2009 REGISTRATION DOCUMENT

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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 29, 2010, 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.

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

1

TF1 GROUP PRESENTATION

1.1 CERTIFICATE OF THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

The person assuming responsibility for the registration document: Mr. Nonce Paolini, Chairman and CEO.

I hereby certify that, having taken all reasonable steps, the information contained in this registration document, reflects the facts, to the best of my knowledge, and contains no omission that could alter its scope.

I hereby certify that, to the best of my knowledge, the accounts have been prepared in compliance with applicable accounting norms and give a faithful picture of the assets, the financial situation and the results of the company and the consolidated companies, and that the management report (on page 59) presents a true image of the development and performance of the business, results and financial situation of the company and the consolidated companies, as well as a description of the main risks and uncertainties facing them.

I have received from the legal auditors of the accounts, KPMG and Mazars, a letter of completion of accounts indicating that they have verified the information concerning the financial situation and the accounts contained in the present and read the whole of the document.

The historical information provided in this document or incorporated herein by reference is covered by reports issued by the Statutory Auditors, as presented on page 203 of this document or incorporated herein by reference on page 228, which contain explanatory comments about the following changes in accounting policy:

- 2007, recognition of actuarial gains and losses following application of the option allowed under the amendment to IAS 19 (Employee Benefits), and change in the presentation of deferred taxes in the balance sheet,
- 2008, recognition of revenue on transactions where the Group acts as agent for a third party,
- 2009, first-time application of new IFRS standards and interpretations, with no impact on the financial statements.

Boulogne-Billancourt, March 29, 2010

Chairman & CEO

Nonce Paolini

1.2 MESSAGE FROM THE CHAIRMAN AND CHIEF EXECUTIVE

For TF1, 2009 was the most complex year since privatisation. But we never backed away.

Our advertising teams adjusted swiftly to the new operating conditions. And for more than a year, the teams from TF1 Broadcasting and TF1 Production focused their energies on inventing and crafting new solutions. We scored hits in all programming genres, keeping viewership at enviably high levels.

The subsidiaries, too, delivered satisfactory performances. Their ability to innovate was in ample evidence – for instance LCI Radio's inroads on the Web, the major overhaul of our TF1.fr, TF1News and Excessif.com websites, the MyTF1 portal and TF1 Player for the iPhone. With the editorial reshuffle at Ushuaïa TV, Odyssée and Histoire and the move to 16/9 format, we now have a well-targeted range of high quality documentaries. The Eurosport Group has entrenched its position thanks tp the performance of high-definition channels, its Web-based audiences and the successful launch of the iPhone app.

The same proactive drive is also evidenced in our distribution activities, not just for licences and games but also for album sales and the *Cleopatra* and *Mozart* musicals. TF1 Vidéo, meanwhile, offers 6,500 titles on VOD and, in particular, exclusive episodes of American TV series (in English with French subtitles) less than 24 hours after they have aired in the United States.

Tough times call for rigorous management. This prompted us to be even more creative and efficient in 2009 and generate savings of some one hundred million euros.

Our staff were unstinting in their efforts to deliver the success we needed. With the steadfast support of Martin Bouygues and the collective efforts of our management team, we made major advances, harnessed our energies like never before, entered into novel partnerships, renewed key contracts on excellent terms, buttressed our financial structure and launched the acquisitions of TMC and NT1.

In short, TF1 proved its resilience in 2009, steering a steady course without slowing the pace of future-oriented developments. Above all, we laid the foundations for a renewed, dynamic and close-knit group.

In 2010 will face yet another year of economic uncertainty, with major challenges at the operational and financial levels. Nonetheless we are already doing all we can to make 2010 a year of achievement, innovation and success for the Group.

