**	**Total**
Non-current financial assets	704.6	-	20.3	16.1	-	741.0
Trade and other debtors	-	-	-	1,226.8	-	1,226.8
Other current financial assets		14.0				14.0
Currency derivatives	-	*4.4*	-	-	-	*4.4*
Interest rate derivatives	-	*7.3*	-	-	-	*7.3*
Financial assets used for treasury management purposes	-	*2.3*	-	-	-	*2.3*
Cash and cash equivalents	**-**	**0.1**	**-**	**9.7**	**-**	**9.8**

	Financial assets at fair value through profit or loss					
2007 (€m)	**Designated at fair value on initial recognition**	**Held for trading**	**Available-for-sale financial assets**	**Loans and receivables**	**Held-to-maturity investments**	**Total**
Non-current financial assets	665.6	-	21.0	5.0	-	691.6
Trade and other debtors	-	-	-	1,232.5	-	1,232.5
Other current financial assets		5.0				5.0
Currency derivatives	-	*0.3*	-	-	-	*0.3*
Interest rate derivatives	-	*0.9*	-	-	-	*0.9*
Financial assets held for treasury management purposes	-	*3.8*	-	-	-	*3.8*
Cash and cash equivalents	**-**	**11.8**	**-**	**23.1**	**-**	**34.9**

12.2 OTHER FINANCIAL ASSETS

(€m)	2008	2007
Canal+ France financial asset	704.6	665.6
Equity investments in non-consolidated companies	20.3	21.0
Loans and advances to non-consolidated companies	2.7	1.5
Loans	8.5	0.3
Deposits and caution money	4.9	3.2
Other financial assets	**741.0**	**691.6**

12.2.1 Canal+ France financial asset

The Canal+ France financial asset received in exchange for the transfer of TPS shares was designated by TF1 on initial recognition as a financial asset at fair value through profit or loss. This asset represents a 9.9% interest in the capital of Canal+ France plus a put option exercisable in February 2010. This option will enable TF1 to sell all its Canal+ France shares at the greater of:

- a minimum price of €745.8 million (for TF1's share),
- an independent valuation at the exercise date.

It is reported in the balance sheet at fair value, determined on the basis of the minimum price of €745.8 million, discounted at the interest rate derived from the agreement signed on January 6, 2006.

During the year ended December 31, 2008, the fair value of this financial asset increased by €39 million, taking the value of the asset (Canal+ France shares plus put option) to €704.6 million as of that date. This change in fair value was recognised in the income statement under "Other financial income and expenses".

12.2.2 Equity investments in non-consolidated companies

The main investments in non-consolidated companies, valued at acquisition cost, break down as follows:

(€m)	% interest	Gross value 2008	Gross value 2007	Provision 2008	Provision 2007	Net value 2008	Net value 2007
A1 International [(1)] [(2)]	50.00%	12.8	12.8	(5.5)		7.3	12.8
Dualnet [(1)]	100.00%	1.4				1.4	
En Direct Avec	13.30%	4.0	4.0	(4.0)	(4.0)		
Nomao	35.00%	1.0	0.3			1.0	0.3
Place des tendances [(1)]	80.00%	0.6	0.6			0.6	0.6
Prima TV	5.00%	1.4	1.4			1.4	1.4
SHIP	27.40%	0.8	0.8	(0.8)	(0.8)		
Sofica Valor 6	18.91%	3.5				3.5	
Soread	11.60%	1.6	1.6	(1.6)	(1.6)		
Swonke [(1)]	100.00%	0.4	0.4	(0.4)	(0.4)		
Sylver [(1)]	49.00%	3.7	3.7			3.7	3.7
TF1 Mobile [(1)]	100.00%	2.5		(2.5)			
TF1 Publications [(1)]	99.90%	0.5	0.5	(0.5)	(0.5)		
Other		1.8	2.6	(0.4)	(0.4)	1.4	2.2
Equity investments in non-consolidated companies		**36.0**	**28.7**	**(15.7)**	**(7.7)**	**20.3**	**21.0**

(1) Although these subsidiaries are more than 20% owned, they are not consolidated because of the immateriality of their potential contribution to the consolidated financial statements.

(2) A1 International: TF1 made a capital injection into this company in 2005, giving it a 50% interest. Al International is a holding company whose sole object is to own a 3% interest in the capital of The Weinstein Company, a major U.S. film studio.

Impairment testing of equity investments in non-consolidated companies indicated no evidence of impairment in either 2008 or 2007.

12.3 TRADE AND OTHER DEBTORS

(€m)	Gross value 2008	Impairment 2008	Net value 2008	Net value 2007
Trade debtors	715.1	(15.4)	699.7	707.1
Supplier prepayments [(1)]	228.6	(2.8)	225.8	216.6
Other operating debtors [(2)]	201.1	-	201.1	191.9
Other debtors	137.1	(64.1)	73.0	91.8
Prepayments	27.2	-	27.2	25.1
Trade and other debtors	**1,309.1**	**(82.3)**	**1,226.8**	**1,232.5**

(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)	2008	2007
Impairment as of January 1	**(67.7)**	**(61.7)**
Additional provisions booked during the year	(20.8)	(16.8)
Written off	5.3	10.2
Recovered during the year	0.5	0.8
Changes in scope of consolidation and reclassifications	0.4	(0.2)
Impairment as of December 31	**(82.3)**	**(67.7)**

12.4 CASH AND CASH EQUIVALENTS

This item comprises:

(€m)	2008	2007
Cash	6.9	20.1
Money-market mutual funds	0.1	11.8
Treasury current accounts (1)	2.8	3.0
Cash and cash equivalents	**9.8**	**34.9**

(1) These accounts are with associates, jointly controlled entities and non-consolidated companies.

12.5 FAIR VALUE OF FINANCIAL ASSETS

The fair value of financial instruments is determined by reference to a market price derived from trading on a national stock exchange or an over-the-counter market. If no quoted market price is available, fair value is estimated by alternative valuation methods, such as the discounted cash flow method. In any event, the estimation of fair value is based to some extent on interpretation of the market information used in the valuation. Consequently, these estimates do not necessarily reflect the amounts that might actually be received or paid in the event that these instruments were to be closed out in the market. The use of different estimates, methods and assumptions can have a significant effect on fair value estimates.

The methods used are as follows:

- Canal+ France financial asset: the fair value of this asset is determined on the basis of the minimum price of €745.8 million, discounted at the interest rate derived from the agreement signed on January 6, 2006,
- equity investments in non-consolidated companies:
  - listed companies: fair value is determined on the basis of the published stock market price on the balance sheet date,
  - unlisted companies: if fair value cannot be measured reliably, the investment is carried at acquisition cost. The equity investments in non-consolidated companies held by TF1 are carried at cost,
- derivative instruments: the fair value of interest-rate and foreign exchange instruments 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.

Because of their short maturities, the carrying amount of trade and other debtors, cash, and treasury current accounts is regarded as a reasonable approximation of their fair value.

Note 13 Consolidated shareholders' equity

13.1 TF1 SHARE CAPITAL

As of December 31, 2008, the share capital of TF1 SA comprised 213,395,868 ordinary shares, all fully paid. Movements in share capital during 2008 were as follows:

Number of shares	Total shares outstanding	Treasury shares
January 1, 2007	**214,122,129**	**251,537**
Capital increase	439,900	-
Repurchase of own shares	-	900,000
Cancellation of treasury shares	(1,151,537)	(1,151,537)
January 1, 2008	**213,410,492**	**-**
Capital increase	-	-
Repurchase of own shares for cancellation	(14,624)	14,624
Cancellation of treasury shares	-	-
December 31, 2008	**213,395,868**	**14,624**
Nominal value	*€0.2*	*€0.2*

13.2 CHANGES IN SHAREHOLDERS' EQUITY NOT AFFECTING THE INCOME STATEMENT

13.2.1 Dividends

The table below shows the amount of dividend paid by the TF1 Group in the years ended December 31, 2008 and 2007, and the amount of dividend for 2008 submitted by the Board of Directors for approval by the Ordinary General Meeting of the shareholders to be held on April 17, 2009.

	To be paid in 2009 *	Paid in 2008	Paid in 2007
Total dividend (€m)	100.3	181.4	181.8
Dividend per ordinary share (€)	0.47	0.85	0.85

* *Proposed dividend.*

Because this dividend is subject to approval by the shareholders, it was not recognised as a liability in the consolidated financial statements as at December 31 2008.

13.2.2 Share-based payment

The matching entry for the movement in this reserve during the period is charged to "Staff costs" in the income statement (see note 20).

13.2.3 Treasury shares

In March 2006, TF1 bought its own shares forward to hedge upside risk in the TF1 share price in respect of shares allotted unconditionally under consideration-free share allotment plan no. 1. These shares were delivered to the allottees on April 1, 2008, with the exception of 14,624 shares allotted to employees who had left the Group as of the date of delivery.

13.3 CASH FLOW HEDGE RESERVE

(€m)	2008	2007
Reserve at January 1	**(3.9)**	**-**
Cash flow hedges recognised in profit or loss for the period (1)	3.6	1.4
Change in fair value of new cash flow hedges contracted during the period	(3.1)	(1.9)
Change in fair value of existing portfolio of cash flow hedges during the period	1.1	(2.9)
Pre-hedging balancing payment recognised in profit or loss for the period	(0.5)	(0.5)
Reserve at December 31	**(2.8)**	**(3.9)**

(1) The amounts transferred from equity to profit or loss are recognised as a component of operating profit. The gain arising during the year ended December 31, 2008 from closing out derivative instruments was €3.6 million.

Note 14 Financial liabilities

14.1 CATEGORIES OF FINANCIAL LIABILITIES

The tables below shows financial liabilities by category:

	Financial liabilities at fair value through profit or loss			
2008 (€m)	**Designated at fair value on initial recognition**	**Held for trading**	**Financial liabilities at amortised cost**	**Total**
Non-current debt	-	-	695.5	695.5
Current debt	-	-	22.9	22.9
Trade and other creditors	-		1,514.9	1,514.9
Other current financial liabilities		10.2		10.2
Currency derivatives	-	*4.7*	-	*4.7*
Interest rate derivatives	-	*5.5*	-	*5.5*

2007 (€m)	Financial liabilities at fair value through profit or loss: Designated at fair value on initial recognition	Held for trading	Financial liabilities at amortised cost	Total
Non-current debt	-	-	617.6	617.6
Current debt	-	-	14.8	14.8
Trade and other creditors	-	-	1,513.1	1,513.1
Other current financial liabilities		11.8		11.8
Currency derivatives	-	*7.3*	-	*7.3*
Interest rate derivatives	-	*4.5*	-	*4.5*

14.2 TRADE AND OTHER CREDITORS

(€m)	2008	2007
Trade creditors	758.2	723.2
Advance payments received	5.7	8.6
Tax and employee-related liabilities (1)	318.6	345.0
Amounts due in respect of non-current assets	64.5	93.9
Other creditors	316.7	300.4
Audiovisual industry support fund grants (2)	11.1	12.0
Current accounts	11.3	15.6
Deferred and prepaid income and similar items (3)	28.8	14.4
Trade and other creditors	**1,514.9**	**1,513.1**

(1) Tax and employee-related liabilities mainly comprise VAT and corporate income taxes payable.

(2) Audiovisual industry support fund grants included in creditors mainly comprise grants awarded by the French National Centre for Cinematography to TF1 Films Production, Glem, Ciby 2000 and TF1 International.

(3) Mainly comprises prepaid income.

14.3 FAIR VALUE OF FINANCIAL LIABILITIES

Because of their short maturities, the carrying amount of bank overdrafts, trade and other creditors and current debt is regarded as a reasonable approximation of their fair value.

The fair value of derivative instruments 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.

Note 15 Net debt

Net debt as reported by the TF1 Group comprises the following items:

(€m)	2008	2007
Cash and cash equivalents	9.8	34.9
Financial assets used for treasury management purposes	2.3	3.8
Total cash and cash equivalents (A)	**12.1**	**38.7**
Fair value of interest rate derivatives (B)	**1.8**	**(3.6)**
Non-current debt (1)	695.5	617.6
Current debt	22.9	14.8
Total debt (C)	**718.4**	**632.4**
NET DEBT (C) - (B) - (A)	**704.5**	**597.3**

(1) Mainly comprises a €500 million fixed-rate bond issue maturing 2010. This bond issue ceased to be designated as a hedged item in a fair value hedging relationship with effect from January 1, 2008 (see note 29.2.2.1).

Note 16 Provisions

16.1 NON-CURRENT PROVISIONS

16.1.1 Breakdown of non-current provisions

Movements in non-current provisions during 2008 were as follows:

2008 *(€m)*	January 1	Charges	Reversals: used	Reversals: unused	Change in scope of consolidation, reclassification	December 31
Provisions for:						
Retirement benefit obligations	27.5	6.3	(4.3)	(3.6)	(0.4)	25.5
Long-service leave	6.8	1.7	(0.7)	(0.8)	0.2	7.3
Litigation and claims (1)	-	5.4	-	-	9.2	9.2
Other non-current provisions	0.4	-	(1.1)	-	10.9	15.1
NON-CURRENT PROVISIONS	**34.7**	**13.4**	**-**	**(0.1)**	**(0.2)**	**0.1**

(1) Following a review of risks and in light of developments in ongoing litigation and claims during the year, TF1 reclassified certain provisions from current to non-current; the amount involved was €20.1 million.

2007 *(€m)*	January 1	Charges	Reversals: used	Reversals: unused	Other movements	December 31
Provisions for:						
Retirement benefit obligations	27.8	5.5	(5.5)	(1.6)	1.3	27.5
Long-service leave	6.6	1.4	(0.6)	(0.6)	0.0	6.8
Other non-current provisions	0.3	0.2	(0.1)	0.0	0.0	0.4
NON-CURRENT PROVISIONS	**34.7**	**7.1**	**(6.2)**	**(2.2)**	**1.3**	**34.7**

From January 1, 2007 onwards, other movements in provisions for retirement benefit obligations include actuarial gains and losses on these obligations, which are recognised directly in equity. The amount recognised directly in equity for the year ended December 31, 2008 was a net gain of €0.3 million, compared with a net loss of €1.1 million in 2007.

16.1.2 Provisions for retirement benefit obligations

Main actuarial assumptions

	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005	Dec. 31, 2004
Discount rate	3.66%	4.2%	3.8%	3.4%	3.6%
Expected rate of return on plan assets	4.0%	3.8%	3.8%	4.0%	4.0%
Expected salary inflation rate	2.0%	2.0%	2.0%	2.0%	2.0%

Expense recognised in the income statement of retirement benefit obligations

(€m)	2008	2007
Current service cost	(1.8)	(1.7)
Interest expense on obligation	(1.0)	(1.2)
Expected return on plan assets	0.2	0.2
Expense recognised	**(2.6)**	**(2.7)**
comprising: net change in provisions	*1.6*	*1.6*
amount recognised in "Staff costs"	*(4.2)*	*(4.3)*
Actual return on plan assets	**0.2**	**0.2**

Amounts recognised in the balance sheet of retirement benefit obligations

The amount recognised in the balance sheet for the TF1 Group's retirement benefit obligations breaks down as follows:

(€m)	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005	Dec. 31, 2004
Present value of obligation	30.4	32.2	30.5	28.2	26.4
Fair value of plan assets	(4.9)	(4.7)	(2.7)	(2.6)	(2.5)
Unfunded obligation (provision)	**25.5**	**27.5**	**27.8**	**25.6**	**23.9**

Changes in the fair value of the retirement benefit obligation

(€m)	2008	2007
Defined-benefit plan obligation at start of period	**32.2**	**30.5**
Current service cost for the period	1.8	1.7
Interest cost (unwinding of discount)	1.0	1.2
Benefits paid	(4.2)	(2.5)
Actuarial (gains)/losses recognised directly in equity	(0.3)	1.1
Changes in scope of consolidation	(0.1)	0.2
Defined-benefit plan obligation at end of period	**30.4**	**32.2**

Change in the fair value of plan assets

(€m)	2008	2007
Fair value of insurance policy assets at start of period	**4.7**	**2.7**
Employer contributions paid		3.5
Benefits paid		(1.7)
Expected return on plan assets	0.2	0.2
Actuarial gains/(losses)	-	-
Fair value of insurance policy assets at end of period	**4.9**	**4.7**

16.2 CURRENT PROVISIONS

Movements in current provisions during 2008 were as follows:

2008 *(€m)*	January 1	Charges	Reversals: used	Reversals: unused	Change in scope of consolidation, reclassification	December 31
Provisions for:						
Litigation and claims: governmental and public bodies (1)	9.8	0.1	(0.5)	(0.1)	(9.2)	0.1
Litigation and claims: employees	1.1	2.1	(0.2)	(0.1)	(0.1)	2.8
Litigation and claims: customers	4.5	-	(0.6)	-	-	3.9
Other litigation and claims and contractual risks (1)	38.4	4.1	(2.7)	(2.6)	(11.1)	26.1
Restructuring	-	0.1	-	-	-	0.1
Other	6.6	7.9	(3.1)	(0.1)	(0.8)	10.5
TOTAL CURRENT PROVISIONS	**60.4**	**14.3**	**(7.1)**	**(2.9)**	**(21.2)**	**43.5**

(1) Following a review of risks and in light of developments in ongoing litigation and claims during the year, TF1 reclassified certain provisions from current to non-current; the amount involved was €20.1 million.

No material contingent liabilities were identified as of the balance sheet date.

Note 17 Operating revenues

Operating revenues comprise:

(€m)	2008	2007
Advertising revenue (1)	1,833.6	1,884.3
Distribution of consumer products	270.4	338.6
Cable and satellite revenue	288.4	271.0
Production/distribution of audiovisual rights	82.7	128.6
Revenue from other activities (1)	119.6	116.4
Revenue	**2,594.7**	**2,738.9**
Royalty income	0.2	0.2
Operating revenues	**2,594.9**	**2,739.1**

(1) The change in revenue recognition policy described in notes 2.3 and 2.20 resulted in the following adjustments for the years ended December 31, 2008 and 2007:
- reduction in "Advertising revenue" of €16.4 million for 2008 and €15.9 million for 2007,
- reduction in "Revenue from other activities" of €9.3 million for 2008 and €8.8 million for 2007,
with the following matching adjustments made to expenses:
- a reduction in "Other purchases" of €32.5 million for 2008 and €32.4 million for 2007,
- an increase in "External expenses" of €6.8 million for 2008 and €7.7 million for 2007.
This change in accounting policy has no effect on net profit.

Note 18 External production costs

External production costs, which amounted to €641.2 million in 2008 and €627.6 million in 2007, comprise costs incurred on programmes acquired from third parties and broadcast by TF1 and by the theme channels TV Breizh, TMC, TF6, Série Club, Odyssée, Histoire and Ushuaïa TV.

The increase in this item between 2007 and 2008 was mainly due to higher external programming costs for TF1 SA.

Note 19 Other purchases and changes in inventory

This line consists of the following items:

(€m)	2008	2007
Purchases of services	(336.1)	(352.5)
Purchases of broadcasting rights	(104.6)	(86.0)
Purchases of goods (1)	(59.8)	(77.1)
Other items (1)	(24.1)	(14.1)
Other purchases and changes in inventory	**(524.6)**	**(529.7)**

(1) The change in revenue recognition policy described in notes 2.3 and 2.20 resulted in the following adjustments for the years ended December 31, 2008 and 2007:
- a reduction in "Purchases of goods" of €16.1 million for 2008 and €16.5 million for 2007,
- a reduction in "Other items" of €16.4 million for 2008 and €15.9 million for 2007.

Note 20 Staff costs

Staff costs break down as follows:

(€m)	2008	2007
Staff remuneration	(316.6)	(299.4)
Social security charges	(121.4)	(120.4)
Other staff costs	(1.4)	(1.5)
Statutory employee profit-sharing	(5.2)	(11.5)
Share-based payment expense	(0.7)	(4.7)
TOTAL	**(445.3)**	**(437.5)**

Defined-contribution plan expenses are included in "Social security charges", and totalled €36.2 million in 2008 (2007: €31 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".

A breakdown of Group employees is provided in the Directors' Report.

Share-based payment expense includes the cost of share subscription option plans and consideration-free share allotment plans, calculated in accordance with IFRS 2.

20.1 COST OF TF1 SHARE OPTION PLANS

The cost of share options recognised in "Staff costs" breaks down as follows:

				Staff costs	
(€m)	Date of grant	Lock-up period	Total fair value	2008	2007
Plan no. 7	March 12, 2003	3 years	10.2	-	-
Plan no. 8	September 16, 2004	3 years	4.6		1.1
Plan no. 10	March 20, 2008	3 years	2.8	0.7	-
TOTAL				**0.7**	**1.1**

The cost of share options was calculated 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. 7	€20.48	€20.20	29%	6.8 years	3.49%	2.60%	-15%	€4.69
Plan no. 8	€23.66	€23.46	26%	6.6 years	3.65%	2.75%	-15%	€4.83
Plan no. 10	€13.60	€15.35	31%	5.0 years	3.67%	6.25%	-15%	€1.49

The average maturity used is lower than the contractual life of the option in order to take account of exercises by grantees ahead of the contractual expiry date. The volatility assumptions used are consistent with the implied volatility reflected in the price offered at the date of grant by leading banks for TF1 share options with the same maturity.

20.2 COST OF TF1 CONSIDERATION-FREE SHARE ALLOTMENT PLAN

					Staff costs	
(€m)	Provisional allotment date	Vesting date	End of lock-up period	Total fair value	2008	2007
Plan no. 1	March 8, 2006	March 31, 2008	March 31, 2010	7.5	-	3.6

The cost of this plan, which was recognised over the vesting period of the plan (March 8, 2006 to March 31, 2008), represents the probable number of shares to be allotted as estimated on inception of the plan (276,986 shares) multiplied by the opening share price on the date of the Board meeting that awarded the plan (opening share price on February 21, 2006: €26.94), giving a total expense of €7.5 million. Because the performance targets were not met, the number of shares to be delivered has been revised downwards, and the actual cost is less than the original estimate; consequently, a gain of €0.9 million was recognised in the year ended December 31, 2008.