Nonce Paolini
Chairman & CEO

1.3 THE MANAGEMENT COMMITTEE

February 2010

Senior Management Committee, TF1

Nonce Paolini, Chairman and Chief Executive, TF1 Group

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

Jean-Michel Counillon, General Counsel

Philippe Denery, Executive Vice President, Group Finance

Martine Hollinger, Chief Executive, TF1 Publicité

Frédéric Ivernel, Director, External Communication

Jean-François Lancelier, Executive Vice President, Broadcasting

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

Catherine Nayl, Managing Director, News and Information, TF1 Group

Jean-Pierre Paoli, Managing Director, International Affairs

Régis Ravanas, Managing Director, Diversification

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

Laurent Solly, Chairman, TF1 Digital

Laurent Storch, Executive Vice President, Broadcasting, with responsibility for programmes and acquisitions

Senior Management Committee, TF1 Group

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

Édouard Boccon-Gibod, Chairman, TF1 Production

Yann Boucraut, Chief Executive, Téléshopping

Michel Brossard, Chief Executive, TF1 Entreprises

Pierre Brossard, Chairman and Chief Executive, TF1 Vidéo

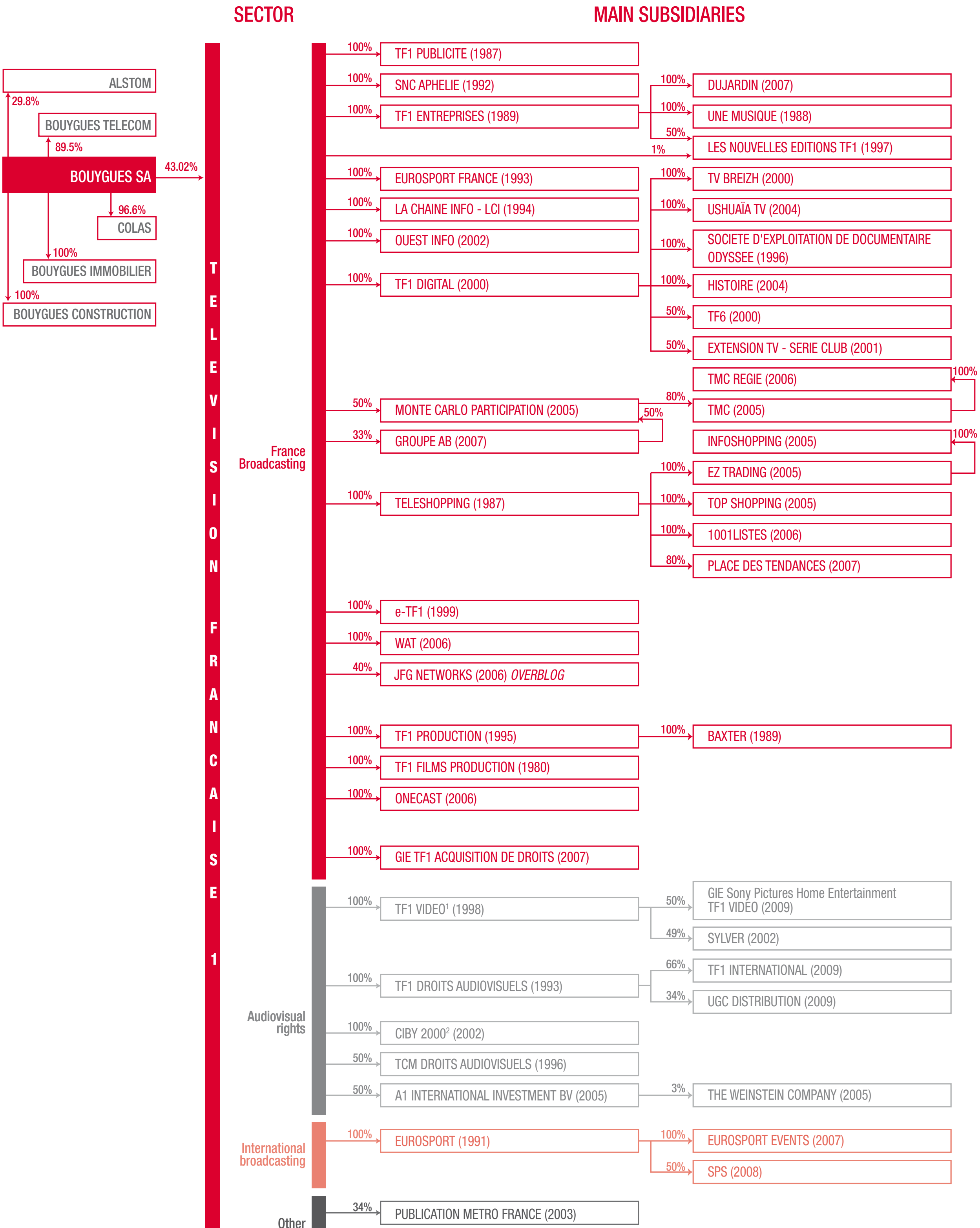
Éric Jaouën, General Counsel, News and Information, TF1 Group