20.3 COST OF BOUYGUES GROUP EMPLOYEE BENEFIT PLANS

The cost of employee benefits under plans awarded to TF1 Group employees by the Bouygues Group was immaterial in the year ended December 31, 2008.

Note 21 External expenses

External expenses break down as follows:

(€m)	2008	2007
Subcontracting	(183.4)	(181.1)
Rent and associated charges	(57.1)	(50.1)
Agents' fees and professional fees	(102.1)	(122.4)
Advertising, promotion and public relations	(100.7)	(106.1)
Other external expenses (1)	(84.1)	(94.6)
External expenses	**(527.4)**	**(554.3)**

(1) The change in revenue recognition policy described in notes 2.3 and 2.20 resulted in the following adjustments: an increase in "Other external expenses" of €6.8 million for 2008 and €7.7 million for 2007.

Note 22 Other operating income and expenses

Other operating income and expenses comprise the following items:

(€m)	2008	2007
Royalties and paybacks to rights-holders	(77.1)	(86.7)
Reversal of unused provisions	7.7	8.4
In-house production capitalised and cost transfers	28.6	20.3
Bad debts written off	(2.8)	(3.9)
Operating grants	45.2	45.3
Other items	4.0	2.6
Other operating income and expenses	**5.6**	**(14.0)**

Note 23 Cost of net debt

Cost of net debt comprises the following items:

(€m)	2008	2007
Interest income	0.6	2.6
Change in fair value of the hedged portion of the bond issue	-	3.0
Change in fair value of interest rate derivatives	11.4	0.9
Income and revenues from financial assets	1.4	3.1
Income associated with net debt	**13.4**	**9.6**
Interest expense on debt	(31.2)	(26.8)
Change in fair value of interest rate derivatives	(4.6)	(4.2)
Expenses associated with net debt	**(35.8)**	**(31.0)**
Cost of net debt	**(22.4)**	**(21.4)**

Note 24 Other financial income and expenses

Other financial income and expenses comprise the following items:

(€m)	2008	2007
Change in fair value of Canal+ France financial asset	39.0	36.8
Dividends	2.0	2.1
Gains and losses on financial assets	(5.5)	(3.7)
Change in value of forward currency purchase contracts	5.3	(3.4)
Effect of discounting of assets and liabilities	-	(2.3)
Other items	0.1	(0.8)
Other financial income and expenses	**40.9**	**28.7**

Note 25 Net income and expense on financial assets and financial liabilities

The table below shows details of 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 income/ expense 2008	Financial income/ expense 2007	Operating profit 2008	Operating profit 2007
Net income/(expense) on loans and receivables at amortised cost	3.7	1.5	(18.9)	(15.5)
Net income/(expense) on financial assets at fair value	40.7	41.2	-	-
financial assets designated as fair value through profit or loss	*38.9*	*36.8*	-	-
financial assets held for trading	*1.7*	*4.4*	-	-
Net income/(expense) on available-for-sale financial assets	(5.9)	(2.2)	(0.2)	(0.4)
Net income/(expense) on financial liabilities at amortised cost	(31.9)	(29.6)	-	-
Net income/(expense) on derivatives	12.1	(3.6)	(0.9)	0.9
TOTAL	**18.7**	**7.3**	**(20.0)**	**(15.0)**

Note 26 Income tax expense

26.1 CURRENT AND DEFERRED TAXES

26.1.1 Income statement

(€m)	2008	2007
Current taxes	(36.9)	(97.4)
Deferred taxes	(3.9)	4.4
Income tax expense	**(40.8)**	**(93.0)**

The tax rate used in the deferred tax calculation for the year ended December 31, 2008 was 34.43% (standard rate).

26.1.2 Tax proof

(€m)	2008	2007
Net profit	**163.8**	**227.8**
Income tax expense	40.8	93.0
Net profit from discontinued operations	-	-
Minority interests	-	-
Net profit from continuing operations before minority interests	**204.6**	**320.8**
Standard tax rate in France	**34.4%**	**34.4%**
Impact of fair value adjustments not recognised for tax purposes (1)	(7.4%)	(3.9%)
Impact of unrecognised tax losses	(3.3%)	0.3%
Offset of tax credits	(1.9%)	(1.0%)
Share of profits and losses of associates	(1.6%)	(0.9%)
Reduced-rate taxes on securities transactions	0.5%	(0.4%)
Other differences, net	0.2%	1.3%
Effective tax rate	**20.9%**	**29.8%**

(1) Of which -6.5% represents the effect of reduced-rate taxation on the change in fair value of the Canal+ financial asset.

TF1 made a group tax election on January 1, 1989, and has renewed this election regularly since that date.

26.2 DEFERRED TAX ASSETS AND LIABILITIES

26.2.1 Change in net deferred tax asset

(€m)	2008	2007
Net deferred tax asset at January 1	**21.0**	**18.3**
Recognised in equity	(0.9)	0.4
Recognised in profit or loss	(3.9)	4.4
Changes in scope of consolidation and other items (1)	(1.9)	(2.1)
Net deferred tax asset at December 31	**14.3**	**21.0**

(1) Includes a deferred tax liability of €1.8 million arising on the recognition of the "1000 Bornes" trademark as an intangible asset in the Dujardin purchase price allocation.

26.2.2 Main sources of deferred taxation

The main sources of deferred taxation are as follows:

(€m)	2008	2007
Provisions:		
Provision for programmes	5.6	7.1
Provision for retirement benefit obligations	8.4	9.2
Provision for impairment of audiovisual rights	2.6	6.3
Provision for trade debtors	2.1	2.3
Other provisions	10.3	10.2
Statutory employee profit-sharing scheme	1.7	3.7
Unused tax losses	13.6	9.1
Other deferred tax assets	5.9	5.8
Offset of deferred tax assets and liabilities	(33.0)	(31.9)
Deferred tax assets	**17.2**	**21.8**
Accelerated tax depreciation	(17.1)	(19.7)
Depreciation of head office building	(8.3)	(8.7)
Remeasurement of assets	(3.5)	(1.9)
Other deferred tax liabilities	(7.0)	(2.4)
Offset of deferred tax assets and liabilities	33.0	31.9
Deferred tax liabilities	**(2.9)**	**(0.8)**
Net deferred tax asset at December 31	**14.3**	**21.0**

Unrecognised deferred tax assets totalled €27.7 million at December 31, 2008 (December 31, 2007: €33.7 million), and comprised tax losses and deferred tax depreciation the recovery of which is not sufficiently probable to justify recognition.

Note 27 Earnings per share

Basic earnings per share is calculated on the basis of net profit for the year attributable to ordinary shareholders and of the weighted average number of ordinary shares outstanding during the year.

Because potentially dilutive ordinary shares have no adjusting effect on net profit for the year, diluted earnings per share is calculated on the basis of net profit for the year attributable to ordinary shareholders and of the weighted average number of ordinary shares outstanding during the year adjusted for the effects of all potentially dilutive ordinary shares. Diluted earnings per share takes account of the dilutive effect of consideration-free share allotment plans and of share subscription option plans that are in the money (i.e. the exercise price is less than the quoted market price of TF1 shares).

	2008	2007
Net profit for the year *(€m)*		
Net profit from continuing operations (attributable to the Group)	163.8	227.8
Net profit from discontinued/held-for-sale operations	-	-
Net profit attributable to the Group	163.8	227.8
Weighted average number of ordinary shares outstanding	**213,399,664**	**213,762,607**
Basic earnings per share *(in euros)*		
Basic earnings per share from continuing operations	0.77	1.07
Basic earnings per share from discontinued/held-for-sale operations	-	-
Basic earnings per share	0.77	1.07
Average number of ordinary shares after dilution	**213,399,664**	**214,238,195**
Diluted earnings per share *(in euros)*		
Diluted earnings per share from continuing operations	0.77	1.06
Diluted earnings per share	0.77	1.06

The average number of ordinary shares after dilution is obtained by taking account of the following dilutive effects:

(number of shares)	2008	2007
Weighted average number of ordinary shares for the year	213,399,664	213,762,607
Dilutive effect of share subscription option plans		219,264
Dilutive effect of consideration-free share allotment plan		256,324
Average number of ordinary shares after dilution	213,399,664	214,238,195

In 2008, no share subscription option plan was in the money (i.e. in no case was the adjusted exercise price lower than the average TF1 share price during the period). In 2007, only share subscription option plan no. 7 (awarded March 12, 2003) was in the money.

Note 28 Notes to the consolidated cash flow statement

28.1 DEFINITION OF CASH POSITION

The cash flow statement analyses changes in the cash position of continuing operations only. Changes in the cash position of discontinued and held-for-sale operations are presented separately at the foot of the cash flow statement.

The cash position analysed in the cash flow statement comprises cash and cash equivalents, treasury current accounts (debit and credit balances), and bank overdrafts. A reconciliation between the cash position in the cash flow statement and the "Cash and cash equivalents" line in the balance sheet is presented below:

(€m)	2008	2007
Cash and cash equivalents in the balance sheet	9.8	34.9
Cash relating to held-for-sale assets	5.2	
Treasury current account credit balances	(4.2)	(2.1)
Bank overdrafts	(15.0)	(2.9)
Cash position per the cash flow statement	**(4.2)**	**29.9**

28.2 EFFECT OF CHANGES IN SCOPE OF CONSOLIDATION

The cash flow effect of acquisitions of subsidiaries is as follows:

(€m)	2008	2007
Cash and cash equivalents acquired		2.6
Financial assets acquired	0.4	233.9
Other assets acquired	0.3	23.2
Minority interests acquired	1.7	-
Other liabilities acquired	-	(15.1)
Net assets acquired (A)	2.4	244.6
Goodwill (B)	0.9	5.8
Cash outflow (A) + (B)	**3.3**	**250.4**
Cash acquired	-	10.8
Cash of companies joining the scope of consolidation during the period but not acquired	-	-
Net cash outflow	**3.3**	**261.2**

The cash flow effect of divestments of subsidiaries is as follows:

(€m)	2008	2007
Cash received	-	27.8
Cash divested	-	0.2
Net cash inflow	**-**	**28.0**

The cash flow statement line “Effect of changes in scope of consolidation” for 2008 and 2007 breaks down as follows:

(€m)	2008	2007
Net cash outflow on acquisitions	(3.3)	(261.2)
Net cash inflow on divestments		28.0
Effect of changes in scope of consolidation	**(3.3)**	**(233.2)**

28.3 CHANGE IN DEBT

The impact of changes in debt on the TF1 Group’s cash position is shown below:

(€m)	2008	2007
Repayment of debt – finance lease obligations (1)	-	(0.9)
Bond issue	77.0	120.0
Advance received from Vivendi in January 2006 in connection with the transfer of TPS	-	(101.9)
Loans received from associates		(36.3)
Other movements	(6.0)	(1.7)
Net change in the period	**71.0**	**(20.8)**

(1) Represents the debt repayment component of lease payments made during the period.

Note 29 Risk management

29.1 CAPITAL MANAGEMENT STRATEGY

Gearing

The TF1 Group uses gearing (defined as the ratio of net debt to equity) as a key financial indicator. Gearing provides investors with an indication of the Group's level of indebtedness relative to the level of equity capital. It is calculated on the basis of net debt as defined in note 15 and of shareholders' equity as shown in the balance sheet, including reserves used to recognise changes in the fair value of cash flow hedges and of available-for-sale financial assets.

At end 2008 this ratio stood at 51.2%, compared with 42.8% at end 2007.

29.2 RISK MANAGEMENT STRATEGY

TF1's exposure to financial risks (liquidity risk and market risks, including interest rate risk and foreign exchange risk) is managed by the Finance Department.

29.2.1 Liquidity Risk

The Financing and Treasury Department is responsible for ensuring that the Group has access to adequate and sustainable sources of financing. This involves:

- analysis and periodic updating of cash flow projections for all Group companies,
- negotiating and maintaining an adequate cushion of financing facilities.

Confirmed credit facilities

At December 31, 2008, TF1 had the following credit facilities available:

- a €500 million bond issue maturing November 2010,
- bank facilities totalling €1,020.5 million with maturities of between one and five years. These bank facilities are supplemented by a cash pooling agreement with the Bouygues group, under which TF1 had drawn down a total of €197 million at December 31, 2008.

2008	Authorised facilities			Drawdowns			Available facilities
(€m)	Less than 1 year	1 to 5 years	Total	Less than 1 year	1 to 5 years	Total	
Confirmed bilateral facilities	280.0	740.5	1,020.5	-	-	-	1,020.5
Finance leases	0.6	1.0	1.7	0.6	1.0	1.7	-
Bouygues cash pooling agreement	-	-	-	-	197.0	197.0	-197.0
Sub-total	**280.6**	**741.5**	**1,022.2**	**0.6**	**198.0**	**198.7**	**823.5**
Bond issue	-	500.0	500.0	-	500.0	500.0	-
TOTAL	**280.6**	**1,241.5**	**1,522.2**	**0.6**	**698.0**	**698.7**	**823.5**

2007	Authorised facilities			Drawdowns			Available facilities
(€m)	Less than 1 year	1 to 5 years	Total	Less than 1 year	1 to 5 years	Total	
Confirmed bilateral facilities	-	955.5	955.5	-	120.0	120.0	835.5
Finance leases	0.7	1.4	2.1	0.7	1.4	2.1	-
Sub-total	**0.7**	**956.9**	**957.6**	**0.7**	**121.4**	**122.1**	**835.5**
Bond issue	-	500.0	500.0	-	500.0	500.0	-
TOTAL	**0.7**	**1,456.9**	**1,457.6**	**0.7**	**621.4**	**622.1**	**835.5**

The bank facilities contracted by the TF1 Group are bilateral facilities that are not subject to financial ratios or trigger events. These facilities are spread among a significant number of banks, ensuring significant diversification of the Group's sources of financing.

Maturity of financial liabilities (excluding derivatives)

The table below provides a schedule of undiscounted future repayments (principal and interest) of financial liabilities, based on residual contractual maturities:

2008 *(€m)*	Carrying amount	Less than 1 year	1 to 5 years	Residual contractual amount
Bond issue (including accrued interest)	499.7	22.0	522.0	544.0
Finance leases	1.7	0.6	1.0	1.7
Bank borrowings	15.1	15.1		15.1
Trade and other creditors	1,514.9	1,514.9		1,514.9
Other financial liabilities	201.8	4.2	197.6	201.8
TOTAL	**2,233.2**	**1,556.8**	**720.6**	**2,277.5**

2007 *(€m)*	Carrying amount	Less than 1 year	1 to 5 years	Residual contractual amount
Bond issue (including accrued interest)	498.1	22.0	544.0	566.0
Finance leases	2.1	0.7	1.4	2.1
Bank borrowings	123.2	3.2	120.0	123.2
Trade and other creditors	1,513.1	1,513.1	-	1,513.1
Other financial liabilities	9.0	7.9	1.1	9.0
TOTAL	**2,145.5**	**1,546.9**	**666.5**	**2,213.4**

29.2.2 Market risk

The Financing and Treasury Department manages currency and interest rate hedges centrally for the Group. It tracks the financial markets on a daily basis, and periodically updates the positions to be hedged after netting between Group entities.

The TF1 Group manages its exposure to exchange rate risk and interest rate risk by using hedging instruments such as swap contracts, forward purchases and sales, and currency and interest rate options. Derivative instruments are used solely for hedging purposes and are never used for speculative purposes.

Interest rate risk

Interest rate risk hedging and sensitivity

As at December 31, 2008, the fixed/floating rate split of financial assets and financial liabilities was as follows:

2008 *(€m)*	Fixed rate	Floating rate	Fair value of interest rate derivatives	Total
Financial liabilities	(501.4)	(216.9)	-	(718.3)
Financial assets	2.1	9.8	-	11.9
Net pre-hedging position (per balance sheet)	**(499.3)**	**(207.1)**	**-**	**(706.4)**
Swaps – pay floating rate	300.0	(300.0)	7.4	7.4
Swaps – pay fixed rate	(400.0)	400.0	(5.5)	(5.5)
Net post-hedging position	**(599.3)**	**(107.1)**	**1.9**	**(704.5)**

As at December 31, 2008, the net post-hedging position comprises net fixed-rate debt of €599.3 million and net floating rate debt of €107.1 million.

An immediate reduction of 1% (100 basis points) in short-term interest rates would reduce the cost of net debt over a full year by €1 million. An immediate rise of 1% (100 basis points) in short-term interest rates would increase the cost of net debt over a full year by €1 million.

2007 *(€m)*	Fixed rate	Floating rate	Fair value of interest rate derivatives	Total
Financial liabilities	(509.9)	(122.6)	-	(632.5)
Financial assets	3.8	35.0	-	38.8
Net pre-hedging position (per balance sheet)	**(506.1)**	**(87.6)**	**-**	**(593.7)**
Swaps – pay floating rate	300.0	(300.0)	(4.5)	(4.5)
Swaps – pay fixed rate	-	-	0.9	0.9
Net post-hedging position	**(206.1)**	**(387.6)**	**(3.6)**	**(597.3)**

Interest rate derivatives at end 2008:

2008 *(€m)*	Derivatives not designated as hedges	Derivatives designated as fair value hedges	Derivatives designated as cash flow hedges	Fair value
Interest rate derivatives (assets)	7.4	-	-	7.4
Interest rate derivatives (liabilities)	(4.5)	-	(1.0)	(5.5)
TOTAL	**2.9**	**-**	**(1.0)**	**1.9**

Interest rate derivatives in the balance sheet have a net fair value of +€1.9 million. A shift of +1% (100 basis points) in the yield curve would change the net fair value of the interest rate hedging portfolio to -€0.2 million, while a shift of -1% (100 basis points) in the yield curve would change the net fair value of the portfolio to +€3.5 million.

2007 *(€m)*	Derivatives not designated as hedges	Derivatives designated as fair value hedges	Derivatives designated as cash flow hedges	Fair value
Interest rate derivatives (assets)	0.9	-	-	0.9
Interest rate derivatives (liabilities)	-	(4.5)	-	(4.5)
TOTAL	**0.9**	**(4.5)**	**-**	**(3.6)**

In 2003, the TF1 Group issued €500 million of fixed-rate bonds maturing 2010. Until December 31, 2007, €300 million of this bond issue was designated as a hedged item in a fair value hedging relationship, hedged by a €300 million interest rate swap (pay floating rate, receive fixed rate) contracted when the bond was issued and maturing on the same date as the bond.

In January 2008, the Group decided to revert the entire bond issue to fixed rate, by contracting two pay fixed rate swaps maturing November 2009.

With effect from January 2008, the Group therefore decided to discontinue hedge accounting for the relationship between the €300 million portion of the bond issue and the original swap (pay floating rate, receive fixed rate). Consequently, the three swaps contracted with reference to the bond issue are no longer in a hedging relationship with the bond issue. The entire amount of the bond issue is now recognised at amortised cost using the effective interest method, which discounts the future cash flows of the issue over its remaining life at a rate that exactly discounts these cash flows to the net carrying amount of the issue as at January 1, 2008, the date on which the designation of the hedging relationship was discontinued.

In October 2008, the TF1 Group hedged part of its floating rate bank debt by contracting a €100 million pay fixed rate swap. This derivative instrument was designated as a cash flow hedge.

Maturity of interest rate derivatives

2008 *(€m)*	Less than 1 year	1 to 5 years	Total	Fair value
Swaps – pay floating rate		300.0	300.0	7.4
Swaps – pay fixed rate	300.0	100.0	400.0	(5.5)
TOTAL	**300.0**	**400.0**	**700.0**	**1.9**

2007 *(€m)*	Less than 1 year	1 to 5 years	Total	Fair value
Swaps – pay floating rate		300.0	300.0	(4.5)
Caps (floating rate capped at 3.80%)	150.0		150.0	0.9
TOTAL	**150.0**	**300.0**	**450.0**	**(3.6)**

Maturity and fixed/floating rate split of net debt (post hedging)

2008 *(€m)*	Less than 1 year	1 to 5 years	Total
Fixed rate	(3.6)	(297.8)	(301.4)
Floating rate	(19.2)	(403.2)	(422.5)
Financial liabilities	**(22.8)**	**(701.0)**	**(723.8)**
Fixed rate	2.1	-	2.1
Floating rate	17.2	-	17.2
Financial assets	**19.3**	**-**	**19.3**
Net debt	**(3.5)**	**(701.0)**	**(704.5)**
net debt at fixed rate	*(1.5)*	*(297.8)*	*(299.3)*
net debt at floating rate	*(2.0)*	*(403.2)*	*(405.2)*

2007 *(€m)*	Less than 1 year	1 to 5 years	Total
Fixed rate	(9.5)	(200.4)	(209.9)
Floating rate	(7.0)	(420.0)	(427.0)
Financial liabilities	**(16.5)**	**(620.4)**	**(636.9)**
Fixed rate	3.8	-	3.8
Floating rate	35.8	-	35.8
Financial assets	**39.6**	**-**	**39.6**
Net debt	**23.1**	**(620.4)**	**(597.3)**
net debt at fixed rate	*(5.7)*	*(200.4)*	*(206.1)*
net debt at floating rate [(1)]	*28.8*	*(420.0)*	*(391.2)*

(1) Includes €150 million capped at 3.80%.

Foreign exchange risk

Foreign exchange risk hedging and sensitivity:

At 2008 closing exchange rates *(€m)*	USD (1)	GBP (2)	Other currencies (3)	Total
Assets	22	4	18	44
Liabilities	(56)	(4)	(15)	(74)
Off balance sheet items	(356)	(20)	(15)	(391)
Pre-hedging position	(389)	(20)	(12)	(421)
Forwards and futures	42	13	(20)	35
Currency swaps	24	2	5	31
Net post-hedging position	(324)	(5)	(26)	(356)
Sensitivity	(3.2)	0.0	(0.3)	(3.5)

(1) Net exposure in USD: Some Group entities (TF1, Eurosport) enter into long-term rights acquisition contracts that give rise to off balance sheet commitments, which are partially matched against future recurring USD revenue streams.