Laurent-Éric Le Lay, Chairman, Eurosport; Group Director for Sports Rights Purchasing

Benoît Louvet, Executive Vice President, TF1 Publicité

Éric Revel, Director, LCI

1.4 SIMPLIFIED ORGANISATION CHART – FEBRUARY 17TH 2010



(1) Held via TF1 ENTREPRISES
(2) Held via TF1 FILMS PRODUCTION
(3) Excluding Alstom Hydro transaction

Year of creation or acquisition is in brackets.

1.5 2009 KEY EVENTS

January 2009

January 1, 2009: Alma, Glem, Quai Sud, TAP, TPP and Yagan were all combined into a single entity, TF1 Production.

January 1, 2009: TF1 Publicité moved into radio when it became the advertising airtime sales house for *Les Indépendants*, a grouping of 122 radio stations across the whole of France and the no. 1 radio advertising offering in the country.

January 5, 2009: The new French law on audiovisual communication and the new public service television was passed, banning advertising on the France Télévisions public-service channels between 8 p.m. and 6 a.m. and allowing a second commercial break on French TV channels. The law was promulgated on March 7, 2009. France Télévisions retained its daytime advertising slots.

January 15, 2009: Launch of LCI Radio, the first French radio news channel available free on the internet.

February 2009

February 4, 2009: Coulommiers became the first 100% digital French city when its analogue TV signal was switched off.

February 12, 2009: TF1 sold Surinvitation.com, its shopping promotions website, to Initiatives & Développements.

February 12, 2009: TF1 sold its equity interest in France 24 to Audiovisuel Extérieur de la France.

February 16, 2009: TMC received a makeover, with a new logo and visual identity and new programmes.

March 2009

March 6, 2009: record audience figures for 2009, as 12.3 million viewers watched the *Les Enfoirés* show.

March 14, 2009: Odyssée, the wellness and lifestyle channel, was given a makeover and a new website.

April 2009

April 7, 2009: Start of the alliance between LCI, Aéroports de Paris and JC Decaux to supply news programming for broadcast on the first-ever dedicated TV service for passengers using Paris airports.

April 16, 2009: Launch of the new TF1.fr website.

April 28, 2009: TF1 joined with five partners to launch the “Ecoprod” campaign, which sets out core principles for environmentally-friendly film and audiovisual production.

April 29, 2009: The best of Ushuaïa TV, Odyssée and Histoire programmes became available on demand on Canalsat.

May 2009

May 16, 2009: Launch of the regional roadshow, with senior management and presenters taking to the road to meet the public.

May 22, 2009: TF1 launched a new advertising campaign with the tagline *On se retrouve sur TF1* ("See you on TF1!"), using a broad multimedia strategy to reach the widest possible audience.

May 24, 2009: *The White Ribbon*, issued and distributed by TF1 Vidéo, won the *Palme d'Or* at the 62^{nd} Cannes Film Festival.

May 29, 2009: TF1 Vidéo sealed an alliance with Sony Pictures Home Entertainment to set up an economic interest grouping to sell DVDs and Blu-ray discs in the French market.

May 31, 2009: At the Licensing Show in Las Vegas, TF1 Games was awarded the Silver Medal in the Licensee of the Year category by Twentieth Century Fox for its innovative work on the *Ice Age* franchise.