(2) Net exposure in GBP: Hedging mainly relates to payments due in 2009 and 2010 in connection with the Rugby World Cup.

(3) The main currencies involved are the Norwegian krone (NOK), the Swedish krona (SEK), the Danish krone (DKK) and the Swiss franc (CHF). The net post-hedging position is matched by future revenue streams in the currency.

The consolidated net post-hedging currency exposure (translated into euros at the closing exchange rate) is €354 million. The risk of loss on this net currency exposure from a uniform unfavourable movement of 1% in the euro against all the currencies involved would be €3.5 million, before taking into account any effect of this movement on future cash flows generated by the Group in each currency.

At 2007 closing exchange rates *(€m)*	USD	GBP	Other currencies	Total
Assets	43	13	12	67
Liabilities	(31)	(5)	(5)	(41)
Off balance sheet items	(277)	(51)	(5)	(332)
Pre-hedging position	(265)	(43)	2	(306)
Forwards and futures	49	0	(11)	38
Net post-hedging position	(216)	(43)	(9)	(268)
Sensitivity	(2)	0	1	(1)

Analysis of financial instruments by currency

The main purpose of currency derivatives is to hedge foreign-currency programme purchases and revenues. The table below breaks down these instruments by currency as at December 31, 2008:

		Nominal amount of hedge			
At 2008 closing exchange rates *(in millions)*	Currency	*(in currency)*	*(in euros)*	Market value *(in euros)*	Of which designated as cash flow hedges *(in euros)*
Currency swaps	USD	33.1	23.8	(0.8)	
	GBP	1.9	2.0		
	Other currencies (NOK, SEK, DKK, CHF)		5.5	0.1	
Forward purchases	USD	53.5	38.4	(0.4)	(0.3)
	GBP	12.0	12.6	(2.1)	(2.1)
Knock-out forward purchases (1)	USD	5.0	3.6	0.1	-
Forward sales	Other currencies (NOK, SEK, DKK)		19.6	3.1	-
Total hedges			**105.5**	**-**	**(2.5)**

(1) A knock-out forward purchase offers a guaranteed maximum exchange rate, but also allows the holder to benefit from favourable exchange rate movements up to an agreed upper limit or "barrier". Once this barrier is crossed, the contract rate returns to the guaranteed maximum rate.

At 2007 closing exchange rates *(in millions)*	Currency	Nominal amount of hedge *(in currency)*	Nominal amount of hedge *(in euros)*	Market value *(in euros)*	Of which designated as cash flow hedges *(in euros)*
Forward purchases	USD	99.3	67.5	(6.0)	(4.0)
Knock-out forward purchases	USD	37.5	25.5	(1.3)	-
Forward sales	NOK	90.0	11.3	0.3	-
Total hedges			**104.3**	**(7.0)**	**(4.0)**

Maturity of currency derivatives:

At 2008 closing exchange rates *(in millions)*	Currency	Nominal amount of hedge *(in euros)*	Less than 1 year	1 to 5 years
Currency swaps	USD	23.8	23.8	-
	GBP	2.0	2.0	-
	Other currencies (NOK, SEK, DKK)	5.5	5.5	-
Forward purchases	USD	38.4	38.4	-
	GBP	12.6	6.3	6.3
Knock-out forward purchases	USD	3.6	3.6	-
Forward sales	Other currencies (NOK, SEK, DKK)	19.6	19.6	-
Total hedges		**105,5**	**99,2**	**6,3**

At 2007 closing exchange rates *(€m)*	Currency	Nominal amount of hedge *(in euros)*	Less than 1 year	1 to 5 years
Forward purchases	USD	67.5	44.2	23.3
Knock-out forward purchases	USD	25.5	22.1	3.4
Forward sales	NOK	11.3	11.3	-
Total hedges		**104.3**	**77.6**	**26.7**

Currency derivatives in 2008 and 2007:

(€m)	Derivatives not designated as hedges	Derivatives designated as fair value hedges	Derivatives designated as cash flow hedges	Fair value
2008				
Currency derivatives (assets)	4.2	-	-	4.2
Currency derivatives (liabilities)	(2.0)	-	(2.5)	(4.4)
Total	**2.2**	-	**(2.5)**	**(0.3)**
2007				
Currency derivatives (assets)	0.3	-	-	0.3
Currency derivatives (liabilities)	(3.3)	-	(4.0)	(7.3)
Total	**(3.0)**	**-**	**(4.0)**	**(7.0)**

The net fair value of currency derivatives in the balance sheet is -€0.3 million. A uniform unfavourable movement of 1% in the exchange rate for the euro against all the other currencies involved would change this fair value to -€0.6 million (compared with -€8.3 million as at December 31, 2007).

Change in value of currency instruments

The net change during 2008 in the value of currency instruments that do not qualify for hedge accounting was an increase of €5.2 million.

The net change during 2008 in the value of currency instruments that qualify for hedge accounting was an increase of €1.5 million. This comprises an increase of €2.4 million in the value of the effective portion (i.e. the change in the value of the hedging instrument is closely correlated with that of the hedged item), recognised in the cash flow hedge reserve as a component of equity; and a decrease of €0.9 million in the value of the ineffective portion, recognised in the income statement in "Other operating income and expenses" (see notes 13.3 and 23).

29.2.3 Credit risk and counterparty risk

The TF1 Group applies policies to limit its exposure to counterparty risk. These policies are based on the principles of cash pooling, diversification, and rigorous vetting of bank counterparties.

TF1 Publicité systematically vets the financial soundness of advertisers who wish to purchase airtime on the channels it represents.

Eurosport has effective procedures for collecting amounts owed by cable and satellite operators. The risk of non-payment by these operators is historically low thanks to procedures for vetting their financial soundness.

TF1 Vidéo and TF1 Entreprises contract credit insurance to protect against non-payment by customers.

In order to limit counterparty risk, TF1 places investments only with high-quality banks.

Maximum exposure to credit risk

(€m)	Net value: 2008	Net value: 2007
Trade and other debtors	1,226.8	1,232.5
Current financial assets	14.0	5.0
Currency derivatives	*4.4*	*0.3*
Interest rate derivatives	*7.3*	*0.9*
Other cash assets	*2.3*	*3.8*
Cash and cash equivalents	9.8	34.9
TOTAL	**1,250.6**	**1,272.4**

Ageing of unimpaired past due receivables

2008	Carrying amount	Non past due receivables	Past due receivables			
(€m)			Total	< 6 months	6 to 12 months	> 12 months
Trade debtors	715.1	534.4	180.8	149.8	13.5	17.5
Provisions for trade debtors	(15.4)	(0.5)	(14.9)	(0.8)	(3.4)	(10.6)
TRADE DEBTORS, NET	**699.7**	**533.9**	**165.9**	**149.0**	**10.0**	**7.0**

2007	Carrying amount	Non past due receivables	Past due receivables			
(€m)			Total	< 6 months	6 to 12 months	> 12 months
Trade debtors	718.1	611.0	107.1	83.9	2.2	21.0
Provisions for trade debtors	(11.0)		(11.0)	(3.0)	(0.6)	(7.4)
TRADE DEBTORS, NET	**707.1**	**611.0**	**96.1**	**80.9**	**1.6**	**13.6**

29.2.4 Equities risk

TF1 has minimal exposure to the risk of fluctuations in the price of equity instruments given the carrying amount of such instruments in the consolidated balance sheet.

29.2.5 Emerging markets risk

Neither the operations nor the results of the TF1 Group have been affected by any crisis in emerging markets.

Note 30 Share options

30.1 DETAILS OF SHARE OPTION PLANS

	Plan no. 6	Plan no. 7	Plan no. 8	Plan no. 10
Date of Shareholders' Meeting	Apr. 18, 2000	Apr. 23, 2002	Apr. 23, 2002	Apr. 17, 2007
Date of Board meeting	Dec. 11, 2001	Feb. 24, 2003	Aug. 31, 2004	Feb. 20, 2008
Date of grant	Dec. 11, 2001	Mar. 12, 2003	Sep. 16, 2004	Mar. 20, 2008
Type of plan	subscription	subscription	subscription	subscription
Number of shares that may be subscribed/purchased	2,071,300	2,300,500	1,008,000	2,000,000
- of which corporate officers	*560,000*	*560,000*	*0*	*86,000*
- of which the 10 employees granted the highest number	*370,000*	*390,000*	*100,000*	*340,000*
Start date of exercise period	Dec. 11, 2004	Mar. 12, 2006	Sep. 16, 2007	Mar. 20, 2011
Expiration date	Dec. 11, 2008	Mar. 12, 2010	Sep. 16, 2011	Mar. 20, 2015
Subscription/purchase price	€27.80	€20.20 or €21.26 *	€23.46	€15.35
Terms of exercise	May be exercised from the third anniversary of the date of grant and sold from the 4th anniversary of the date of grant			
Number of shares subscribed at December 31, 2008	-	524,900	-	-

* *The 5% discount does not apply to options awarded to corporate officers.*

30.2 MOVEMENT IN NUMBER OF OPTIONS OUTSTANDING

	2008		2007	
	Number of options	Weighted average subscription/ purchase price (in €)	Number of options	Weighted average subscription/ purchase price (in €)
Options outstanding at January 1	**4,519,900**	**24.01**	**5,764,300**	**27.53**
Options granted	2,000,000	15.35	-	-
Options cancelled or lapsed	(155,500)	18.95	(51,500)	26.22
Options exercised	-	-	(439,900)	20.44
Options expired	(1,862,300)	27.80	(753,000)	53.04
Options outstanding at December 31	**4,502,100**	**18.77**	**4,519,900**	**24.01**
Options exercisable at December 31	*2,570,100*	*21.34*	*4,519,900*	*24.01*

No options were exercised during 2008. As regards options exercised in 2007, the weighted average quoted price of TF1 shares on the exercise date was €26.18. The average residual life of options outstanding at December 31, 2008 was 45 months (versus 24 months at December 31, 2007).

30.3 PLAN NO. 9: CONSIDERATION-FREE SHARE ALLOTMENT PLAN

This plan ended on March 31, 2008. The terms of the plan were as follows:

- date of Board meeting February 21, 2006,
- provisional allotment date March 8, 2006,
- vesting date March 31, 2008,
- end of lock-up period for shares acquired under the plan March 31, 2010,
- number of consideration-free shares allotted on inception: 445,725,
  - with no conditions other than being a Group employee on March 31, 2008 191,025,
  - subject to performance-related and market-related conditions 254,700,
- probable number of shares allotted, as estimated on inception: 276,986,
- allotments cancelled in 2006: 20,662,
- allotments cancelled in 2007: -,
- probable number of shares allotted, as adjusted at December 31, 2007 256,324.

On February 14, 2006, the Compensation Committee decided to hedge upside risk in the TF1 share price by contracting TF1 equity derivatives with a bank. These derivatives comprised buying TF1 SA shares forward to hedge shares allotted unconditionally, and contracting call options to hedge shares allotted subject to conditions. Of the 256,324 consideration-free shares allottable as at December 31, 2007, 65,000 had lapsed as of the delivery date, 176,700 were allotted, and 14,625 of the shares acquired under the forward purchase contract mentioned above were not allotted (see note 13.2.3).

Note 31 Off balance sheet commitments

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.

A commitment is reciprocal if the future commitment given by the TF1 Group is inseparable from the commitment given by the other party to the contract. In such cases, the commitment given and the commitment received are measured on the basis of the net cash outflow for the TF1 Group.

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.

Operating leases

This line 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 SA and the French companies of the Eurosport group.

Guarantees

This item covers guarantees provided in connection with commercial contracts and leases.

Other commitments

These mainly comprise various equipment and service contracts entered into as part of the ongoing operations of Group companies.

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.

Under the agreements between Vivendi, TF1 and M6, the commitments and warranties provided by TF1 and M6 in respect of the obligations of TPS are covered by a counter-guarantee from Vivendi with effect from January 4, 2007. Consequently, the commitments provided by TF1 and M6 are not disclosed under either “Commitments given” or “Commitments received”.

The tables below give details of the TF1 Group’s off balance sheet commitments by type and maturity. No material off balance sheet commitments, as defined in the applicable accounting standards, are omitted from the disclosures below.

31.1 COMMITMENTS GIVEN

2008 *(€m)*	Less than 1 year	1 to 5 years	More than 5 years	Total 2008	Total 2007
Image transmission	78.1	110.4	2.2	190.7	239.8
Operating leases	22.2	83.8	64.5	170.5	130.9
Guarantees	47.5	47.8	7.2	102.5	46.0
Other commitments	18.8	60.4	12.1	91.3	103.1
Commitments given	**166.6**	**302.4**	**86.0**	**555.0**	**519.8**

2007 *(€m)*	Less than 1 year	1 to 5 years	More than 5 years	Total 2007	Total 2006
Image transmission	80.5	159.3		239.8	280.0
Operating leases	16.2	60.5	54.2	130.9	141.7
Guarantees	35.3	9.7	1.0	46.0	2.5
Other commitments	20.2	69.0	13.9	103.1	52.1
Commitments given	**152.2**	**298.5**	**69.1**	**519.8**	**476.3**

31.2 COMMITMENTS RECEIVED

2008 *(€m)*	Less than 1 year	1 to 5 years	More than 5 years	Total 2008	Total 2007
Image transmission	78.1	110.4	2.2	190.7	239.8
Operating leases	22.2	83.8	64.5	170.5	130.9
Guarantees	48.7	47.5	-	96.2	43.0
Confirmed bilateral credit facilities	83.0	740.5	-	823.5	835.5
Other commitments	13.2	3.9	-	17.1	19.4
Commitments received	**245.2**	**986.1**	**66.7**	**1,298.0**	**1,268.6**

2007 *(€m)*	Less than 1 year	1 to 5 years	More than 5 years	Total 2007	Total 2006
Image transmission	80.5	159.3	-	239.8	280.0
Operating leases	16.2	60.5	54.2	130.9	141.7
Guarantees	43.0	-	-	43.0	8.0
Confirmed bilateral credit facilities	-	835.5	-	835.5	955.5
Other commitments	15.9	3.5	-	19.4	15.8
Commitments received	**155.6**	**1,058.8**	**54.2**	**1,268.6**	**1,401.0**

Note 32 Related-party information

32.1 EXECUTIVE COMPENSATION

Total compensation paid during 2008 to key executives of the Group (the 13 members of the TF1 Management Committee mentioned in the Annual Report) was €6.1 million, comprising:

(€m)	2008	2007
Fixed compensation	5.2	7.3
Variable compensation	0.9	3.3
Benefits in kind	N/S	0.1

Additional information:

- the portion of total share option expense and consideration-free share expense for the year relating to these key executives was €0.2 million,
- the portion of the total obligation in respect of retirement and other post-employment benefits relating to these key executives was €2.6 million.

The Bouygues Group offers the members of its Executive Committee, who include Patrick Le Lay and 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 2008 to the investment fund of the insurance company which manages the scheme was €0.3 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.

32.2 TRANSACTIONS WITH OTHER RELATED PARTIES

Transactions with other related parties are summarised in the table below:

	Income		Expenses		Debtors		Creditors	
(€m)	2008	2007	2008	2007	2008	2007	2008	2007
Parties with an ownership interest (Bouygues SA)	0.1	-	(8.4)	(8.4)	0.1	-	3.1	3.3
Joint ventures	3.0	3.2	1.6	(23.1)	14.3	17.9	0.4	(4.2)
Associates	1.0	1.6	(7.7)	(4.5)	3.7	0.9	7.9	3.0
Other related parties	21.2	19.0	(9.0)	(7.2)	6.7	3.9	200.2 *	2.3
TOTAL	**25.3**	**23.8**	**(23.5)**	**(43.2)**	**24.8**	**22.7**	**211.6**	**4.4**

* *Bouygues Relais cash pooling agreement (see note 29.2.1).*

Note 33 Auditors' fees

The table below shows fees paid by TF1 to the Group's auditors:

2008 *(€ thousand)*	Mazars		KPMG		Other firms		Total
Audit of consolidated and individual company financial statements	(751)	94.9%	(888)	91.4%	(74)	100.0%	(1,713)
Fees relating to internal control	-		-		-	-	-
Transaction support fees (acquisitions, divestments, etc)	(25)	3.2%	(45)	4.6%	-	-	(70)
Other procedures and services directly related to the audit engagement	(15)	1.9%	(19)	2.0%	-	-	(34)
Audit-related fees	**(791)**	**100.0%**	**(952)**	**97.9%**	**(74)**	**100.0%**	**(1,817)**
Company law, tax and employment law	-	-	(20)	2.1%	-	-	(20)
Other (if > 10% of audit fees)	-	-	-	-	-	-	
Other fees	**-**	**-**	**(20)**	**2.1%**	**-**	**-**	**(20)**
TOTAL AUDITORS' FEES	**(791)**	**100.0%**	**(972)**	**100.0%**	**(74)**	**100.0%**	**(1,837)**

Note 34 Dependence on licences

TF1 requires a licence to carry on its activities as a broadcaster.

The law of September 30, 1986, as amended by Law 2007-309 of March 5, 2007, stipulates that subject to certain conditions, a company's broadcasting licence may be automatically renewed. TF1 has signed the necessary agreements and provided the necessary undertakings to retain its broadcasting licence until 2022.

The following subsidiaries or jointly-controlled entities hold digital terrestrial television licences, awarded on June 10, 2003 for a ten-year period: LCI, Eurosport France, TMC and TF6.

Note 35 Post balance sheet events

35.1 FRANCE 24

On February 12, 2009, TF1 SA finalised the sale of its 50% interest in the capital and voting rights of France 24 to AEF (Audiovisuel Extérieur de la France). This disposal generated a net gain of approximately €2 million, which will be recognised in the financial statements during the first quarter of 2009.

35.2 SHOPPING À LA UNE

On February 12, 2009, Téléshopping SAS finalised the sale of all the shares in its Shopping à la Une subsidiary to Initiatives et Développements (I&D) in exchange for bonds with a nominal value of €2 million, redeemable in shares of its own subsidiary Global Technologies.

Téléshopping also has the right to sell back the bonds (or the shares obtained by converting them) to I&D if certain conditions, in particular valuation conditions, are not met in future years.

35.3 REGULATORY ENVIRONMENT

The law relating to audiovisual communication and the new national television service was promulgated on March 5, 2009 and published at the *Journal Officiel* (French Legal Gazette) on March 7, 2009.

35.4 LITIGATION

On January 12, 2009, TF1 was notified of grievances established by a *rapporteur* of the Competition Council concerning practices implemented in the pay television sector through the CERES agreement and the thematic channels' distribution agreements made in application of the CERES agreement.

Note 36 Detailed list of companies included in the consolidation

			2008		2007	
Company	Country	Activity	% control (1)	Consolidation method	% control (1)	Consolidation method (2)
TF1 SA	**France**	**Broadcasting**	**Parent company**		**Parent company**	
BROADCASTING FRANCE						
TF1 PUBLICITÉ	France	TF1 advertising airtime sales house	100.00%	FC	100.00%	FC
TF1 FILMS PRODUCTION	France	Co-production of films	100.00%	FC	100.00%	FC
TÉLÉSHOPPING	France	Home shopping	100.00%	FC	100.00%	FC
TV BREIZH	France	Theme channel	100.00%	FC	100.00%	FC
UNE MUSIQUE	France	Music publishing	100.00%	FC	100.00%	FC
TF1 PUBLICITÉ PRODUCTION	France	Commercials and promos	-	-	100.00%	FC
TF6	France	Theme channel	50.00%	PC	50.00%	PC
TF1 ENTREPRISES	France	Merchandising, spin-offs, games	100.00%	FC	100.00%	FC
ALMA PRODUCTIONS	France	Programme production	-	-	100.00%	FC
EUROSPORT France SA	France	Marketing the Eurosport channel in France	100.00%	FC	100.00%	FC
EUROSHOPPING	France	Import-export	100.00%	FC	100.00%	FC
TF1 DIGITAL	France	Holding company of theme channel division	100.00%	FC	100.00%	FC
E-TF1	France	Creation/broadcasting of internet services	100.00%	FC	100.00%	FC
LA CHAINE INFO	France	News channel	100.00%	FC	100.00%	FC
GLEM	France	Programme production	100.00%	FC	100.00%	FC
BAXTER	France	Music publishing	100.00%	FC	100.00%	FC
TF6 GESTION	France	TF6 management company	50.00%	PC	50.00%	PC
SÉRIE CLUB	France	Theme channel	50.00%	PC	50.00%	PC
TOUT AUDIOVISUEL PRODUCTIONS	France	Programme production	-	-	100.00%	FC
MONTE CARLO PARTICIPATIONS (2)	France	TMC holding company	50.00%	PC	50.00%	PC
TOP SHOPPING	France	Retailing	100.00%	FC	100.00%	FC
LES NOUVELLES ÉDITIONS TF1	France	Book publishing	51.00%	FC	51.00%	FC
ODYSSÉE	France	Theme channel	100.00%	FC	100.00%	FC
APHÉLIE	France	Real estate leasing	100.00%	FC	100.00%	FC
YAGAN PRODUCTIONS	France	Audiovisual rights	-	-	100.00%	FC
TF1 HORS-MÉDIA	France	Off-media promotion	-	-	100.00%	FC
QUAI SUD	France	Programme production	-	-	91.64%	FC
TFOU	France	Theme channel	-	-	100.00%	FC
HISTOIRE	France	Theme channel	100.00%	FC	100.00%	FC
USHUAIA TV	France	Theme channel	100.00%	FC	100.00%	FC
TELE MONTE CARLO (2)	Monaco	Theme channel	40.00%	PC	40.00%	PC
INFOSHOPPING	France	Infomercials	99.99%	FC	99.99%	FC
SHOPPING A LA UNE	France	Online retailing	100.00%	FC	100.00%	FC
WAT	France	Creation of internet services	100.00%	FC	100.00%	FC
JET (Jeux et Télévision)	France	Theme channel	-	-	100.00%	FC
TMC RÉGIE (2)	France	TMC advertising airtime sales house	40.00%	PC	40.00%	PC
1001 LISTES	France	Creation of internet services	97.19%	FC	95.32%	FC
JFG NETWORKS	France	Creation of internet services	35.03%	EM	26.00%	EM
SKY ART MEDIA	United States	Print media publishing	27.54%	EM	27.54%	EM
OUEST INFO	France	TV news images agency	100.00%	FC	100.00%	FC

			2008		2007	
Company	Country	Activity	% control [1]	Consolidation method	% control [1]	Consolidation method [2]
ONE CAST	France	Audiovisual broadcasting and transmission service	100.00%	FC	100.00%	FC
SF2J	France	Producer of card and board games	100.00%	FC	100.00%	FC
DOGAN TÉLÉSHOPPING	Turkey	Home shopping	50.00%	PC	50.00%	PC
DUJARDIN	France	Producer of card and board games	100.00%	FC	100.00%	FC
DUJARDIN INTERNATIONAL	France	Producer of card and board games	-	-	100.00%-	FC
AB GROUP	France/ Belgium	Production, programming and broadcasting of audiovisual material	33.50%	EM	33.50%	EM
TF1 Acquisitions de droits EIG	France	Acquisition and sale of audiovisual rights	100.00%	FC	-	-
DISTRIBUTION						
TF1 EXPANSION	France	Development of digital technology	100.00%	FC	100.00%	FC
SACAS	France	Development of digital technology	100.00%	FC	100.00%	FC
TF1 SATELLITE	France	Development of digital technology	100.00%	FC	100.00%	FC
AUDIOVISUAL RIGHTS						
CIBY AUDIOVISUAL RIGHTS	France	Exploitation of audiovisual rights	-	-	100.00%	FC
CIBY 2000	France	Exploitation of audiovisual rights	100.00%	FC	100.00%	FC
CIC	France	Exploitation of video rights	100.00%	FC	100.00%	FC
TF1 VIDÉO	France	Exploitation of video rights	100.00%	FC	100.00%	FC
TF1 INTERNATIONAL	France	Exploitation audiovisual rights	100.00%	FC	100.00%	FC
TELEMA	France	Audiovisual production	100.00%	FC	100.00%	PC
TCM DA	France	Exploitation of audiovisual rights	50.00%	PC	50.00%	PC
TCM GESTION	France	Management company of TCM DA	49.96%	PC	49.96%	PC
TF IMAGE 2	France	Exploitation of audiovisual rights	100.00%	FC	100.00%	FC
RÉGIE CASSETTE VIDÉO	France	Exploitation of video rights	-	-	100.00%	FC
BROADCASTING INTERNATIONAL						
EUROSPORT SA	France	Marketing the Eurosport channel outside France	100.00%	FC	100.00%	FC
EUROSPORT BV	Netherlands	Marketing the Eurosport channel in the Netherlands	100.00%	FC	100.00%	FC
EUROSPORT TELEVISION LTD	UK	Marketing the Eurosport channel in the UK	100.00%	FC	100.00%	FC
EUROSPORT TV AB	Sweden	Marketing the Eurosport channel in Sweden	100.00%	FC	100.00%	FC
EUROSPORT MEDIA GMBH	Germany	Marketing the Eurosport channel in Germany	100.00%	FC	100.00%	FC
KIGEMA SPORT ORGANISATION LTD	UK	Motor race organiser	100.00%	FC	100.00%	FC
SRW EVENTS LTD	UK	Motor race organiser	100.00%	FC	100.00%	FC
EUROSPORT ITALIA	Italy	Marketing the Eurosport channel in Italy	100.00%	FC	100.00%	FC
EUROSPORT ASIA LTD	Hong Kong	Marketing the Eurosport channel in Asia	100.00%	FC	100.00%	FC
EUROSPORT MEDIA SA	Switzerland	Marketing the Eurosport channel in Switzerland	100.00%	FC	100.00%	FC
EUROSPORT SA SPAIN	Spain	Marketing the Eurosport channel in Spain	100.00%	FC	100.00%	FC
EUROSPORT FINLAND	Finland	Marketing the Eurosport channel in Finland	100.00%	FC	100.00%	FC
APT EUROSPORTNEWS DISTRIBUTION LTD	Hong Kong	Marketing the Eurosport channel in Asia	98.00%	FC	98.00%	FC

			2008		2007	
Company	Country	Activity	% control (1)	Consolidation method	% control (1)	Consolidation method (2)
EUROSPORT NORVEGE AS	Norway	Marketing the Eurosport channel in Norway	100.00%	FC	100.00%	FC
EUROSPORT POLSKA	Poland	Marketing the Eurosport channel in Poland	100.00%	FC	100.00%	FC
EUROSPORT DANMARK APS	Denmark	Marketing the Eurosport channel in Denmark	100.00%	FC	100.00%	FC
EUROSPORT EVENTS	France	Sports event organiser	100.00%	FC	100.00%	FC
SAILING ONE	France	Organiser and promoter of yacht races	34.00%	EM	34.00	EM
FRANCE 24	France	French rolling news channel	50.00%	PC	50.00%	PC
FRANCE 24 ADVERTISING	France	France 24 advertising airtime sales house	50.00%	PC	50.00%	PC
OTHER ACTIVITIES						
METRO FRANCE PUBLICATIONS (3)	France	Print media publishing	34.30%	EM	34.30%	EM
TOP TICKETS (4)	France	Print media publishing	39.18%	PC	45.00%	PC

(1) There are no material differences between the percentage of control and the percentage interest.

(2) Monte Carlo Participations, Télé Monte Carlo and TMC Régie: under the terms of the agreement of July 6, 2004 between TF1 and AB Group, these companies are jointly controlled.

(3) Metro France Publications: under the terms of the shareholders' agreement of November 14, 2003 between TF1 and Metro International S.A., Metro International has exclusive control over Publications Metro France. TF1 only exercises significant influence over this company, in which it has a 34.3% interest.

(4) Top Tickets: under the terms of the agreement of May 22, 2007 between TF1 and Artémis, this company is jointly controlled.

4.3 PARENT COMPANY FINANCIAL STATEMENTS

PARENT COMPANY BALANCE SHEET (FRENCH GAAP)

ASSETS *(€m)*	Note	Dec 31, 2008 Net	Dec 31, 2007 Net
Intangible assets	2.2 and 3.1	**42.6**	**94.7**
Concessions and similar rights		2.6	41.1
Trademarks		0.0	0.0
Purchased goodwill		0.0	0.0
Other intangible assets		0.0	0.0
Intangible assets in progress		0.5	0.0
Co-productions available for transmission		9.9	15.0
Co-productions available for retransmission		22.7	30.6
Co-productions in progress		6.9	8.0
Property, plant and equipment	2.3 and 3.2	**52.7**	**40.6**
Land		0.0	0.0
Buildings		0.0	0.0
Technical facilities		19.8	15.9
Other property, plant and equipment		24.2	21.8
Property, plant and equipment under construction		8.7	2.9
Non-current financial assets	2.4 and 3.3	**1,265.9**	**1,248.3**
Investments in subsidiaries and affiliates		1,034.4	1,011.2
Loans and advances to subsidiaries and affiliates		0.0	0.0
Other long-term investment securities		0.1	0.1
Loans receivable		230.4	236.0
Other non-current financial assets		1.0	1.0
Non-current assets		**1,361.2**	**1,383.6**
Inventories and work in progress	2.5 and 3.4	**443.4**	**435.7**
Raw materials and other supplies		0.1	0.2
Goods purchased for resale		0.0	0.0
Broadcasting rights (initial transmission)		225.9	212.2
Broadcasting rights (retransmission)		217.1	222.8
Broadcasting rights in progress		0.3	0.5
Advance payments	3.5	211.7	206.3
Trade debtors	2.6 and 3.6.1	358.7	395.1
Other debtors	3.6.2	146.1	118.6
Short-term investments and cash & equivalents	2.7 and 3.7	537.0	525.6
Prepaid expenses	3.8	5.8	5.5
Current Assets		**1,702.7**	**1,686.8**
Deferred charges		0.4	0.6
Bond redemption premium		0.8	1.3
Unrealised foreign exchange losses		0.1	0.0
TOTAL ASSETS		**3,065.2**	**3,072.3**

LIABILITIES AND SHAREHOLDERS' EQUITY *(€m)*	Note	Dec 31, 2008	Dec 31, 2007
Share capital		42.7	42.7
Share premium		3.8	3.8
Revaluation reserve		0.0	0.0
Legal reserve		4.3	4.3
Long-term capital gains reserve		0.0	0.0
Other reserves		835.0	819.0
Retained earnings		105.4	99.1
Net profit for the year		138.9	203.7
Investment grants	2.8	0.0	0.0
Restricted provisions: programme amortisation	2.9	34.6	43.5
Shareholders' equity	3.9	**1,164.7**	**1,216.1**
Provisions for liabilities and charges	2.10 and 10	**44.1**	**34.8**
Bond issues		503.0	505.1
Bank borrowings (1)		4.1	120.0
Other borrowings (2)		550.1	339.1
Trade creditors		403.7	402.3
Tax and employee-related liabilities		148.9	179.0
Amounts payable in respect of non-current assets		4.4	59.2
Other liabilities		240.3	213.3
Deferred income		1.7	3.1
Liabilities	3.11	**1,856.2**	**1,821.1**
Unrealised foreign exchange gains		0.2	0.3
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**3,065.2**	**3,072.3**
(1) Including bank overdrafts		*0.0*	*0.0*
(2) Including intra-group current accounts		*550.1*	*339.0*

PARENT COMPANY INCOME STATEMENT (FRENCH GAAP)

(€m)	Note	2008	2007
Operating income		**1,759.1**	**1,824.6**
Advertising revenue	2.11 and 4.1	1,568.3	1,637.2
Technical services revenue		4.9	5.1
Other revenue		4.9	9.1
Revenue		**1,578.1**	**1,651.4**
Stored production		(0.8)	(0.7)
Capitalised production		5.0	0.0
Operating grants		0.0	0.0
Reversals of depreciation, amortisation, provisions and impairment		67.9	71.3
Cost transfers	4.8	106.2	99.7
Other income		2.7	2.9
Operating expenses		**(1,608.1)**	**(1,582.3)**
Purchases of raw materials and other supplies	4.2	(695.5)	(622.6)
Change in inventory		28.1	(6.5)
External expenses	4.3	(452.0)	(447.7)
Taxes other than income taxes	4.4	(106.4)	(109.6)
Wages and salaries	4.5	(135.3)	(126.7)
Social security charges	4.6	(54.2)	(57.1)
Depreciation, amortisation, provisions and impairment			
- amortisation of co-productions already transmitted		(21.6)	(40.0)
- amortisation and depreciation of other non-current assets		(12.9)	(10.7)
- amortisation of deferred charges		(0.2)	(0.2)
- impairment of intangible assets and current assets		(81.0)	(75.2)
- provisions for liabilities and charges		(7.1)	(4.2)
Other expenses	4.7	(70.0)	(81.8)
Operating Profit		**151.0**	**242.3**
Share of profits/losses of joint operations		**0.0**	**0.0**
Financial income		138.3	98.3
Financial expenses		(134.6)	(70.3)
Net financial income	4.9	**3.7**	**28.0**
Profit before tax and exceptional items		**154.7**	**270.3**
Exceptional income		**72.6**	**61.0**
Exceptional income from operating transactions		0.1	0.3
Exceptional income from capital transactions		60.9	36.9
Reversals of provisions and impairment		11.6	23.8
Exceptional expenses		**(61.6)**	**(47.6)**
Exceptional expenses on operating transactions		(0.0)	(0.0)
Exceptional expenses on capital transactions		(58.7)	(40.1)
Depreciation, amortisation, provisions and impairment		(2.9)	(7.5)
Exceptional items	4.10	**11.0**	**13.4**
Employee profit-sharing		(3.6)	(8.0)
Income tax expense	4.11 and 4.12	(23.2)	(72.0)
NET PROFIT		**138.9**	**203.7**

PARENT COMPANY CASH FLOW STATEMENT (FRENCH GAAP)

CASH FLOW STATEMENT *(€m)*	2008.12	2007.12
1 – Operating activities		
Net profit for the year	138.9	203,7
Depreciation, amortisation, provisions and impairment (1) (2)	48.0	1,2
Investment grants released to the income statement	0.0	0,0
Net (gain)/loss on disposals of non-current assets	(16.6)	(7,8)
Operating cash flow before changes in working capital	**170.3**	**197,1**
Acquisitions of co-productions (2)	(7.6)	(18,1)
Amortisation and impairment of co-productions (2)	11.2	23,1
Inventories	(7.8)	30,0
Trade and other debtors	6.4	(19,8)
Trade and other creditors	(3.3)	27,0
Deferred charges	0.0	0,0
Advance payments received from third parties, net	(5.4)	2,6
Change in operating working capital needs	**(6.5)**	**44,8**
Net cash generated by operating activities	**163.8**	**241,9**
2 – Investing activities		
Acquisitions of property, plant & equipment and intangible assets (1) (2)	(27.2)	(59,0)
Disposals of property, plant & equipment and intangible assets (1) (2)	40.7	1,8
Acquisitions of investments in subsidiaries and affiliates	(45.8)	(239,0)
Disposals of investments in subsidiaries and affiliates	17.3	32,8
Net change in amounts payable in respect of non-current assets	(54.8)	40,0
Net change in other non-current financial assets	5.6	4,7
Net cash used in investing activities	**(64.2)**	**(218,7)**
3 – Financing activities		
Change in shareholders' equity	0.0	(9,7)
Net change in debt	93.1	228,5
Dividends paid	(181.4)	(181,8)
Net cash used in financing activities	**(88.3)**	**37,0**
Total change in cash position	**11.3**	**60,2**
Cash position at beginning of period	525.6	465,4
Impact of reclassification of current accounts in opening balance sheet	11.3	60,2
Change in cash position	536.9	525,6

(1) Excluding programme co-production shares

(2) Acquisitions, consumption, disposals and retirements of programme co-production shares, accounted for as non-current assets in the parent company financial statements, are included in "Changes in operating working capital needs" in this cash flow statement in order to provide a fair representation of cash flows comparable with that presented in the consolidated financial statements.

4.4 NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

The parent company financial statements for the year ended December 31, 2008 have been prepared in accordance with legal and regulatory requirements as currently applicable in France.

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Note 1 Significant events

No significant events with a material impact on the company's financial statements occurred during the year ended December 31, 2008.

In the year ended December 31, 2007, the company acquired a 33.5% interest in the AB Group for €230.0 million (see the notes to the 2007 financial statements).

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, 2008.

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 on technical acceptance and opening of rights.

Payments made before the conditions for recognition are met are recognised in the balance sheet under "Advance payments".

Programmes acquired for a single transmission are fully amortised on transmission.

Where programmes are acquired for two or more transmissions, they are amortised as follows, according to the type of programme:

	Type of programme		
	Dramas with a running time of at least 52 minutes	Cartoons	Other programmes
1st transmission	80%	50%	100%
2nd transmission	20%	50%	

"Other programmes" in the table above refers to children's programmes (other than cartoons), entertainment shows, plays, factual and documentary programmes, news, and dramas with a running time of less than 52 minutes.

A provision for impairment is recorded once it becomes probable that a programme with a co-production share will not be transmitted. Probability of transmission is assessed on the basis of the most recent programming schedules approved by management.

2.2.2 Co-productions available for transmission

Co-production shares in programmes not yet broadcast on the TF1 channel are recorded on this line at acquisition cost.

2.2.3 Co-productions available for retransmission

Co-production shares in programmes broadcast once but still available for one or more repeat broadcasts are recorded on this line, and are valued at 50% or 20% of acquisition cost depending on the type of programme (drama, cartoons, other), or at their contractual value.

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. Future contractual payments are disclosed as off balance sheet commitments.

2.3 PROPERTY, PLANT AND EQUIPMENT

Depreciation periods and methods are summarised below:

Technical facilities	Straight line	3 to 7 years
Other property, plant and equipment	Straight line	2 to 10 years

2.4 NON-CURRENT FINANCIAL ASSETS

Equity investments are measured at acquisition cost, comprising the purchase price and transaction costs. If the value in use of an investment (determined by reference to the trading and profitability prospects of the investee) falls below acquisition cost, a provision for impairment is recorded. If necessary, this provision may be supplemented by a provision for impairment of the current account with the subsidiary or affiliate and a provision for liabilities and charges.

2.5 INVENTORIES AND WORK IN PROGRESS

2.5.1 General principles

In order to secure programming schedules for future years, TF1 SA enters into binding contracts (in addition to co-production share acquisition contracts) under which it acquires (and the other party agrees to deliver) programme rights and sports transmission rights.

A programme is recognised in inventory once technical acceptance and opening of rights have occurred.

Rights payments made before these conditions are met are recognised in the balance sheet under “Advance payments”.

Programmes acquired for a single transmission are regarded as having been consumed in full on transmission.

Where programmes are acquired for two or more transmissions, consumption is calculated as follows:

- Programmes not individually valued in the contract:

	Type of programme		
	Dramas with a running time of at least 52 minutes	Films, TV movies, serials and cartoons	Other programmes
1st transmission	80%	50%	100%
2nd transmission	20%	50%	

- Programmes individually valued in the contract: consumption reflects the contract price.

“Other programmes” in the table above refers to children’s programmes (other than cartoons), entertainment shows, plays, factual and documentary programmes, news, and dramas with a running time of less than 52 minutes.

A provision for impairment is recognised:

- once it becomes probable that a programme will not be transmitted (probability of transmission is assessed on the basis of the most recent programming schedules approved by management),
- if the contractual value of the retransmission rights exceeds the value that would be attributed to those rights using the rules that apply to programmes that are not individually valued in a contract.

2.5.2 Broadcasting rights (initial transmission)

Rights that are open but which relate to programmes not yet transmitted on the TF1 channel are recorded on this line at acquisition cost or overall production cost (direct costs plus a portion of indirect production costs, excluding borrowing costs recognised as an expense).

2.5.3 Broadcasting rights (retransmission)

Rights relating to programmes available for one or more repeat broadcasts are recorded on this line, and are valued at 50% or 20% of acquisition cost depending on the type of programme (drama, cartoons, other), or at their contractual value.

2.6 TRADE DEBTORS

Invoices that are disputed at the balance sheet date are provided for in full (excluding VAT).

General provisions for bad debt risks are also recorded on the following basis:

- 100% of all invoices (excluding VAT) unpaid since before January 1, 2006,
- 50% of all invoices (excluding VAT) issued during 2006 and still unpaid.

Risks on invoices issued since December 31, 2006 and still unpaid at December 31, 2008 are immaterial.

2.7 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.

2.8 INVESTMENT GRANTS

Once they have been definitively awarded, investment grants are released to the income statement at the same rate as the depreciation charged on the asset financed by the grant.

2.9 RESTRICTED PROVISIONS

This item mainly comprises accelerated 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%

2.10 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.

2.10.1 Retirement benefits

TF1 SA's obligation in respect of retirement benefits is limited to the level of benefits stipulated in the relevant collective agreements. It is calculated using the projected unit credit method at the expected retirement date based on final salary, and recognised as a liability in "Provisions for liabilities and charges", net of amounts transferred to an insurance fund.

2.10.2 Long-service leave

Additional compensated absence is awarded by TF1 SA to employees based on length of service. The calculation of the cost of vested compensated absence rights takes into account length of service, salary at the time the rights will be taken up, and staff turnover. The resulting liability is discounted, and is recognised in "Provisions for liabilities and charges".

2.10.3 Other provisions for liabilities and charges

These mainly comprise provisions for litigation and claims. The provision is measured as the probable outflow of resources resulting from ongoing litigation or claims arising from an event prior to the balance sheet date. They include provisions for tax and social security disputes. The amount shown on reassessment notices issued by the authorities is provided for unless the company regards it as highly probable that it will successfully defend its position against the authorities. The undisputed portion of reassessment notices is recognised as a liability as soon as the amount is known.

2.11 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 TF1 Publicité to the advertiser for the airtime, less the agency commission earned by TF1 Publicité.

2.12 OFF BALANCE SHEET COMMITMENTS

Image transmission commitments represent fees payable to the transmission service operator until the expiry date of the contract.

Caution money and guarantees paid under commercial contracts or leases are disclosed as off balance sheet commitments.

Confirmed bank credit facilities undrawn at the balance sheet date are also disclosed as off balance sheet commitments.

2.13 FINANCIAL INSTRUMENTS

TF1 uses financial instruments 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.

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, except for premiums on currency and interest rate options, which are recognised in the income statement at the time of payment.

Note 3 Notes to the balance sheet

3.1 INTANGIBLE ASSETS

Intangible assets mainly comprise programme co-production shares, movements in which are shown below:

(€m)	2008	2007
Co-productions in progress	9.5	12.2
Co-productions available for transmission	15.0	29.6
Co-productions available for retransmission	30.7	35.2
CO-PRODUCTIONS AT JANUARY 1	**55.2**	**77.0**
Acquisitions	20.3	31.4
Consumption on 1st transmission	(17.1)	(37.2)
Consumption on 2nd transmission	(4.4)	(2.7)
Total consumption on transmission	**(21.5)**	**(39.9)**
Expired	(4.0)	(3.0)
Retired or abandoned	(5.7)	(8.0)
Resold (net book value)	(2.9)	(2.3)
Decreases	**(34.2)**	**(53.2)**
CO-PRODUCTIONS AT DECEMBER 31	**41.1**	**55.2**
Co-productions in progress	8.4	9.5
Co-productions available for transmission	9.9	15.0
Co-productions available for retransmission	22.8	30.7
Total	**41.1**	**55.2**
PROVISIONS FOR IMPAIRMENT		
At January 1	**1.6**	**1.7**
Charges during the period	0.1	0.1
Reversals during the period	(0.1)	(0.2)
At December 31	**1.6**	**1.6**

As at December 31, 2008, the risk of non-transmission for co-produced programmes was €17.7 million, of which:

- €1.6 million was covered by provisions for impairment;
- €16.1 million was covered by restricted provisions previously established in accordance with the policy described in note 2.9.