June 2009

June 1, 2009: SPS, a joint venture between Eurosport and Serendipity, launched an online gaming platform in the UK.

June 3, 2009: The French supreme court, the *Cour de Cassation*, delivered its judgment on the case relating to the *Île de la Tentation* reality TV show, ruling that the participants' contracts should be reclassified as contracts of employment. However, the ruling denied the claimants the status of "actor / performing artist", and dismissed the claim of clandestine employment.

June 11, 2009: TF1 and the AB Group signed an agreement with a view to the acquisition by TF1 of 100% of NT1 and of the 40% of TMC held by the AB Group, which would take TF1's interest in the TMC channel to 80%.

June 15, 2009: TF1 Vision, in partnership with Sony Ericsson, launched the first video rental on demand platform for mobile phones.

July 2009

July 1, 2009: TF1 and UGC signed an agreement under which they will jointly invest in production, and co-operate in the distribution of films in cinemas and international rights sales.

July 10, 2009: TF1 Licences was awarded a long-term agency contract to handle promotional licensing of the All Blacks brand in the French market.

July 27, 2009: TF1 launched TF1 player, an iPhone application for watching live and catch-up TF1 programmes.

July 29, 2009: LCI launched its Android application to coincide with Bouygues Telecom's launch of the Samsung Galaxy, the first consumer smartphone to use the Google operating system.

July 30, 2009: Eurosport launched its iPhone application.

July 30, 2009: Orange and TF1 Vidéo announced an agreement under which content from TF1 Vision, the TF1 Group's Video on Demand (VoD) service, will be made available 24/24 on Orange's VoD platform.

August 2009

August 3. 2009: The Eurosport Group launched the Eurosport 2 North and Eastern Europe channel, broadcasting exclusively in high definition 24/24 across 22 countries in the region.

August 26, 2009: TF1 unveiled its autumn schedules to the press, including many new programmes.

August 28, 2009: Following a consultation exercise with satellite operators about possible non-exclusive distribution of the TF1 theme channels (Eurosport, Eurosport 2, TV Breizh, LCI, Histoire, Ushuaïa TV), it was decided that these channels would continue to be broadcast exclusively on Canalsat until the end of 2011.

September 2009

September 15, 2009: TF1 Licences was appointed agent for the Babar brand in France, Belgium, French-speaking Switzerland, the Netherlands, Monaco, Andorra and the French overseas departments and territories.

September 25, 2009: The final of *Secret Story 3* was broadcast at the end of a 14-week run, and scored a great success across all the Group's channels and websites, validating the TF1 rebound strategy.

September 29, 2009: TF1 launched its first disability awareness campaign, organised by the "Actions Handicap Committee" and the Management Committee.

October 2009

October 5, 2009: TMC launched its catch-up TV service.

October 5, 2009: Ushuaïa TV, Odyssée, Histoire began offering all their programmes in 16/9 format.

October 5, 2009: The Histoire channel received a makeover, with a more contemporary and dynamic look.

October 24, 2009: TF1's *On se retrouve sur TF1* ("See you on TF1!") advertising campaign was highly commended at the 36th *Grand Prix de l'Affichage* (French outdoor advertising awards) in Deauville.

November 2009

November 4, 2009: Launch of TF1News, the TF1 Group's new-look news website, featuring a more user-friendly layout to make the news easier to navigate.

November 9, 2009: TF1 relaunched Excessif.com, a site offering a full range of news on films, serials, DVDs and video games.

November 18, 2009: TF1, Artémis and Recruit sold their entire equity interests in Top Ticket.s, publisher of the Pilipili freesheet, to Vente Ciblée.

November 18, 2009: For the first time, TF1's *Journal de 20h* was awarded 2nd prize out of 23 worldwide contenders at the 10th Media Tenor Global TV awards, in recognition of the diversity of its news coverage.

November 23, 2009: Launch of MyTF1, the first free interactive portal carrying TF1 content, accessible via Internet and TV set-top boxes of Bouygues Telecom called BBox.