The table below shows the maturity of co-production share acquisition contracts entered into by TF1 to secure future programming schedules.

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total 2008	Total 2007
Co-production shares	10.3	2.6	3.8	16.7	13.3

3.2 PROPERTY, PLANT AND EQUIPMENT

The table below shows movements in property, plant and equipment during the year:

(€m)				
Gross value	**Jan. 1, 2008**	**Increases**	**Decreases**	**Dec. 31, 2008**
Technical facilities	79.2	10.4	3.2	86.4
Other property, plant and equipment	72.8	8.5	2.1	79.2
Property, plant & equipment in progress	2.9	6.2	0.4	8.7
TOTAL	**154.9**	**25.1**	**5.7**	**174.3**
Depreciation	**Jan. 1, 2008**	**Charged**	**Reversed**	**Dec. 31, 2008**
Technical facilities	63.4	6.3	3.1	66.6
Other property, plant and equipment	50.9	6.1	2.0	55.0
TOTAL	**114.3**	**12.4**	**5.1**	**121.6**

3.3 NON-CURRENT FINANCIAL ASSETS

This item breaks down as follows:

Gross value (€m)	Equity investments	Other long-term investment securities	Loans receivable	Other	Total
December 31, 2007	**1,209.7**	**0.1**	**236.0**	**1.0**	**1,446.8**
Increases					
Wat: capital increase	7.0				7.0
Glem: capital increase	10.0				10.0
TF1 Mobile: capital increase	2.5				2.5
JFG Networks: acquisition and capital increase	1.3				1.3
Top Tickets: capital increase	2.2				2.2
TF1 Digital: capital increase	25.0				25.0
Aphélie: loans			4.4		4.4
Decreases					
Sale of shares in Mercury	(0.2)				(0.3)
Sale of shares in Top Ticket.s	(0.2)				(0.2)
Sale of shares in Alma	(0.1)				(0.1)
Sale of shares in TAP	(0.1)				(0.1)
Sale of shares in Yagan and TPP	(0.1)				
Aphélie: loans			(10.0)		(10.0)
December 31, 2008	**1,257.0**	**0.1**	**230.4**	**1.0**	**1,488.5**
Provisions for impairment					
December 31, 2007	**198.5**				**198.5**
Charges during the period	38.1				38.1
Reversals during the period	14.0				14
December 31, 2008	**222.6**				**222.6**
NET VALUE AT DECEMBER 31, 2008	**1,034.4**	**0.1**	**230.4**	**1.0**	**1,265.9**

"Loans receivable" mainly comprises:

- a participating loan of €64.9 million (including principal of €31.0 million) to Aphélie. After capitalisation of the interest to 2009, this loan may be used to exercise the option to buy a property held under a finance lease, on the terms described in note 5.1,
- a long-term loan to Aphélie (this loan was bought from a syndicate of banks on March 31, 2000; the balance outstanding at December 31, 2008 was €5.3 million),
- a loan to Eurosport (balance outstanding at December 31, 2008: €160.0 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 2008	Total 2007
Broadcasting rights (initial transmission)	234.2	1.0	235.2	257.6
Broadcasting rights (retransmission)	341.6		341.6	326.3
Broadcasting rights in progress		0.5	0.5	0.6
Inventory at January 1	**575.8**	**1.5**	**577.3**	**584.5**
Purchases during the year	695.0	338.4	1033.4	969.5
Consumption on 1st transmission	(542.5)	(336.8)	(879.3)	(857.1)
Consumption on 2nd transmission	(63.4)		(63.4)	(56.4)
Total consumption on transmission	**(605.9)**	**(336.8)**	**(942.7)**	**(913.5)**
Expired	(43.3)		(43.3)	(40.2)
Retired or abandoned	(12.4)	(2.4)	(14.8)	(19.6)
Resold	(5.3)		(5.3)	(3.4)
Total consumption	**(666.9)**	**(339.2)**	**(1006.1)**	**(976.7)**
Inventory at December 31	**603.9**	**0.7**	**604.6**	**577.3**
Change in inventory	**28.1**	**(0.8)**	**27.3**	**(7.2)**
Closing inventory breaks down as follows:				
Broadcasting rights (initial transmission)	247.7	0.4	248.1	235.3
Broadcasting rights (retransmission)	356.2		356.2	341.5
Broadcasting rights in progress		0.3	0.3	0.5
TOTAL	**603.9**	**0.7**	**604.6**	**577.3**
Provisions for impairment				
Balance at January 1	**141.5**	**0.3**	**141.8**	**119.0**
Transfers	0.4		0.4	0.0
Charged during the period	81.0		81.0	74.0
Reversed during the period	(61.9)		(61.9)	(51.2)
Balance at December 31	**161.0**	**0.3**	**161.3**	**141.8**

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 2008	Total 2007
Programmes and broadcasting rights	498.9	733.8	50.9	1,283.6	1,285.1
Sports transmission rights	143.3	282.2	52.0	477.5	568.1
TOTAL	**642.2**	**1,016.0**	**102.9**	**1,761.1**	**1,853.2**

Some of these contracts are expressed in foreign currencies: €276.3 million in U.S. dollars and €18.8 million in sterling.

3.5 ADVANCE PAYMENTS

This item mainly comprises advance payments on programme broadcasting rights contracts (€139.6 million) and on sports transmission contracts (€69.4 million).

3.6 DEBTORS

3.6.1 Trade debtors

TF1 Publicité acts as agent for TF1 SA, selling advertising airtime in return for commission indexed to revenues. The amount owed by TF1 Publicité to TF1 SA at December 31, 2008, net of accrued commercial discounts recorded in "Other liabilities", was €109.0 million.

The amount owed at December 31, 2007 was €167.9 million.

3.6.2 Other debtors

This item mainly comprises 2008 income taxes recoverable of €43.7 million, VAT recoverable of €65.1 million, and current accounts with subsidiaries of €27.3 million.

3.6.3 Provisions for impairment of debtors

(€m)	Jan. 1, 2008	Transfers	Charges	Reversals	Dec. 31, 2008
Advance payments	1.5	(0.4)			1.1
Trade debtors	0.0				0.0
Other debtors	1.4				1.4
TOTAL	**2.9**	**(0.4)**			**2.5**

3.6.4 Loans receivable and debtors by due date

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total
Non-current assets	70.2	161.0	0.2	231.4
Current assets (1)	1,034.2	7.6	0.0	1,041.8
TOTAL	**1,104.4**	**168.6**	**0.2**	**1,273.2**

(1) Excluding advance payments.

3.7 SHORT-TERM INVESTMENTS AND CASH

This item breaks down as follows:

(€m)		
Gross value	**2008**	**2007**
Short-term investments	**0.4**	**0.0**
Bank deposits and funds in transit	1.1	2.8
Treasury current account debit balances	532.9	534.5
Cash in hand	0.4	0.4
Accrued interest receivable	3.8	2.0
Cash	**538.2**	**539.7**
TOTAL	**538.6**	**539.7**
Provisions for impairment of current accounts and short-term investments		
Balance at January 1	**14.1**	**4.2**
Charges during the period	0.2	10.3
Reversals during the period	(12.7)	(0.4)
Balance at December 31	**1.6**	**14.1**
NET VALUE	**537.0**	**525.6**

As of December 31, 2008, short-term investment securities comprised 14,625 TF1 shares, against which an impairment loss of €0.2 million had been charged.

3.8 PREPAID EXPENSES

Prepaid expenses amounted to €5.8 million at December 31, 2008 (€5.5 million at December 31, 2007).

3.9 SHAREHOLDERS' EQUITY

The share capital is divided into 213,410,492 ordinary shares with a par value of €0.2, all fully paid.

Movements in shareholders' equity during the year are shown in the table below:

(€m)	Jan. 1, 2008	Appropriation of profit (AGM of April 17, 2008)	Increases	Decreases	Dec. 31, 2008
Share capital	42.7	-			42.7
Share premium	3.8	-			3.8
Legal reserve	4.3	-	-	-	4.3
Retained earnings	99.1	6.3	-	-	105.4
Other reserves	819.0	16.0	-	-	835.0
Net profit for the year	203.7	(203.7)	138.9	-	138.9
Sub-total	**1,172.6**	**(181.4)**	**138.9**		**1,130.1**
Restricted provisions	43.5	-	2.7	(11.6)	34.6
TOTAL	**1,216.1**	**(181.4)** (1)	**141.6**	**(11.6)**	**1,164.7**
Number of shares	**213,410,492**				**213,410,492**

(1) Dividends paid from April 30, 2008.

3.10 PROVISIONS FOR LIABILITIES AND CHARGES

Provisions are established using the methods described in note 2.10. Movements during the year were as follows:

(€m)	Jan. 1, 2008	Charged	Reversed (used)	Reversed (unused)	Dec. 31, 2008
Provisions for litigation and claims	10.6	2.6	0.1	0.1	13.0
Provisions for equity investments	1.0	8.5	0.8		8.7
Provisions for bad debts	2.7				2.7
Provisions for retirement benefit obligations	16.0	3.4	3.5	0.9	15.0
Provisions for long-service leave	4.5	1.0	0.4	0.4	4.7
TOTAL	**34.8**	**15.5**	**4.8**	**1.4**	**44.1**

Provisions for bad debts mainly comprise TF1 SA's share of the risk of non-recovery of a debt owed to TF1 Publicité.

Provisions for equity investments consist of TF1 SA's share of the losses of subsidiaries established in the form of partnerships.

The €15.0 million provision for retirement benefit obligations represents the discounted value of the obligation (€18.7 million) minus the fair value of plan assets of (€3.7 million). The main assumptions used in calculating the present value of the obligations are:

- discount rate: 3.66%
- salary inflation rate: 2.00%
- age on retirement: 60.

No material contingent liabilities (i.e. litigation or claims liable to result in a possible outflow of resources) were identified as of the balance sheet date.

3.11 LIABILITIES

3.11.1 Bond issues

In November 2003, TF1 issued €500 m of bonds redeemable at par in a single instalment after 7 years (in 2010). The issue bears interest at 4.375%.

3.11.2 Bank borrowings

This item includes €4.0 million of accrued interest on swaps contracted by TF1 SA.

TF1 SA had confirmed credit facilities of €1,021 million with various banks as at December 31, 2008, none of which was drawn down at that date, plus an unconfirmed drawdown facility with Bouygues Relais classified in "Other borrowings".

3.11.3 Other borrowings

This item includes surplus cash invested on behalf of subsidiaries under cash pooling agreements of €353.1 million (versus €339.0 million at end 2007).

Drawdowns under the BouyguesRelais facility totalled €197.0 million as at December 31, 2008.

3.11.4 Other liabilities

This item mainly comprises credit notes and accrued discounts in favour of TF1 Publicité amounting to €218.5 million (versus €194.7 million at end 2007).

3.11.5 Liabilities by maturity

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total
Bond issue	3.0	500.0		503.0
Other liabilities	1,154.5	197.0		1,351.5
TOTAL	**1,157.5**	**697.0**		**1,854.5**

3.11.6 Accrued expenses and accrued income

(€m)			
Assets		**Liabilities**	
Trade and other debtors	9.7	Trade creditors	107.7
		Tax and employee-related liabilities	47.9
		Amounts payable in respect of non-current assets	1.4
		Other liabilities	218.8

Note 4 Notes to the income statement

4.1 REVENUE

Advertising revenue of €1,568.3 million was recognised in 2008, compared with €1,637.2 million in 2007.

4.2 PURCHASES OF RAW MATERIALS AND OTHER SUPPLIES AND CHANGES IN INVENTORY

This item relates solely to broadcasting rights consumed, and showed a net total of €666.9 million in 2002 (compared with €628.2 million in 2007). See note 3.4.

4.3 OTHER PURCHASES AND EXTERNAL EXPENSES

The fees charged by the company's auditors for statutory audit work in 2008 amounted to €0.4 million.

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 €87.3 million in 2008 compared with €90.3 million in 2007.

4.5 WAGES AND SALARIES

Payments to freelances recorded on this line totalled €2.9 million (2007: €3.4 million), out of a total of €135.3 million (2007: €126.7 million).

4.6 SOCIAL SECURITY CHARGES

This includes TF1 SA's contribution to the company savings plan (employee share ownership plan), which amounted to €4.1 million (2007: €4.7 million).

4.7 OTHER EXPENSES

This item includes payments to copyright-holders of €63.6 million in 2008 (2007: €66.4 million).

4.8 COST TRANSFERS

This item mainly comprises reimbursements of costs incurred by TF1 SA on behalf of its subsidiaries.

4.9 NET FINANCIAL INCOME

The components of net financial income are as follows:

(€m)	2008	2007
Dividends and transfers of profits/losses from flow-though entities	42.8	38.2
Net interest paid	(7.7)	(2.4)
Provisions for impairment of equity investments [1]	(24.0)	2.5
Provisions for impairment of current accounts	1.7	(9.9)
Other provisions	(7.8)	(0.8)
Foreign exchange gains/(losses)	(1.2)	(1.1)
Proceeds from disposals of short-term investments	0.3	1.9
Amortisation of bond redemption premium	(0.4)	(0.4)
NET FINANCIAL INCOME	**3.7**	**28.0**

(1) See note 3.3.

The “Other provisions” line includes provisions recorded to cover losses incurred by subsidiaries established in the form of partnerships.

Interest paid to related companies in 2008 totalled €12.4 million (2007: €11.3 million). Interest received from related companies in 2008 totalled €34.4 million (2007: €31.7 million).

4.10 EXCEPTIONAL ITEMS

Exceptional items break down as follows:

(€m)	2008	2007
Retirements of programmes and losses on disposals	(9.8)	(11.0)
Net change in provisions (including accelerated tax depreciation)	8.9	16.3
Net gain/(loss) on disposals of non-current financial assets	16.5	7.8
Loss on purchase of TF1 shares	(4.5)	
Other items	(0.1)	0.3
EXCEPTIONAL ITEMS, NET	**11.0**	**13.4**

4.11 INCOME TAX EXPENSE

This item breaks down as follows:

(€m)	2008	2007
Income taxes	(34.2)	(92.4)
Gain on group tax election	11.0	20.4
Income tax expense	**(23.2)**	**(72.0)**

Exceptional items generated a net income tax gain of €1.9 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 that which would have been borne had there been no group tax election. The group tax election included 47 companies in 2008, compared with 48 in 2007.

The difference between the standard French tax rate of 34.43% and the effective tax rate of 14.3% is mainly due to tax-exempt income in 2008 (primarily dividends and long-term capital gains and losses) and tax savings arising from the losses of group tax election member companies.

4.12 DEFERRED TAX POSITION

(€m)	Future increases in tax liability	Future reductions in tax liability
Restricted provisions	11.60	-
Accrued employee profit-sharing, holiday pay entitlement and social solidarity contributions, and provisions for retirement benefit obligations and long-service leave	-	12.33

Note 5 Other information

5.1 OFF BALANCE SHEET COMMITMENTS

The table shows off balance sheet commitments at December 31, 2008 by type and maturity:

Commitments given *(€m)*	Less than 1 year	1 to 5 years	More than 5 years	Total 2008	Total 2007
Property finance leases	9.7			9.7	28.9
Operating leases	15.4	61.5	59.1	136.0	92.5
Image transmission contracts	64.2	79.4	2.2	145.8	189.3
Guarantees	1.5	32.3	15.3	49.1	50.7
Other (1)	7.1	31.8		38.9	48.0
TOTAL	**97.9**	**205.0**	**76.6**	**379.5**	**409.4**

Commitments received *(€m)*	Less than 1 year	1 to 5 years	More than 5 years	Total 2008	Total 2007
Property finance leases	9.7			9.7	28.9
Operating leases	15.4	61.5	59.1	136.0	92.5
Image transmission contracts	64.2	79.4	2.2	145.8	189.3
Confirmed credit facilities	83.0	740.5		823.5	835.5
Other (2)		7.4		7.4	0.7
TOTAL	**172.3**	**888.8**	**61.3**	**1,122.4**	**1,146.9**

(1) Other commitments given mainly comprise:
- the financial contribution of €29.7 million to GIP France Télé Numérique, whose mission is to implement the phasing-out of analogue television,
- the fair value of two swaps of €150 million each and one swap of €100 million (see note 5.2.2), representing a commitment of €5.5 million,
- the fair value of currency instruments (see note 5.2.1) representing a commitment of €3.3 million.

(2) Other commitments received include the fair value of a €300 million swap (see note 5.2.2), representing a commitment of €7.4 million.

TF1 SA had not contracted any complex commitments as of December 31, 2008.

Property finance lease commitments:

In June 1994, TF1 contracted a finance lease with GIE Aphélie relating to the TF1 headquarters building at 1, Quai du Point du Jour, Boulogne, which TF1 has occupied since 1992. The lease had a term of 15 years and was for an amount of €164.6 million excluding interest, split as follows:

- land €45.7 million,
- buildings €57.9 million,
- fixtures & fittings €61.0 million.

Since June 30, 2001, TF1 has had an option to buy the property at net book value. This lease replaced the previous 12-year commercial lease between TF1 and GAN.

Original value		164.6
Lease payments (1)		196.7
- accumulated to start of year	177.8	
- during the year	18.9	
Notional depreciation expense (2)		95.9
- accumulated to start of year	93.5	
- during the year	2.4	
Expected future lease payments (3)		
- less than 1 year	9.7	
- more than 1 year but less than 5 years		
- more than 5 years		
Net book value of property at end of contract		**67.1**

(1) Includes accumulated capital repayments of €90.3 million.
(2) Depreciation expense that would have been recognised had the asset been purchased outright by TF1 SA.
(3) Calculated using a notional interest rate of 6.25% for payment dates for which the interest rate is not yet known.

5.2 USE OF HEDGING INSTRUMENTS

5.2.1 Hedging of currency risk

In the course of its business, TF1 SA makes and receives payments in foreign currencies. The company buys and sells currency forward and contracts swaps to protect itself against exchange rate fluctuations. These hedging instruments, which are contracted on the currency markets, cover the majority of payments to be made and received in 2009 under contracts already signed as at December 31, 2008.

At December 31, 2008, the equivalent value of these hedging instruments was €62.3 million, comprising:

- €51.0 million of forward purchases (€12.6 million in GBP, €38.4 million in U.S. dollars),
- €11.3 million of currency swaps (€1.1 million in GBP, €10.2 million in U.S. dollars).

5.2.2 Hedging of interest rate risk

In pursuance of the TF1 Group's interest rate risk management policy (as described in the TF1 consolidated financial statements for the year ended December 31, 2008), TF1 has contracted the following instruments:

- a €300 million interest rate swap, contracted in 2003 and expiring in 2010,
- two €150 million interest rate swaps, each contracted in 2008 and expiring in November 2009,
- a €100 million interest rate swap, contracted in 2008 and expiring in February 2010,
- three €50 million caps, each contracted in 2006, which expired in November 2008.

The net loss on these interest rate hedges in the year ended December 31, 2008 was €0.3 million, recorded as a financial expense.

5.3 EMPLOYEES

The table below shows the split of employees by grade at the balance sheet date, based on the classifications defined in the collective agreement for the French communication and audiovisual production industry:

	2008	2007	2006
Clerical and administrative	13	16	20
Supervisory	415	445	454
Managerial	891	867	817
Journalists	217	245	249
TOTAL	**1,536**	**1,573**	**1,540**

5.4 EXECUTIVE COMPENSATION

Total compensation paid during 2008 to key executives of the Group (the 13 members of the TF1 Management Committee mentioned in the Annual Report) was €6.1 million.

The portion of the total obligation in respect of retirement and other post-employment benefits relating to these key executives was €2.6 million.

The Bouygues Group offers the members of its Executive Committee, who include Patrick Lelay and Nonce Paolini, a complementary 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 2008 to the investment fund of the insurance company which manages the scheme was €0.3 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 2008 amounted to €0.3 million.

5.7 AMOUNTS INVOLVING RELATED COMPANIES

(€m)			
Assets		**Liabilities**	
Non-current financial assets	230.2	Debt	550.1
Trade debtors	444.0	Trade creditors	38.8
Other debtors	25.9	Other liabilities	237.3
Cash and current accounts	531.5		
Expenses		**Income**	
Operating expenses	182.4	Operating income	1,673.3
Financial expenses	71.1	Financial income	104.8

5.8 LIST OF INVESTMENTS IN SUBSIDIARIES AND AFFILIATES AT DECEMBER 31, 2008

Equity investments	Number of shares	%	Estimated value (€)
TF1 EXPANSION	2,691,349	100.00	339,409,036
EUROSPORT	150,000,000	100.00	322,186,746
GROUPE AB	6,536,559	33.50	45,737,215
TF1 FILMS PRODUCTION	170,000	100.00	21,151,532
TF1 ENTREPRISES	200,000	100.00	16,777,176
EUROSPORT FRANCE	150,000	100.00	15,941,221
GLEM	630,000	100.00	13,514,671
MONTE CARLO PARTICIPATIONS	12,642,250	50.00	12,557,750
TV BREIZH	307,973	100.00	9,964,919
TELESHOPPING	341,830	100.00	9,607,305
FRANCE 24	18,500	50.00	7,944,095
TF1 PUBLICITE	30,000	100.00	6,718,931
TF1 INTERNATIONAL	4,500,000	100.00	5,474,830
TCM DA	5,100	34.00	4,311,928
MEDIAMETRIE	10,043	10.80	1,049,455
E TF1	1,000	100.00	816,022
JFG NETWORKS	1,530	35.03	620,319
PRIMA TV	325,000	5.00	558,987
USHUAIA TV	9,999	99.99	374,962
SOPARMEDIA	625	12.56	247,948
PUBLICATIONS METRO FRANCE	343	34.30	160,492
MEDIAMETRIE EXPANSION	600	5.00	105,503
SACAS	1	0.04	85,543
PREFAS 1	40,000	100.00	36,473
PREFAS 2	40,000	100.00	36,473
PREFAS 3	40,000	100.00	36,473
PREFAS 4	40,000	100.00	36,473
PREFAS 5	40,000	100.00	36,472
PREFAS 6	40,000	100.00	36,470
PREFAS 7	40,000	100.00	36,470
PREFAS 8	40,000	100.00	36,470
PREFAS 9	40,000	100.00	36,470
PREFAS 10	40,000	100.00	36,470
PREFAS 13	40,000	100.00	36,470
PREFAS 15	40,000	100.00	36,473
PREFAS 16	40,000	100.00	36,473
@TF1	39,999	100.00	35,719
TF1 MANAGEMENT	40,000	100.00	30,136
SAGIT	39,994	99.99	29,764
SMR6	15,000	20.00	17,954
TCM GESTION	848	33.92	15,969
MR5	12,500	33.33	12,500
LES NOUVELLES EDITIONS TF1	25	1.00	917
EZ TRADING	1	0.02	452
DUJARDIN-REGAIN GALORE	1	0.01	261
TF6	1,600	0.02	39
SERIE CLUB	1	0.004	38
TRICOM ET CIE	2	0.07	32
TRICOM	1	0.003	10
TF6 GESTION	1	0.001	1
TOTAL EQUITY INVESTMENTS			**835,934,507**

The estimated value equals the share of net assets held by TF1 SA (including grants not released to income).