November 23, 2009: TF1, TF1News, LCI and LCI Radio all contributed to *La Semaine de l'Emploi* (Jobs Week), helping their viewers and listeners find practical solutions.

December 2009

December 7, 2009: TF1 used its *Journal de 20h* news programme to launch France's first-ever carbon footprint indicator, measuring CO_2 emissions per head of population.

December 9, 2009: TF1 and Samsung Electronics France signed a 3-year strategic alliance, which aims to offer interactive services (news, sport, VoD, weather, etc.) to viewers with internet-enabled TV sets.

December 14, 2009: Launch of the arabia.eurosport.com website.

December 18, 2009: The French Football Federation awarded TF1 exclusive broadcasting rights to the French national team's friendly and competitive matches until June 2014.

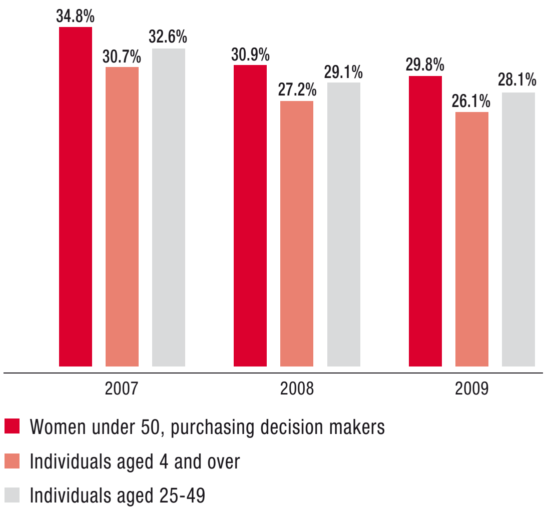
December 28, 2009: TF1 sold its 9.9% equity interest in Canal + France to Vivendi.

December 31, 2009: TF1 attracted 96 of the top 100 viewing figures in France in 2009.