5.9 LIST OF EQUITY INVESTMENTS

Company/Group	Currency	Share capital	Equity other than share capital	Share of capital held	Gross book value of investment	Net book value of investment	Outstanding loans and advances	Guarantees provided (1)	Revenues for most recent financial year	Net profit/ (loss) for most recent financial year	Dividends received during the year
	In thousands of euros (or other currency as specified)			*In thousands of euros*							
I - Subsidiaries (at least 50% of the capital held by TF1 SA)											
- TF1 PUBLICITE		2,400	290	100.00%	3,038	3,038	7,964	-	1,732,136	4,029	3,780
- TF1 FILMS PRODUCTION		2,550	18,597	100.00%	1,768	1,768	-	-	64,455	5	-
- TÉLÉ-SHOPPING		5,127	1,000	100.00%	5,130	5,130	4,215	-	94,216	3,479	4,847
- TF1 PUBLICATIONS		75	(1,464)	99.88%	519	-	-	-	-	6	-
- TF1 ENTREPRISES		3,000	6,292	100.00%	3,049	3,049	-	-	27,836	7,485	22,000
- TF1 US	USD	28	-	100.00%	24	24	-	-	-	-	-
- SWONKE		18	36	100.00%	410	-	-	-	-	(34)	-
- e-TF1		1,000	64	100.00%	1,000	1,000	1,566	-	58,957	(248)	1,079
- TF1 DIGITAL		17,200	8,500	100.00%	171,209	72,077	-	-	8,081	(27,938)	-
- @ TF1		40	(2)	100.00%	40	40	-	-	-	(2)	-
- SAGIT		40	(8)	99.99%	40	40	-	-	-	(2)	-
- EUROSPORT		15,000	299,347	100.00%	234,243	234,243	160,000	2,526	294,408	7,840	-
- EUROSPORT France		2,325	11,721	100.00%	126,825	96,825	-	5,754	62,951	1,895	1,500
- ONE CAST		40	(600)	100.00%	13,440	40	4,264	-	2,814	(568)	-
- TF1 EXPANSION		269	355,550	100.00%	291,290	291,290	413,394	-	-	(16,408)	-
- TF1 INTERNATIONAL		15,210	2,195	100.00%	66,431	9,731	32,877	33,588	61,695	(11,930)	-
- TV BREIZH		40	6,299	100.00%	26,680	26,680	-	-	22,458	3,626	-
- USHUAIA TV		10	-	99.99%	10	10	-	-	4,960	365	-
- GLEM/TF1 PRODUCTION		10,080	93	100.00%	24,052	10,080	15,751	-	20,444	3,341	2,120
- JET JEUX ET TELEVISION		40	(11,133)	100.00%	40	-	-	-	8	10,991	-
- TF1 INSTITUT		40	(246)	100.00%	40	40	601	-	441	(159)	-
- TF1 MANAGEMENT		40	(7)	100.00%	40	40	-	-	-	(3)	-
- TF1 MOBILE		40	(1,359)	100.00%	2,540	-	1,356	-	84	(36)	-
- WAT		40	369	100.00%	7,040	7,040	2,317	-	771	(3,250)	-
- PREFAS 1		40	-	100.00%	40	40	-	-	-	(4)	-
- PREFAS 2		40	-	100.00%	40	40	-	-	-	(4)	-
- PREFAS 3		40	-	100.00%	40	40	-	-	-	(4)	-
- PREFAS 4		40	-	100.00%	40	40	-	-	-	(4)	-
- PREFAS 5		40	-	100.00%	40	40	-	-	-	(4)	-
- PREFAS 6		40	-	100.00%	40	40	-	-	-	(4)	-
- PREFAS 7		40	-	100.00%	40	40	-	-	-	(4)	-
- PREFAS 8		40	-	100.00%	40	40	-	-	-	(4)	-
- PREFAS 9		40	-	100.00%	40	40	-	-	-	(4)	-
- PREFAS 10		40	-	100.00%	40	40	-	-	-	(4)	-
- PREFAS 13		40	-	100.00%	40	40	-	-	-	(4)	-
- PREFAS 15		40	-	100.00%	40	40	-	-	-	(4)	-
- PREFAS 16		40	-	100.00%	40	40	-	-	-	(4)	-
- GIE ACQUISITION DE DROITS		-	-	95.00%	-	-	3,660	-	29,801	(8,925)	-
II - Affiliates (10% to 50% of the capital held by TF1 SA)											
- MEDIAMETRIE		930	6,743	10.80%	44	44	-	-	48,361	2,044	-
- A1 INTERNATIONAL		25,409	-	50.00%	12,756	7,256	-	-	-	(2,609)	-
- FRANCE 24		37	15,829	50.00%	19	19	-	-	8,750	22	-
- MONTE CARLO PARTICIPATION		25,285	(181)	50.00%	12,642	12,642	10,400	-	841	12	-
- TCM GESTION		40	8	33.92%	14	14	-	-	1	-	-
- TCM AUDIOVISUAL RIGHTS		240	7,373	34.00%	82	82	2,677	-	11,319	5,070	-
- PUBLICATIONS METRO FRANCE		100	2,794	34.30%	12,000	12,000	-	1,372	38,711	(2,426)	-
- S M R 6		75	(23)	20.00%	15	15	5	-	127	38	-
- JFG NETWORKS		44	1,877	35.03%	3,500	3,500	-	-	1,608	(150)	-
- SOPARMEDIA		1,990	(7)	12.56%	250	-	-	-	-	(9)	-
- GROUPE AB		30,243	69,029	33.50%	229,642	229,642	-	-	7,729	37,257	5,025
- WB TELEVISION		62	(2,624)	33.55%	3,000	3,000	-	-	171	(625)	
- TOP TICKETS (EX PREFAS 11)		5,105	(5,004)	39.18%	2,000	2,000	4,018	-	2,443	(10,263)	-
- MR5		38	0	33.33%	13	13	-	-	864	-	-

Company/Group	Currency	Share capital	Equity other than share capital	Share of capital held	Gross book value of investment	Net book value of investment	Outstanding loans and advances	Guarantees provided (1)	Revenues for most recent financial year	Net profit/ (loss) for most recent financial year	Dividends received during the year
	In thousands of euros (or other currency as specified)			*In thousands of euros*							
III - Other equity investments (less than 10% of the capital held by TF1 SA)											
- PRIMA TV		6,500	9,695	5.00%	1,407	1,407	-	-	21,769	(5,015)	-
- MEDIAMETRIE EXPANSION		1,829	201	5.00%	91	-	-	-	-	79	7
- LES NOUVELLES EDITIONS TF1		40	36	1.00%	-	-	-	-	(13)	15	-
- EZ TRADING		75	-	0.02%	-	-	-	-	9,808	2,184	-
- TRICOM & CIE		45	7	0.07%	-	-	-	-	-	(3)	-
- TF6		80	(5)	0.02%	-	-	1,580	-	19,441	120	-
- TF6 GESTION		80	20	0.001%	-	-	-	-	4	-	-
- SERIE CLUB		50	602	0.004%	2	2	-	-	8,365	310	-
- SED ODYSSEE		8	(61)	0.20%	-	-	1,026	-	4,253	(216)	-
- LA CHAINE INFO		4,500	49	0.0003%	-	-	4,331	5,754	45,402	(11,180)	-
- SACAS		38	147	0.04%	60	60	-	-	-	213,672	-
- TRICOM		450	(123)	0.003%	-	-	-	-	-	5	-
- APHELIE		2	(16,922)	0.05%	-	-	73,207	-	19,814	10,962	-
- DUJARDIN (EX REGAIN GALORE)		463	2,047	0.0%	-	-	-	-	7,644	102	-
- NT1		40	(18,033)	0.04%	-	-	-	-	10,460	(8,656)	-
TOTAL EQUITY INVESTMENTS			-	-	**1,256,955**	**1,034,401**	-	-	-	-	-

(1) Guarantees provided represents guarantees given by TF1 SA to cover possible default by a subsidiary, and are disclosed in off balance sheet commitments.

Note 6 Post balance sheet events

6.1 FRANCE 24

On February 12, 2009, TF1 SA finalised the sale of its 50% interest in the capital and voting rights of France 24 to AEF (Audiovisuel Extérieur de la France). This disposal generated a net gain of approximately €2 million, which will be recognised in the financial statements during 2009.

6.2 REGULATORY ENVIRONMENT

The law relating to audiovisual communication and the new national television service was promulgated on March 5, 2009 and published at the *Journal Officiel* (French Legal Gazette) on March 7, 2009.

6.3 LITIGATION

On January 12, 2009, TF1 was notified of grievances established by a *rapporteur* of the Competition Council concerning practices implemented in the pay television sector through the CERES agreement and the thematic channels' distribution agreements made in application of the CERES agreement.

5

STATUTORY AUDITORS' REPORT

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5.1 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, 2008

Following our appointment as Statutory Auditors by the Shareholders' Annual General Meeting, we hereby report to you, for the year ended December 31, 2008, on:

- the audit of the accompanying consolidated financial statements of Television Française 1 S.A. ("the Company");
- the justification of our assessments;
- the specific verification required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

1 OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with the auditing standards generally accepted in France. Those standards require that we plan and perform our work to obtain reasonable assurance that the consolidated financial statements are free from material misstatement. An audit involves examining, on a test basis or other sampling method, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that our audit has provided us with sufficient relevant information on which to base our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and results of all the consolidated entities in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union.

Without qualifying our opinion, we draw your attention to Note 2.3 to the consolidated financial statements, which describes the change in accounting method implemented during the period concerning revenue recognition.

2 JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of Article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we draw your attention to the following matters:

- each year end, the Company performs impairment tests on goodwill and assets with indefinite useful lives, and also assesses whether there is any indication of impairment of other tangible and intangible assets, according to the methods described in note 2.10 to the consolidated financial statements. Based on the information available to us, we examined the methods used to test for impairment and the cash flow forecasts and ensured that the note provides appropriate disclosures thereon;
- programs and broadcasting rights are accounted for in accordance with the accounting policies described in note 2.12 to the consolidated financial statements. This note sets out the methods used to account for the amortization of programs and broadcasting rights and the principle used to determine impairment. Based on the information available to us, we examined the method used to determine the net present value of the programs and broadcasting rights and we ensured that the note provides appropriate disclosures thereon.

These assessments were made in the context of our audit of the consolidated financial statements taken as a whole and therefore contributed to the opinion expressed in the first part of this report.

3 SPECIFIC VERIFICATION

We have also carried out the specific verification required by law of the information provided 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, March 20, 2009

KPMG Audit Department of KPMG S.A.		MAZARS
Jean-Pierre Crouzet *Partner*	*Eric Lefebvre* *Partner*	*Gilles Rainaut* *Partner*

5.2 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, 2008

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, 2008, on:

- the audit of the accompanying financial statements of Television Française 1 S.A. ("the Company");
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

1 OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with the auditing standards generally accepted in France. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit involves examining, on a test basis or other sampling method, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit has provided us with sufficient relevant information on which to base our opinion.

In our opinion, the financial statements give a true and fair view of the company's financial position and assets and liabilities as at December 31, 2008 and of the results of its operations for the year then ended, in accordance with the accounting principles generally accepted in France.

2 JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of Article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we draw your attention to the following matters:

- note 2.4 to the financial statements describes the method used to determine the value in use of investments for which an impairment charge or provision may be recorded. Based on the information available to us, we examined the method used to determine the value in use of the investments and verified that the information provided in the note was appropriate;
- co-production shares and broadcasting rights are accounted for in accordance with the policies described in Notes 2.2 and 2.5 to the financial statements, which set out the associated amortization methods and principle used to determine to impairment. Based on the information available to us, we examined the method used to determine the net present value of the co-production shares and broadcasting rights and verified that the information provided in the note was appropriate.

The assessments were made in the context of our audit of the financial statements taken as a whole and therefore contributed to the formation of the opinion expressed in the first part of this report.

3 SPECIFIC VERIFICATIONS AND INFORMATION

We have also carried out the specific verifications required by law.

We have no matters to report regarding:

- 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 the shareholders with respect to the financial position and the financial statements,
- the fair presentation of the information given in the management report of the Board of Directors in respect of the remuneration and benefits granted to Company directors and any commitments given to them in connection with or subsequent to their appointment, termination of appointment, or change in function.

In accordance with French law, we have ascertained that the information relating to the acquisition of shares and controlling interests and the identity of the shareholders has been disclosed in the management report of the Board of Directors.

The Statutory Auditors
Paris La Défense and Courbevoie, March 20, 2009

KPMG Audit Department of KPMG S.A.		MAZARS
Jean-Pierre Crouzet *Partner*	*Eric Lefebvre* *Partner*	*Gilles Rainaut* *Partner*

5.3 STATUTORY AUDITORS' REPORT ON THE REPORT BY THE CHAIRMAN OF THE BOARD OF DIRECTORS

This is a free translation into English of a report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction and construed in accordance with French law and the relevant professional auditing standards applicable in France.

Year ended December 31, 2008

To the Shareholders,

In our capacity as Statutory Auditors of Television Française 1 S.A. ("the Company"), and in accordance with Article L. 225-235 of the French Commercial Code, 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, 2008.

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 procedures relating to the preparation and processing of the accounting and financial information; and
- to attest that this report contains the other disclosures required by Article L. 225-37 of the French Commercial Code, it being specified that we are not responsible for verifying the fairness of these disclosures.

We conducted our work in accordance with the professional standards applicable in France.

Those 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 procedures relating to the preparation and processing of the accounting and financial information, and that we attest on the disclosure of the other information required in the Chairman's report. These procedures consisted mainly in:

- obtaining an understanding of the internal control 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 internal control procedures relating to the preparation and processing of accounting and financial information that we may 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 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.

We hereby attest that the Chairman's report includes the disclosures required by Article L. 225-37 of the French Commercial Code.

The Statutory Auditors

Paris La Défense and Courbevoie, March 20, 2009

KPMG Audit Department of KPMG S.A.		MAZARS
Jean-Pierre Crouzet *Partner*	*Eric Lefebvre* *Partner*	*Gilles Rainaut* *Partner*

5.4 STATUTORY AUDITORS' REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

Year ended December 31, 2008

Dear shareholders,

In our capacity as Statutory Auditors of TF1, we hereby present our report on related-party agreements and commitments.

AGREEMENTS AND COMMITMENTS AUTHORISED IN 2008:

In accordance with Article L. 225-40 of the French Commercial Code we have been informed of the agreements previously authorised by your Board of Directors.

We are not required to ascertain whether any other agreements or commitments exist but 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. It is not our role to determine whether they are beneficial or appropriate. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code, to assess the merit of these agreements and commitments with a view to approving them.

We carried out the procedures that we considered necessary in accordance with the auditing standards issued by the French national institute of statutory auditors in relation to this type of engagement. These procedures involved verifying that the information provided to us is consistent with the documents from which it is derived.

WITH BOUYGUES S.A.

Agreement relating to the institutional communications campaign

In autumn 2008, Bouygues launched an institutional communications campaign with a view to increasing awareness of the sustainable development strategy followed in the Group's different businesses.

This campaign, which will take place over 2008 and 2009, is partially financed by the different businesses in the Bouygues Group, in proportion to their contribution to Bouygues' total Group sales.

Bouygues invoiced TF1 an amount of €600 thousand in respect of this agreement for 2008.

Related parties: Patricia Barbizet, Martin Bouygues, Olivier Bouygues and Bouygues (represented by Philippe Marien).

Agreement with Zenith Optimedia

In the context of the above-mentioned communications campaign, Bouygues through the intermediary of Zenith Optimedia acting as agent, signed media space purchase agreements, notably with companies in the TF1 group and the Sebdo Le Point group.

Zenith Optimedia invoiced Bouygues an amount of €130 thousand, for the benefit of TF1, in respect of these media space purchases.

Related parties: Patricia Barbizet, Martin Bouygues, Olivier Bouygues, Bouygues (represented by Philippe Marien) and Nonce Paolini.

Common services agreement

This agreement provides for the invoicing of the specific services rendered at the request of the TF1 by the administrative departments of Bouygues and of a proportion of the residual common services.

Bouygues invoiced an amount of €4,000 thousand in respect of 2008. This amount includes an adjustment of €43 thousand in respect of 2007

Related parties: Patrick Le Lay (up until April 24, 2008), Olivier Poupart Lafarge (up until February 20, 2008), Patricia Barbizet, Martin Bouygues, Olivier Bouygues and Bouygues (represented by Philippe Marien).

Use of aircraft owned by Bouygues

This agreement offers TF1 the possibility of using Bouygues' Air Transport department, which operates the aircraft fleet of the Bouygues group.

For 2008, the amount invoiced by Bouygues was €133 thousand.

Related parties: Patrick Le Lay (up until April 24, 2008), Olivier Poupart Lafarge (up until February 20, 2008), Patricia Barbizet, Martin Bouygues, Olivier Bouygues and Bouygues (represented by Philippe Marien).

Supplementary retirement benefits granted to management

Under a contract governed by the French insurance code, Bouygues SA grants members of its general management board a supplementary retirement benefit of 0.92% of their reference salary per year of presence in the pension plan. Patrick Le Lay and Nonce Paolini are members of the board.

For 2008, Bouygues invoiced TF1 an amount of €310 thousand.

Related parties: Patrick Le Lay (up until April 24, 2008), Olivier Poupart Lafarge (up until February 20, 2008), Patricia Barbizet, Martin Bouygues, Olivier Bouygues, Nonce Paolini and Bouygues (represented by Philippe Marien).

WITH TOP TICKET.S

Several services agreements have been signed between TF1 and Top Ticket.s relating in particular to functional services in the areas of personnel management, payroll and treasury.

TF1 invoiced Top Tickets an amount of €102 thousand in respect of these agreements in 2008.

Related parties: Patricia Barbizet and Claude Cohen.

WITH TF1 DIGITAL

On December 3, 2008, TF1 signed a business management lease with TF1 Digital for a period of five years as from January 1, 2008.

Under this contract, TF1 gave a management lease to TF1 Digital in respect of the branch of its business related to "Luxembourg" activities, including in particular all operating, use and programme broadcasting rights owned by TF1 in the context of its internal productions and co-production contracts and/or from purchase of audiovisual rights for Luxembourg.

The business assets leased notably include the "TF1" logo, the TF1 brand, the related customer base and the benefits of all agreements and contracts entered into with all third parties for the operation of such assets.

In this respect, TF1 Digital pays TF1 royalties equal to 5% of (VAT exclusive) of sales to distributors received by TF1 Digital in respect of TF1 programmes, generated by means of the advertising activity developed either directly by TF1 Digital or in partnership with others, on the Luxembourg advertising market.

These royalties are subject to ceilings for the years 2008 to 2012 of €11 thousand per year.

For 2008, TF1 received €11 thousand.

Related party: Nonce Paolini.

AGREEMENTS AND COMMITMENTS APPROVED IN PREVIOUS YEARS WHICH WERE APPLICABLE DURING THE PERIOD.

In addition, in accordance with the French Commercial Code, we have been informed of the following agreements and commitments, which were approved during previous years and were applicable during the period:

WITH SUBSIDIARIES OF THE TF1 GROUP

The common services agreements provide for the invoicing of the specific services rendered at the request of the TF1 subsidiaries by the administrative departments (management, human resources, legal and finance). The proportion invoiced by TF1 to its subsidiaries is determined by applying allocation criteria (number of employees and turnover) specific to each type of cost.

For 2008, TF1 invoiced these subsidiaries a proportion of the residual administrative costs, as defined in these agreements, as follows:

(€ thousands)	Amount (excluding VAT)
TF1 PUBLICITE	6,941
TF1 ENTREPRISES	446
EUROSPORT	3,234
LA CHAINE INFO	733
UNE MUSIQUE	18
E-TF1	990
YAGAN PRODUCTIONS	68
QUAI SUD TELEVISION *	262
HISTOIRE	59
GLEM	151
TOP SHOPPING	51
SHOPPING A LA UNE	37
TV BREIZH	394
DUJARDIN *	53
TF1 INSTITUT	7
TELE-SHOPPING	850
TF1 FILMS PRODUCTIONS	465
ALMA PRODUCTION	326
ODYSSEE	92
TF1 PUBLICITE PRODUCTIONS	237
TOUS AZIMUTS PRODUCTION – TAP	285
TF1 INTERNATIONAL	645
EUROSPORT France	566
USHUAIA TV	37
INFOSHOPPING	144
EURO SHOPPING	58
TF1 VIDEO	1,305
ONECAST	26
WE ARE TALENTED	52
TOTAL	**18,532**

* *Companies invoiced for the first time in 2008.*

The agreements with TF1 Hors Media, TF1 Mobile, Jeux et Télévision, TF1 VOD and Tfou were not applied in respect of 2008.

WITH EUROSPORT

EUROSPORT renegotiated the two loans that it had contracted from TF1 and agreed a new loan in an amount of €160 million which is substituted for the two previous loans.

This loan, which is effective as from October 1, 2006, is for a period of 5 years and must be repaid in full by September 30, 2011 at the latest. Repayment of the principal is on maturity. Early repayment (without penalties, but irrevocable) is possible in minimum tranches of €10 million.

Quarterly interest in arrears is calculated on the basis of a fixed rate resulting from the fixed rate / 3-month Euribor swap completed on the market on September 28, 2006, plus a margin of 0.375%.

In 2008, the interest earned by TF1 under this agreement amounted to €6,620 thousand.

WITH LA CHAÎNE INFO – LCI

Under an agreement dated October 12, 2005, when major events occur, LCI may switch its coverage to the TF1's channel to ensure that the TF1 has immediate coverage of the events.

For financial year 2008, LCI received a fixed fee of €5,000 thousand under this agreement.

WITH e-TF1

Under a business management lease signed between e-TF1 and TF1, which was subject to a lease rider dated July 13, 2007, TF1 receives lease fees calculated in stages on progressive levels of e-TF1's revenues.

TF1 received lease payments of €929 thousand for 2008.

WITH FRANCE 24

TF1 entered into a cash management agreement with FRANCE 24 at an annual fixed price of €10 thousand.

For financial year 2008, TF1 invoiced €10 thousand to FRANCE 24 under this agreement.

WITH TF1 DIGITAL

On April 20, 2006, TF1 signed a business management lease with TF1 Digital for a period of six years as from January 1, 2006.

Under this contract, TF1 gave a management lease to TF1 Digital in respect of the branch of its business related to "Belgian" activities, including in particular all operating, use and programme broadcasting rights owned by TF1 in the context of its internal productions and co-production contracts and/or from purchase of audiovisual rights for Belgium.

The business assets leased notably include the "TF1" logo, the TF1 brand, the related customer base and the benefits of all agreements and contracts entered into with all third parties for the operation of such assets.

In this respect, TF1 Digital pays TF1 royalties equal to 5% of sales to distributors of services. These royalties are subject to ceilings for the years 2007 to 2009 of respectively €102 thousand, €139 thousand and €182 thousand and an amount of €211 thousand for 2010 and 2011.

For 2008, TF1 Digital paid royalties of €108 thousand.

Paris La Défense and Courbevoie, March 20, 2009

The Statutory Auditors

KPMG Audit Department of KPMG S.A.		MAZARS
Jean-Pierre Crouzet *Partner*	*Eric Lefebvre* *Partner*	*Gilles Rainaut* *Partner*

LEGAL INFORMATION CONCERNING TF1

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6.1 INFORMATION CONCERNING THE TF1 COMPANY

6.1.1 General information

Corporate name: TELEVISION FRANCAISE 1 - TF1

Registered office: 1, quai du Point du Jour - 92100 Boulogne Billancourt

Trade & Companies register number: 326 300 159 RCS Nanterre

SIRET number: 326 300 159 00067

Industry segment code: 6020A

Company type: Public Liability Company under French law with Board of Directors

Date of incorporation: September 17, 1982

Date of expiration: January 31, 2082

Financial year: January 1 to December 31

6.1.2 Company object

The object 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 laws in force.

6.1.3 Statutory appropriation of income

Five percent shall be deducted from net profits, after deduction of any previous losses, and appropriated to the legal reserve fund. This is no longer compulsory when the legal reserve reaches one tenth of the registered capital. This deduction shall be resumed if for any reason the legal reserve falls below this one tenth.

Distributable income comprises the year's profits plus retained earnings brought forward, minus previous losses and amounts credited to reserves, as required by law and these Articles of Incorporation.

This income shall be distributed between all shareholders in proportion to the number of shares they each own.

6.1.4 General Meeting

All shareholders may participate in General Meetings, irrespective of the number of shares they own.

All shareholders may vote by correspondence. Shareholders may only be represented at the General Meeting by their spouse or by another shareholder.

FORMALITIES TO BE COMPLETED BEFORE PARTICIPATING IN GENERAL MEETINGS

Shareholders who wish to attend the General Meeting, be represented there or vote by correspondence, must:

- holders of registered shares: be entered in the shareholders' register of the company at latest at midnight, (Paris time) Monday April 13, 2009,
- for bearer shares: arrange for the authorised intermediary who manages their share account to provide a certificate of participation that specifies the inscription or accounting record of their shares at latest at midnight (Paris time) Monday April 13, 2009.

PARTICIPATION IN THE GENERAL MEETING

SHAREHOLDERS WISHING TO ATTEND THE GENERAL MEETING MAY REQUEST AN ADMISSION CARD AS FOLLOWS:

- for holders of registered shares: 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),
- for holders of bearer shares: ask the authorised intermediary who manages their share account to ensure that the admission card be sent to them by TF1 in view of the certificate of participation that has been delivered. Any holder of bearer shares who has not received the invitation can have the certificate of participation delivered directly by the authorised intermediary who manages their share account.

SHAREHOLDERS WHO WILL NOT PERSONALLY ATTEND THE GENERAL MEETING AND WISH TO BE REPRESENTED OR TO VOTE BY CORRESPONDENCE MAY:

- for holders of registered shares: return the proxy/correspondence form sent to them with the invitation to TF1 - Service Titres - C/O BOUYGUES - 32 avenue Hoche - 75008 Paris,
- for holders of bearer shares: ask the authorized intermediary who manages their share account to provide the proxy/correspondence form and return it together with the participation certificate to TF1 - Service Titres - C/O BOUYGUES - 32 avenue Hoche - 75008 Paris.

Forms for voting by correspondence must be physically received by TF1 - Service Titres - C/O BOUYGUES - 32 avenue Hoche - 75008 Paris, at the latest at midnight (Paris time) on Tuesday April 14, 2009.

When a shareholder has already cast his/her vote by correspondence, sent a proxy, requested an admission card or certificate of participation to attend the General Meeting, he/she can no longer opt for a different form of participation.

REQUESTS FOR INCLUSION OF PROPOSED RESOLUTIONS

Requests for the inclusion of proposed resolutions in the agenda of the General Meeting emanating from shareholders who have justified, under legal conditions, that they possess or represent the fraction of share capital required, must be sent to the registered offices by return-receipted registered mail, within 20 days of the publication of the present notification.

6.1.5 Crossing the statutory thresholds

Any person, acting alone or with others, who attains a holding of at least 1%, 2%, 3% and 4% of capital or of voting rights, shall, within five days of registration of the shares enabling him/her to reach or to exceed this threshold, declare to the Company by return-receipted registered mail, at its registered offices, the total number of shares and voting rights he/she possesses.

This declaration must be made, complying with the above conditions, each time the threshold of 1%, 2%, 3% and 4% is overstepped upward or downward.

If not declared under the above conditions, the shares exceeding the fraction which ought to have been declared are deprived of the right to vote under the conditions laid down by law, if one or more shareholders possessing 5% at least of the registered capital so request at a General Meeting.

6.1.6 Articles of incorporation

Updated following the Board Meeting of November 12, 2007

Modification of Article 6 "Authorised Capital"

ARTICLE 1

LEGAL FORM

A public liability 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

OBJECT

The object 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 object 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 in force.

ARTICLE 3

NAME

Its corporate name is: "TELEVISION 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 liability 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) purely 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 €42,682,098.40, divided into 213,410,492 shares each with a nominal value of €0.20.

ARTICLE 7

FORM-PAYMENT-FRACTIONAL SHARES

I. The company's shares may be registered or bearer shares.

All persons, acting alone or in concert, who acquire at least 1%, 2%, 3% and 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% and 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 additional to the legal provisions for declarations relative to the overstepping of shareholding thresholds.

II. Cash shares shall be paid up under legal conditions.

III. 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 Laws no. 86-1067 of September 30, 1986, no. 86-1210 of November 27, 1986 and no. 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 Law no. 86-1067 of September 30, 1986 may undertake an acquisition whose effect is to directly or indirectly increase the share of capital held by foreigners to more than 20 percent of the share capital or voting rights in the company's General Meetings.

Furthermore, a single natural person or legal entity may not directly or indirectly own a participation greater than that stipulated by the laws and regulations in force.

More generally, shareholders are bound to respect the specific provisions of the laws in force relative to the ownership or acquisition of the company's shares.

ARTICLE 9

RIGHTS AND OBLIGATIONS PERTAINING TO SHARES

I. All shares include a right to a share of the company's profits and assets in proportion to the portion of equity they represent.

In addition, they include the right to vote and to be represented in General Meetings pursuant to the laws and regulations in force.

All shares include the right, during the company's existence and in the event of liquidation, to payment of the same net amount with every allotment or repayment, so that, should the occasion arise, all shares shall be treated as one indistinct entity regarding any tax exemptions and any tax which may be borne by the company.

II. Shareholders shall be liable up to the nominal amount of the shares they possess: above this sum, all calls for capital shall be prohibited.

Rights and obligations shall be attached to the share, whoever the owner. Ownership of a share shall, as a matter of law, involve acceptance of the company's Articles of Incorporation and the decisions of the General Meeting.

ARTICLE 10

BOARD OF DIRECTORS

I. The company shall be managed by a Board of Directors of twelve members subject to the dispensations provided by law. In application of Article 66 of Law no. 86-1067 of September 30, 1986, two of the 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 duration of a Board Member's duties shall be two years.

The duties of a Member who is not a staff representative shall terminate at the end of the Ordinary General Meeting ruling on the accounts of the previous business year, held during the year during which the Board Member's term of office expires.

The duties of a Member who is a staff representative shall terminate after the announcement of the votes of the electoral colleges appointing Board Members representing the staff; this appointment must normally take place within the two weeks preceding the General Meeting covering the previous business year, held during the year in which the Board Member's term of office expires.

Members of the Board may always stand for re-election.

Board Members who are not staff representatives may be dismissed at any time by the Ordinary General Meeting.

Board Members representing the staff may only be dismissed through the decision of the President of the Regional Court, sitting in relief proceedings, for misconduct during the exercise of their duties, at the request of the majority of the Members of the Board. The decision shall be immediately enforceable.

Except in the event of termination at the employee's initiative, the termination of an employment contract of a Board Member elected by the employees may only be pronounced by the trial Board of the Industrial Tribunal sitting in relief proceedings. The decision shall be immediately enforceable.

IV. Board Members who are not staff representatives may be natural persons or legal entities; upon their appointment, the latter must name a permanent representative who shall be subject to the same conditions and obligations and assume the same responsibilities as if he were a Member of the Board in his own right, without prejudice to the joint and several liability of the legal entity he represents; the permanent representative's term of office shall run for the duration of that of the legal entity he represents; he must be reappointed each time such legal entity's term of office is renewed.

If the legal entity terminates the term of office of its representative, it shall be bound to notify such cancellation to the company immediately by registered letter, together with the identity of its new permanent representative; likewise in the event of the permanent representative's death, resignation or prolonged indisposition.

V. If one or several seats of Members of the Board who are not staff representatives become vacant between two General Meetings due to their death or resignation, the Board of Directors may appoint one or more members on a temporary basis.

If one or several seats of Members of the Board who are staff representatives become vacant between two General Meetings due to their death, resignation, dismissal or the termination of their employment contract, the vacant seat shall be filled by the alternate.

Appointments of Members of the Board made by the Board of Directors shall be subject to ratification by the next Ordinary General Meeting. Should no such ratification take place, decisions taken and acts accomplished previously by the Board shall remain valid.

Should only one or two Members of the Board remain at their post(s), he or they, or failing this the Statutory Auditor(s), must immediately convene an Ordinary General Meeting of Shareholders in order to fill the vacant positions on the Board.

Any Member of the Board appointed to replace another shall only do so for the remaining period of his predecessor's term of office.

ARTICLE 11

SHARES OF MEMBERS OF THE BOARD

Members of the Board must each own one share.

Members of the Board appointed during the existence of the company need not own any shares at the time they are appointed, but must become shareholders within three months, failing which they will automatically be considered to have resigned.

ARTICLE 12

OFFICERS OF THE BOARD

The Board of Directors shall appoint one of its members who is a natural person as Chairman, and set the period of his duties, though this may not exceed his term of office as a Member of the Board.

The Chairman of the Board of Directors shall organise and direct the work of the Board, and report on this to the General Meeting of Shareholders. He shall ensure the proper functioning of the company's management bodies, and in particular ensure that the Members of the Board are capable of fulfilling their duties.

If it sees fit, the Board of Directors may appoint one or several Vice Chairmen, whose period of duties it shall also fix without this exceeding their terms of office.

The Board may also appoint a Secretary, who need not be one of its members.

In the absence or indisposition of the Chairman, a Board Meeting may be chaired by the Vice Chairman fulfilling the duties of Chief Executive Officer, or the longest-serving Vice Chairman. Failing this, the Board shall appoint one of its members to act as Chairman for the Meeting.

The Chairman, Vice Chairmen and Secretary may all stand for re-election.

As from the date when shares are admitted to the official listing or to the Second Market of the Paris Stock Exchange, the age limit for performing the duties of Chairman of the Board of Directors is set at 68.

ARTICLE 13

DELIBERATIONS OF THE BOARD

I. The Board of Directors shall meet as often as the interests of the company require, at the behest of its Chairman. The Chairman of the Board must also, as provided by law, convene such a Meeting at the request of a third of its members or of the Chief Executive Officer, if the latter's duties are not assumed by the Chairman of the Board, even if the last Meeting was held less than two months previously.

   The Meeting shall take place at the Registered office, or in any other place indicated in the notification to attend.

   Notifications to attend may be communicated by any means, and may even be oral.

II. For deliberations to be valid, the effective presence of at least half the Members of the Board shall be required.

   Decisions shall be taken with a majority of votes from the members present or represented; each Board Member shall dispose of one vote, and may not represent more than one of his colleagues.

   Should there be an equal number of votes, the Chairman shall have the casting vote.

   Members of the Board may participate in Board Meetings by means of video conference facilities, as provided by the laws and regulations.

   For the calculation of the quorum and majority, Board Members participating in Board Meetings via video conference 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 company's object, 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 company object 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 the duties of Chief Executive Officer, each Deputy Chief Executive Officer shall retain his functions and remit, unless the Board of Directors decides otherwise, until the appointment of another person assuming the duties of Chief Executive Officer.

In agreement with the Chief Executive Officer, or the Chairman of the Board, if he assumes the duties of Chief Executive Officer, the Board of Directors shall decide on the scope and duration of the powers delegated to each Deputy Chief Executive Officer.

As regards third parties, each Deputy Chief Executive Officer shall possess the same powers as the Chief Executive Officer or the Chairman of the Board, if he assumes the duties of Chief Executive Officer.

ARTICLE 17

REGULATED AGREEMENTS

Any agreement made, whether directly or via an intermediary, between the company and its Chief Executive Officer, one of its Deputy Chief Executive Officers, one of its Board Members, one of its shareholders possessing a proportion of voting rights greater than 10% or, if it involves a shareholding company, the company controlling it within the meaning of Article L. 233-3, must have obtained the prior authorisation of the Board of Directors, if it does not relate to a standard transaction or is not made under normal terms and conditions.

The same shall apply to any agreements (other than those concerning a standard transaction or made under normal terms and conditions) in which any of the persons indicated in the preceding paragraph has an indirect interest.

Prior authorisation shall also be required for any agreements (other than those concerning a standard transaction or made under normal terms and conditions) taking place between the company and another company if one of the company's Board Members, the Chief Executive Officer or one of the Deputy Chief Executive Officers is the owner, an associate with unlimited liability, manager, member of the Board, member of the supervisory Board or, in general, an executive of the other company.

Prior authorisation shall also be required for any commitment benefitting the Chairman or Chief Executive Officer or one of the Deputy Chief Executive Officers made by the company or any controlled company or company controlling it within the meaning of paragraphs II and III of Article L. 233-16 and corresponding to elements of remuneration, allowance or perquisite due or likely to be due resulting from the discontinuation or change of function or subsequent to it.

In the case of the nomination to the position of Chairman or Chief Executive Officer or Deputy Chief Executive Officer of a person bound by a work contract to the company or any controlled company or company controlling it within the meaning of paragraphs II and III or Article L. 233-16, the provisions of said contract that may correspond to elements of remuneration, allowance or perquisite due or likely to be due resulting from the discontinuation or change of function or subsequent to it also require prior authorisation.

ARTICLE 18

STATUTORY AUDITORS

The company shall be audited by two Statutory Auditors who shall be appointed and exercise their assignment in accordance with the law.

Two Alternate Statutory Auditors shall also be appointed to take the place of the Statutory Auditors in the event of refusal, unforeseen difficulty, resignation or death.

ARTICLE 19

GENERAL MEETINGS

Collective decisions of the shareholders shall be taken in General Meetings, qualified as Ordinary or Extraordinary depending on the nature of the decisions they are required to take.

Each regularly constituted General Meeting shall represent the shareholders as a whole.

The deliberations of General Meetings shall be binding on all shareholders, even if absent, dissenting or legally incapable.

ARTICLE 20

NOTIFICATION TO ATTEND AND VENUE FOR GENERAL MEETINGS

General Meetings shall be convened and reach decisions as provided by law.

General Meetings shall be held at the Registered Office or any other place indicated in the notification to attend.

ARTICLE 21

ACCESS TO GENERAL MEETINGS - POWERS

All shareholders may participate in General Meetings, irrespective of the number of shares they own, in person or by proxy, on condition that they provide proof of identity and of ownership of their shares, in the form and place indicated in the notification of the Meeting, at least five days before the date of the General Meeting, as provided by law regarding the participation of shareholders in General Meetings. However, the Board of Directors may reduce or waive this time limit provided that it does so for all shareholders.

Shareholders may only be represented by their spouse or by another shareholder duly mandated as their proxy or, in the case of shareholders not resident in French territory, by an intermediary registered as a shareholder pursuant to Article L. 228-1 of the French Code of Commerce.

Shareholders that are legal entities shall participate in Meetings through their legal representatives or any person appointed for this purpose by the latter.

Any shareholder may, as provided by the law and regulations, vote by proxy or by correspondence at any General Meeting, either on paper or - upon the decision of the Board of Directors published in the notification of the Meeting and notification to attend, or, should the case arise, in the personal notification of the Meeting - by remote transmission.

ARTICLE 22

QUORUM – VOTING – NUMBER OF VOTES

I. In Ordinary and Extraordinary General Meetings, the quorum shall be calculated on the entire number of shares constituting the authorised capital, excluding non-voting shares as provided by law.

Where votes by correspondence are concerned, only slips received by the company before the Meeting, within the time limit and pursuant to the conditions provided by law, shall be taken into consideration for calculating the quorum.

Shareholders participating in the Meeting by video conference, 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 a 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 a quarter, and upon the second notification, at least a fifth of the voting shares.

Failing this latter quorum, the second Meeting may be adjourned to another date no later than two months after the original date for which it was convened.

Subject to the same specific provisions, it shall rule with a two-thirds majority of the votes at the disposal of the shareholders present or represented, including shareholders having voted by correspondence.

ARTICLE 25

BUSINESS YEAR

The business year shall begin on January 1 and end on December 31 each year.

Exceptionally, the current year shall extend from September 1, 1987 to December 31, 1988.

ARTICLE 26

DETERMINATION, APPROPRIATION AND DISTRIBUTION OF PROFITS

After the deduction of amortisation and provisions, any credit balance on the profit and loss account, summarising the revenues and charges for the year, represents the profit for the year's profit.

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.

6.2 LEGAL FRAMEWORK

6.2.1 Share ownership

Under the terms of Article 39 of Law No. 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 national free-to-air analogue terrestrial television service whose average annual audience (analogue, 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 Law No. 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 analogue television service, 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 Law No. 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 national free-to-air analogue television service.

Under the terms of Article 41 of the Law of September 30, 1986, as amended by the Law of July 9, 2004, one and the same person can hold, directly or indirectly, a maximum number of seven authorisations for a national 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 duration of 10 years from April 4, 1987 (Law 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, without other candidates being considered, for five years.

In compliance with Article 28-1 of the Law of September 30, 1986, as modified by the Law 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 Law 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 law of September 30, 1986, as amended by the law No. 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 convention creating said public interest group.

Furthermore, under the terms of Article 96-2 of the law of September 30, 1986, as amended by the law No. 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 ensure 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 law of March 5, 2007, stands as follows:

1. the terms of the TF1 authorisation: 2012,
2. extension of the authorisation by 5 years by reason of Article 99: 2017,
3. extension of the authorisation by 5 years by reason of 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 TELEVISION FRANÇAISE 1, complemented by the decision of June 10, 2003 and extended by the decision of February 20, 2007,
- Law No. 86-1067 of September 30, 1986 amended by law No. 94-88 of February 1, 1994, by law No. 2000-719 of August 1, 2000, by law No. 2005-102

of February 11, 2005, and by law No. 2007-309 of March 5, 2007, (in the process of amendment by the draft law on audiovisual communications and the new public service television, finally adopted by Parliament on February 4, 2009),

- European Directive on Television Without Frontiers of October 3, 1989 amended (latest amendment on December 11, 2007),
- Decree No. 2001-609 of July 9, 2001, amended by Decree No. 2001-1326 of December 28, 2001 (production obligations of free-to-air analogue channels). Text in the process of amendment following the agreement between TF1, USPA, SPFA, SACD and SCAM signed on October 22, 2008,
- Decree No. 90-66 of January 17, 1990, as amended by Decree No. 92-279 of March 27, 1992 and by Decree No. 2001-1330 of December 28, 2001 (broadcasting obligation),
- Decree No. 92-280 of March 27, 1992 as amended by Decree No. 2001-1331 of December 28, 2001, by Decree No. 003-960 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 8.30 p.m. and 10.30 p.m. No cinema film shall be broadcast on Wednesday and Friday evenings, Saturday all day, or Sunday before 8.30 p.m.,
- 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 16% of the previous year's net annual turnover for the commissioning of French-speaking audiovisual works, of which at least 10.66% from independent producers, and to broadcast 120 hours of French-speaking or European unreleased audiovisual works, starting between 8 p.m. and 9 p.m.,
  - modified by the agreements between TF1, USPA, SPFA, SACD and SCAM of October 22, 2008 to be ratified by decree and the TF1 convention which provides for the obligation to invest 12.5% of the previous year's net annual turnover in commissioning national heritage audiovisual productions, of which at least 9.25% from independent producers and to broadcast a minimum of 120 hours of French-speaking or European unreleased audiovisual products (of which 30 hours of repeats) starting between 8 p.m. and 9 p.m.,
- obligation to invest 0.6% of the previous year's net turnover for the commissioning of French-speaking and European cartoons (obligation as to French-speaking content included in the previous 16%). The rights relating to two thirds of the broadcasting rights acquired cannot exceed four years.