1.6 MANAGEMENT INDICATORS

1.6.1 Management indicators

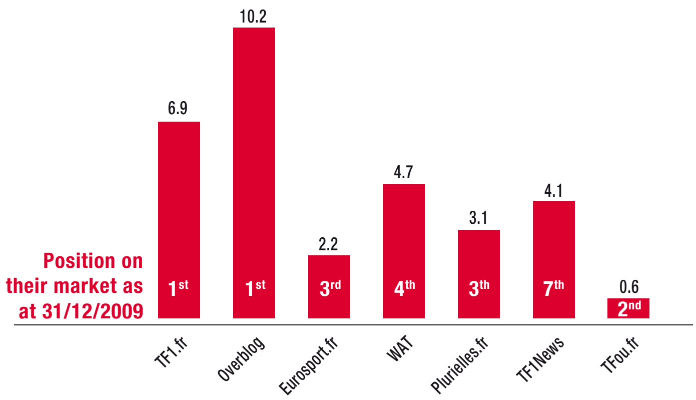
TF1 CHANNEL AUDIENCE SHARE



Source: Médiamétrie Médiamat

PERFORMANCE OF TF1 GROUP WEBSITE

Million of Unique Visitors

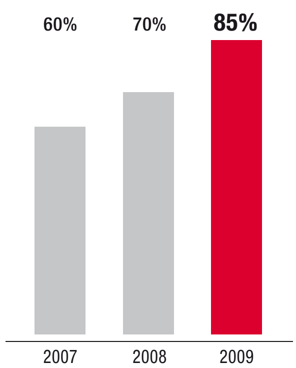


Source: Panel NNR Médiamétrie- December 2009

ADVERTISING MARKET SHARE AMONG ALL TV

Source: Gross Data, Kantar Média - France

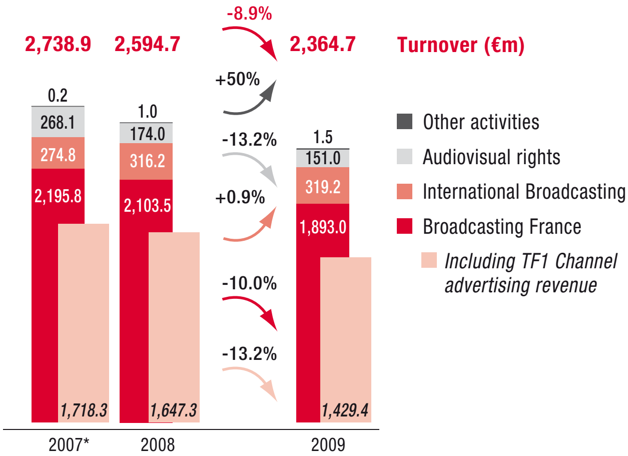
PROPORTION OF SUB-TITLED PROGRAMMING HOURS



NUMBER OF EMPLOYEES IN THE GROUP

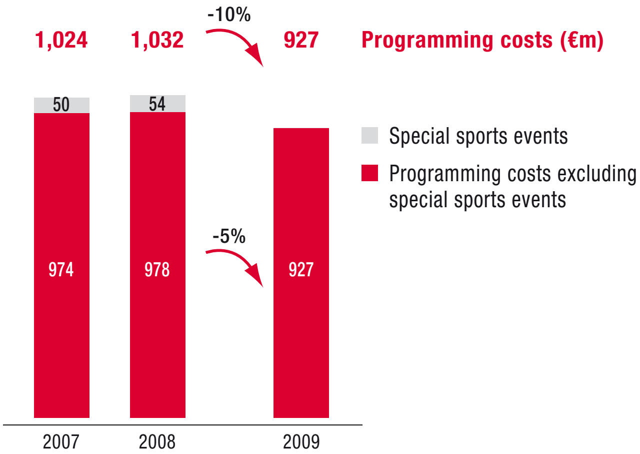
1.6.2 Key financial figures

TURNOVER BY SECTOR

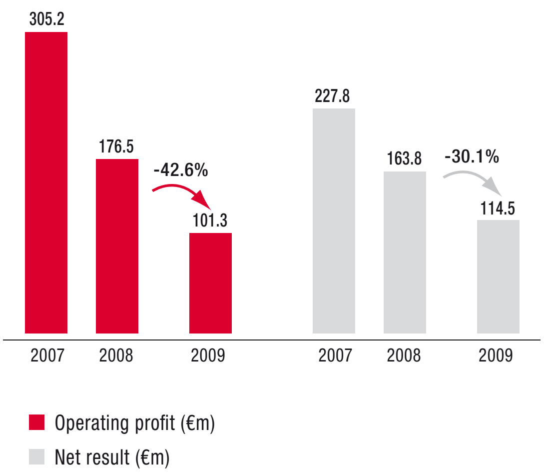


(*) 2007 was restated from turnover for third-party accounts (- €25 million in 2007) due to a change in accounting policy in 2008. This change in accounting policy (standard IAS 18) does not affect the result. It primarly concerns advertising revenue and 1001Listes.