  Modified by the agreements between TF1, USPA, SPFA, SACD and SCAM of October 22, 2008 to be ratified by decree and the TF1 convention which provides for the obligation to invest 0.6% of the previous year's net turnover in the commissioning of European and French-speaking cartoons (data included in the 12.5% of the preceding general obligation), of which at least 0.45% from independent producers,
- prohibition on use of in-house production for fiction programmes; use of in-house production authorised for news and for up to 50% of annual volume of other programmes,
- obligation to invest 3.2% of the previous year's net annual 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 Law No. 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 may exempt a section of programming from this obligation due to its nature (this concession is included in the convention).

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 law of September 30, 1986.

In view of the need to protect children and young people, the TF1 channel has committed to adopt a 5-category signage code enabling viewers to gauge the acceptability of broadcast programmes.

6.2.4 Discontinuation of analogue broadcasting on November 30, 2011

The law No. 2007-309 of March 5, 2007 amending the law of September 30, 1986 has established the principal and organised the schedule for discontinuing analogue free-to-air broadcasting on November 30, 2011.

According to this law, a gradual closing down of analogue free-to-air broadcasting could start as of March 31, 2008, with the CSA setting a close-down date nine months in advance for each individual zone concerned (service by service and transmitter by transmitter), taking into account the equipment in the households, the availability of DTT channels and the specifics of the border zones.

Furthermore, it should be noted that the law allows for the granting of an additional DTT channel (so-called compensatory channel) to the analogue channels on final close-down of analogue broadcasting.

Furthermore, the frequencies freed up by the close-down of analogue broadcasting will be re-assigned by the Prime minister to the administrations and the CSA. Most of the freed-up frequencies will be assigned to audiovisual services.

Finally, the text sets the conditions for the extension of digital broadcasting; the analogue free-to-air channels should cover 95% of the population with digital free-to-air; the new DTT channels will benefit from an automatic 5-year extension of their licence provided they make additional commitments to broadcast beyond the zone specified in their licence. Note that all DTT channels have made this commitment.

All the free DTT channels must be broadcast over 100% of the territory whatever the mode of reception and be included in a common satellite bundle.

6.2.5 High Definition and personal mobile television

On July 3, 2007, the 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 convention was subsequently modified on May 6, 2008 (published in the Official Journal on 31/05/08).

On November 8, 2007, the CSA launched a tender for candidates for personal mobile television services. On May 27, 2008, the CSA selected 13 candidates, including TF1.

6.2.6 Modifications of the legal framework

During 2008, the public authorities launched several reforms to modernise and regulate the audiovisual sector:

- the modification to decree No. 92-280 of March 27, 1992 which sets out the general principles defining the obligations of advertising, sponsorship and home-shopping service providers. Decree No. 2008-1392 of December 19, 2008 came into force on January 1, 2009 and makes the following modifications for the TF1 channel:
  - relaxation of the daily advertising ceiling from 144 to 216 minutes and an increase of the daily average from 6 to 9 minutes per hour for a full day and 12 minutes per hour by the clock (as well as the elimination of calculations by rolling hour),
  - authorisation for sponsorship by pharmaceutical laboratories,
  - opening of new broadcasting windows for home shopping,
- the institution of new rules concerning the TF1 channel's obligation for the production of audiovisual products. On October 22, 2008, TF1 signed an agreement with USPA, SPFA, SACD and SCAM to replace the regulatory provision on the obligation to commission audiovisual products governed by Decree No. 3001-609 of July 9, 2001. To come into force, this agreement must be transposed into the regulations and conventions applicable to TF1. The agreement provides for:
  - the obligation to invest 12.5% of the previous year's net turnover in commissioning heritage audiovisual products, of which at least 9.25% with independent producers and 0.6% for cartoons,
  - the possibility to include in the sums accounted for in this obligation: payments to training institutions for authors and festivals; doubling the sums invested in writing and development or pilot productions; advertising spending (excluding auto-promotion) and the possibility to include 10% of the obligation for commissioning European products (capped amounts),
  - the obligation to broadcast a minimum of 120 hours of unreleased French-speaking or European audiovisual products, (of which 30 hours of repeats) starting between 8 p.m. and 9 p.m.,
  - an extension of the duration of rights and scope of rights that can be acquired from independent producers,
- the amendment to Law No. 86-1067 of September 30, 1986 on liberty of communication. On February 4, 2009, Parliament definitively adopted the draft law on audiovisual communication and the new television public service. This text, which should be promulgated in the coming weeks, will make the following modifications:
  - organisation and operation of France Télévisions:
    - creation of a single France Télévisions enterprise,
    - nomination and revocation of the presidents of public audiovisual enterprises by decree,
    - elimination of advertising: starting January 5, 2009 between 8 p.m. and 6 a.m. and completely with the discontinuation of analogue broadcasting (end 2011). Implementation of this elimination will be compensated for by the State,
  - introduction of new taxes: the first on television advertising, the second on services from providers of electronic communications services,
  - the transposition of the EU SMA Directive by:
    - the introduction of a new definition of media-on-demand services,
    - the authorisation to insert products in programmes, under the conditions set by the CSA,
    - the authorisation for a second break in products.

6.3 SHAREHOLDERS' GENERAL MEETING

6.3.1 Presentation of resolutions – Ordinary part

FIRST RESOLUTION

(Approval of the company accounts)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, having heard the Board of Directors' reports, in particular the Board of Directors' report on the activity and situation of the company for business year 2008, the attached report of the Chairman of the Board of Directors on the composition, preparatory conditions and organisation of the work of the Board and on the internal control and risk management procedures implemented by the company, the Statutory Auditors' reports on the said year's accounts and on the report of the Chairman of the Board of Directors, approves these reports and the annual accounts for the 2008 business year comprising the Balance Sheet, the Profit and Loss Account and the Notes to the Financial Statements as submitted, as well as the operations reflected in these accounts and summarised in these reports.

The General Meeting approves the Directors' management of the Company for the 2008 business year.

SECOND RESOLUTION

(Approval of the consolidated accounts)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, having noted that the Board's report on the Group is included in the Directors' report and aware of the information contained in the Board's reports, in particular the Board of Directors' report on the activity and situation of the Group during business year 2008, and in the Statutory Auditors' report on the consolidated accounts for the said business year, approves these reports together with the consolidated accounts for 2008 comprising the Balance Sheet, the Profit and Loss account and the notes to the financial statements as submitted to them, as well as the operations reflected in these accounts and summarised in these reports.

THIRD RESOLUTION

(Approval of agreements covered by Article L. 225-38 of the French Commercial code)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, having noted the Statutory Auditors' special report on the agreements covered by Articles L. 225-38 of the French Commercial Code, approves the said agreements and operations.

FOURTH RESOLUTION

(Appropriation and distribution of profits)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings having noted the existence of available profits of €244,327,052.52, taking into account the net income for the period of €138,921,498.49 and retained earnings of €105,405,554.03, approves the following appropriation and distribution proposed by the Board of Directors:

- distribution of a dividend of €100,296,057.49 (i.e., a dividend of €0.47 per share with a nominal value of €0.20),
- appropriation of the remaining €144,030,995.03 to Retained Earnings.

The dividend detachment date (ex-rights date) for the Euronext Paris market shall be 22 April 2009. The dividend shall be paid in cash on 27 April 2009 and the cut-off date for positions qualifying for payment shall be the evening of 24 April 2009.

In accordance with paragraph 2, section 3 of Article 158 of the General Tax Code, this dividend is entirely eligible for the 40% allowance provided for individuals fiscally domiciled in France.

The General Meeting authorises the appropriation to Retained Earnings of the dividends arising on the TF1 shares that TF1 is authorised to hold as treasury shares, in accordance with Article 225-210 of the Code of Commerce.

The General Meeting notes that the dividends distributed for the last three business years were as follows:

Year ending:	Dividend per share	Allowance*
31/12/2005	€0.65	yes
31/12/2006	€0.85	yes
31/12/2007	€0.85	yes

(*) Dividend eligible for a 40% allowance for individuals fiscally domiciled in France, in accordance with Article 158.3.2 of the General Tax Code.

FIFTH RESOLUTION

(Ratification of the appointment of a Director)

The General Meeting ratifies the appointment of Gilles Pelisson as Director made by the Board Meeting of February 18, 2009 replacing resigning Director Claude Cohen. His term of office will be for the remaining duration of the term of office of his predecessor or until the close of the General Meeting called to approve the 2008 accounts.

SIXTH RESOLUTION

(Renewal of a Director's term of office)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, renews the term of office of Patricia Barbizet, which expires at the end of this Meeting, for a further two years.

Her new term of office shall end at the close of the General Meeting convened to rule on the accounts for the 2010 business year.

SEVENTH RESOLUTION

(Renewal of a Director's term of office)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, renews the term of office of Martin Bouygues, which expires at the end of this Meeting, for a further two years.

His new term of office shall end at the close of the General Meeting convened to rule on the accounts for the 2010 business year.

EIGHTH RESOLUTION

(Renewal of a Director's term of office)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, renews the term of office of Olivier Bouygues, which expires at the end of this Meeting, for a further two years.

His new term of office shall end at the close of the General Meeting convened to rule on the accounts for the 2010 business year.

NINTH RESOLUTION

(Renewal of a Director's term of office)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, renews the term of office of Patrick Le Lay, which expires at the end of this Meeting, for a further two years.

His new term of office shall end at the close of the General Meeting convened to rule on the accounts for the 2010 business year.

TENTH RESOLUTION

(Renewal of a Director's term of office)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, renews the term of office of Nonce Paolini, which expires at the end of this Meeting, for a further two years.

His new term of office shall end at the close of the General Meeting convened to rule on the accounts for the 2010 business year.

ELEVENTH RESOLUTION

(Renewal of a Director's term of office)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, renews the term of office of Gilles Pelisson, which expires at the end of this Meeting, for two years.

His new term of office shall end at the close of the General Meeting convened to rule on the accounts for the 2010 business year.

TWELTH RESOLUTION

(Renewal of a Director's term of office)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, renews the term of office of Haïm Saban, which expires at the end of this Meeting, for two years.

His new term of office shall end at the close of the General Meeting convened to rule on the accounts for the 2010 business year.

THIRTEENTH RESOLUTION

(Renewal of a Director's term of office)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, renews the term of office of Bouygues, which expires at the end of this Meeting, for two years.

His new term of office shall end at the close of the General Meeting convened to rule on the accounts for the 2010 business year.

FOURTEENTH RESOLUTION

(Renewal of a Director's term of office)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, renews the term of office of the Société Française de Participation et de Gestion – SFPG, which expires at the end of this Meeting, for two years.

Its new term of office shall end at the close of the General Meeting convened to rule on the accounts for the 2010 business year.

FIFTEENTH RESOLUTION

(Share buy-back)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, after hearing the report of the Board of Directors,

1. authorises the Board of Directors, under the conditions described hereafter, to purchase shares representing up to 10% of the company's share capital on the day of use of this authorisation, in accordance with the legal and regulatory conditions applicable at the time of this intervention, in particular the provisions imposed by Article L. 225-209 and following Articles of the French Code of Commerce and by Regulation No. 2273/2003 of December 22, 2003 of the European Commission and by the General Regulations of the French stock exchange authority.

   This authorisation may be used for the following purposes:

- cancel the shares under the conditions provided for by the law, subject to authorisation by the Extraordinary General Meeting,

- allocate the shares to employees or officers of the company or attached companies, under the conditions and according to the procedures provided for by the law, for example, in the framework of employee participation in the fruits of the company's growth through a share option programme or through a company or inter-company savings plan or through a free allocation of shares,
- assure the liquidity and support the market for company shares through an investment services provider acting within the framework of a liquidity contract conforming to a code of conduct recognised by the French stock exchange authority,
- retain the shares and, when appropriate, use them for payment or exchange in the framework of external growth operations,
- retain the shares and, when appropriate, remit them at the issuance of rights attached to marketable securities entitling the holder to receive shares of the company,
- implement any other market practice that should be permitted by the French stock market authority and, more generally, carry out any other operation in compliance with prevailing regulations,

2. decides that the purchase, disposal, transfer or exchange of these shares may be carried out, respecting the regulations issued by the market authorities, by any means, notably on the open market or off-market, by mutual agreement, including the use of financial derivatives, and at any time, including during a period of public offering or share exchange as well as price guarantee. The proportion of the programme that can be carried out by block negotiation is not limited and may represent the totality of the programme,
3. decides that the purchase price may not exceed €25 per share and that the sell price may not be lower than €15 per share, subject to adjustments linked to operations on the company's share capital. In case of a capital increase through incorporation of issuance premiums, profits or reserves and the free allocation of shares, as well as the case of a division or re-grouping of the shares, the price indicated above will be adjusted by a multiplier co-efficient equal to the ratio between the number of shares making up the capital before the operation and the number of shares after the operation,
4. sets a limite of €533,000,000 (five hundred thirty three million euros) as the maximum amount of funds destined for this share buy-back programme,
5. notes that, in compliance to the law, the total number of shares held on a given date may not exceed 10% of the total share capital existing on that same date,
6. vests all powers in the Board of Directors, including the ability to delegate those powers to any person authorised by law, to implement the present authorisation, place orders on the stock exchange, conclude agreements, notably for registering the purchase and sale of shares, fulfil all procedures, declarations and formalities towards the financial market authorities and all bodies and in general do all that is needed to carry out the decisions it takes in the framework of the present authorisation,
7. decides that the Board of Directors will inform the General Meeting of the operations executed in compliance with the applicable regulations,
8. sets at eighteen months from this General Assembly the duration of the validity of the present authorisation which replaces any prior authorisation with the same purpose and cancels its effect in the limit of the amounts not utilised.

6.3.2 Agenda – Extraordinary part

- Reading of Board of Directors reports and statutory auditors reports.
- Authorisation to be given to the Board of Directors to reduce shareholders' equity by cancelling treasury shares held by the company.
- Delegation of competence given to the Board of Directors to increase the capital, while maintaining preferential subscription rights, by issuing shares or securities giving access to the company capital.
- Delegation of competence given to the Board of Directors to proceed with a capital increase by incorporating premiums, reserves or profits.
- Delegation of competence given to the Board of Directors to increase the capital, while eliminating preferential subscription rights, by issuing shares or securities giving access to the company capital.
- Delegation to be given to the Board of Directors to increase the number of shares to be issued in the case of a capital increase with or without preferential subscription rights of shareholders.
- Authorisation to be given to the Board of Directors to set the issue price of shares or securities giving access to company shares (within the limit of 10% of the capital), by public savings offer, without preferential subscription rights.
- Delegation of powers given to the Board of Directors to proceed with a capital increase in view of compensating contributions in kind made up of shares of a company or securities giving access to the capital.
- Delegation of competence given to the Board of Directors to increase the capital, without preferential subscription rights, to compensate the contribution of shares in case of a public share exchange offer.
- Delegation of competence given to the Board of Directors to issue securities giving the right to the attribution of letters of credit.
- Delegation of competence given to the Board of Directors to increase the capital in favour of company employees or those of companies in the Group participating in a company savings scheme.
- Authorisation given to the Board of Directors to grant share purchase or share subscription options.
- Introduction of the provisions applicable to the company in relation to the terms provided for in Article 36 of law No. 86-1067 of September 30, 1986 on freedom of communication - modification relative to Article 7 of the Articles of Incorporation.
- Introduction of the mention of the territorial competence of the tribunals of the head office for disputes between shareholders and/or Directors - modification relative to Article 28 of the Articles of Incorporation,
- Powers to file documents and complete formalities.

6.4 PEOPLE RESPONSIBLE FOR INFORMATION

6.4.1 Information and Investor Relations

Philippe Denery

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Legal documents can be consulted at:

TF1

Legal Affairs

1, Quai du Point du Jour

92656 BOULOGNE CEDEX

E-mail: ibrosset@tf1.fr

Documents available for public consultation

Documents such as the internal rules of the Board of Directors, the annual registration document, the other reports of the Board of Directors to the General Meeting of April 17, 2009 may be consulted on the company website: www.tf1finance.fr.

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, 92100 Boulogne, Tel: (33) 1.41.41.28.27.

You can also receive information on the Group TF1 and obtain on demand historical data about the company:

- by mail:

  TF1

  Investor Relations Department

  1, Quai du Point du Jour

  92656 BOULOGNE Cedex
- by internet:

  http://www.tf1finance.fr
- e-mail: comfi@tf1.fr

6.4.2 Schedule of financial announcements for 2009

February 19, 2009: 2008 turnover and annual full year accounts, Analysts Meeting

April 17, 2009: General Meeting

April 22, 2009: Dividend detachment date

April 27, 2009: 2008 Dividend payment

May 13, 2009: First quarter 2009 turnover and accounts

July 24, 2009: First half 2009 turnover and accounts, Analysts Meeting

November 10, 2009: Third quarter 2009 turnover and accounts

This schedule is subject to change.

6.5 INFORMATION INCLUDED BY REFERENCE

In application of Article 28 of Regulation (EC) N° 809/2004 of the Commission of April 29, 2004, the following information is included by reference in the present registration document:

The consolidated accounts for the year ended December 31, 2007, the relevant report of the statutory auditors and the Group's management report appearing on pages 88 to 131, page 131 and pages 48 to 87 of the registration document registered with the AMF on March 26, 2008 with number D.08-152.

The consolidated accounts for the year ended December 31, 2006, the relevant report of the statutory auditors and the Group's management report appearing on pages 92 to 136, page 134 and pages 46 to 91 of the registration document registered with the AMF on March 23, 2007 with number D.07-0216.

6.6 ADDRESSES OF MAIN SUBSIDIARIES AND PARTICIPATIONS

(February 2009)

1, quai du Point du Jour – 92656 BOULOGNE-BILLANCOURT CEDEX – FRANCE

TF1 DIGITAL

CIBY 2000

TFOU

SOCIÉTÉ D'EXPLOITATION DU MULTIPLEX R6 – SMR6

ONECAST

TF1 HORS MEDIA

TÉLÉMA

LA CHAÎNE INFO – LCI

TOP TICKET.S

Immeuble Le Delta - 3-7 quai du Point du Jour- 92100 BOULOGNE-BILLANCOURT

TF1 PRODUCTION

Central Park - 9, rue Maurice Mallet – 92130 ISSY-LES-MOULINEAUX - FRANCE

UNE MUSIQUE

TF1 VIDEO (as of 07/01/2009 - Atrium)

COMPAGNIE INTERNATIONALE DE COMMUNICATION – CIC

TF1 ENTREPRISES (as of 07/01/2009 - Atrium)

TF1 INTERNATIONAL (as of 07/01/2009 - Atrium)

TFM DISTRIBUTION

Atrium- 6 place Abel Gance- 92100 BOULOGNE-BILLANCOURT

TF1 PUBLICITÉ

WAT

e-TF1

Immeuble Arcs de Seine - 18, Quai du Point du Jour – 92656 BOULOGNE-BILLANCOURT CEDEX - FRANCE

TF1 FILMS PRODUCTION (as of 07/01/2009 - 1, Quai du Point du Jour)

HISTOIRE (as of 07/01/2009 - Atrium)

USHUAIA TV (as of 07/01/2009 - Atrium)

SOCIÉTÉ D'EXPLOITATION ET DE DOCUMENTAIRES – ODYSSÉE (as of 07/01/2009 - Atrium)

L'Amiral - 3, rue Gaston et René Caudron – 97988 ISSY-LES-MOULINEAUX CEDEX – FRANCE

EUROSPORT

EUROSPORT France

EURSOSPORT EVENTS

120, avenue Charles de Gaulle – 92200 NEUILLY-SUR-SEINE – FRANCE

TF6

SÉRIE CLUB

Quai Péristyle – 56100 LORIENT – FRANCE

TV BREIZH

3, rue du Commandant Rivière – 75008 PARIS – FRANCE

TCM DA

52, rue Montmartre- 75002 Paris

PILIPILI

Tour Maine Montparnasse – 33 avenue du Maine – 75015 PARIS - FRANCE

LES NOUVELLES ÉDITIONS TF1

35, rue Greneta – 75002 PARIS - FRANCE

PUBLICATIONS METRO FRANCE

45, boulevard Victor Hugo Bâtiment 264 – 93534 AUBERVILLIERS Cedex – FRANCE

TÉLÉSHOPPING

TOP SHOPPING

INFO SHOPPING

EZ TRADING

6 bis, quai Antoine 1er – MONACO

TÉLÉ MONTE CARLO (TMC)

69, rue de Richelieu - 75002 PARIS - FRANCE

1001 LISTES

6.7 REGISTRATION DOCUMENT AND CROSS-REFERENCE TABLE

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TÉLÉVISION FRANÇAISE 1 – TF1
A public Limited Company «Société Anonyme» with a share capital of € 42,682,098.40
Registered office: 1, Quai du Point du Jour – 92100 BOULOGNE BILLANCOURT
326 300 159 RCS NANTERRE