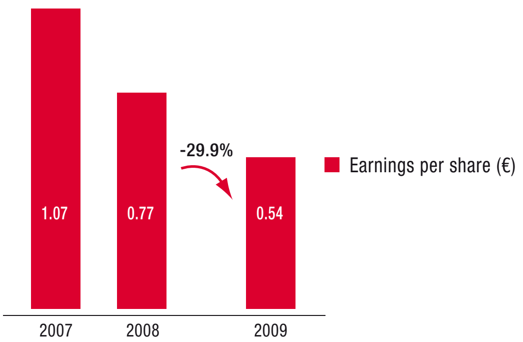
PROGRAMMING COSTS



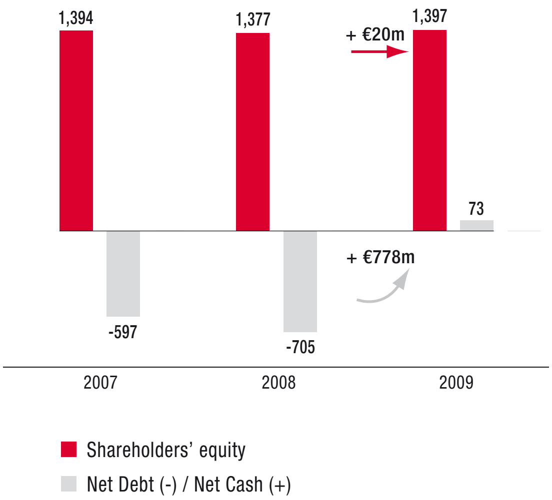
OPERATING PROFIT AND NET RESULT



EARNINGS PER SHARE

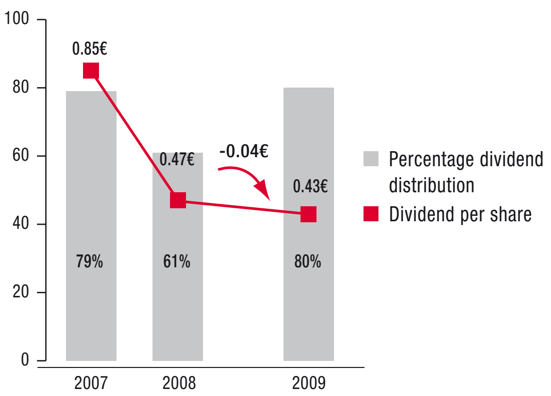


SHAREHOLDERS' EQUITY AND NET DEBT / NET CASH

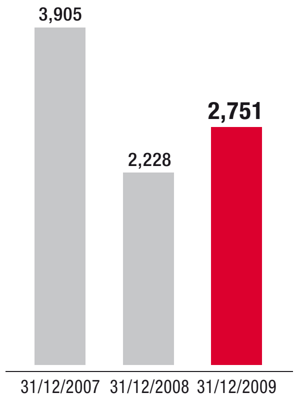


1.6.3 Key trading figures

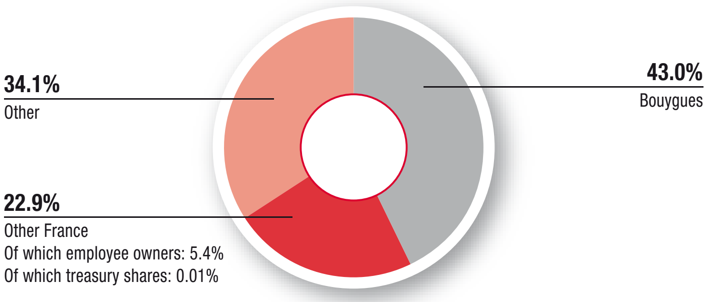
DIVIDEND PER SHARE AND PERCENTAGE DIVIDEND DISTRIBUTION



MARKET CAPITALISATION *(IN €M)*

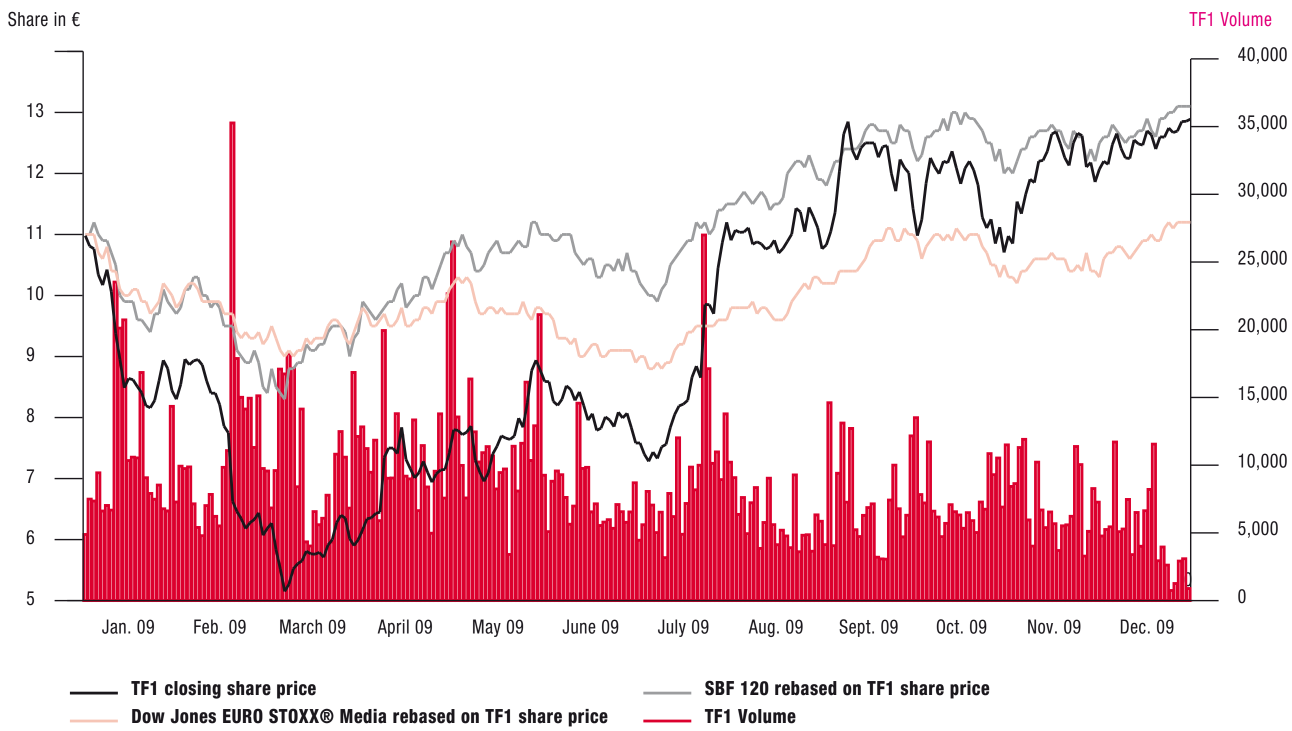


STOCK OWNERSHIP[1]



(1) Estimations by Euroclear on 31/12/2009, including non identified holders

SHARE PRICE



1.7 GROUP ACTIVITIES

The TF1 Group uses all channels to inform and entertain. While continuing to build on its core business – television – with free and pay channels, the Group has diversified into many other areas, such as the Web, audiovisual rights, production, téléshopping, licences and games.

1.7.1 Broadcasting France

BROADCASTING IN FRANCE

TF1 CHANNEL

The TF1 channel offers family-oriented, events-based programming addressing major themes that attract a broad audience from news, light entertainment to fiction drama, sports, feature films, youth, magazines and documentaries.

TF1's programming is based on unifying and recognisable concepts that are constantly renewed to meet viewers expectations.

In 2009, against a more fragmented backdrop, TF1 maintained a strong lead with audience share of 26.1% overall and 29.8% for women under 50, purchasing decision-makers, who are the advertisers' prime target. TF1 again demonstrated its dynamic programming approach by notching up 96 of the year's top 100 audiences and being the only channel to attract more than nine million viewers, with 23 early evening programmes.

Source: Médiamétrie

TF1 PUBLICITÉ – ADVERTISING

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

More than ever before, the TF1 channel is the reference vehicle of a media plan. In an environment of rapidly developing audiovisual technology and a fragmentation of the offering, the advertising power of TF1 assures advertisers of maximum exposure of their products with all audiences, enabling them to rapidly expand brand awareness and sales. By becoming a sponsor, advertisers can associate their brand with the most prestigious programmes shown on TF1 and with the values conveyed by these programmes.

Around a dozen complementary but distinct theme channels provide targeted, qualified communications space, thus expanding the national offering.

TF1 Publicité also markets a wide range of video content from the TF1 channel on the new website TF1.fr (catch-up TV, original programmes, etc.) as well as programmes produced specially for the Web. In this way, TF1 Publicité is establishing itself as a major player in on-line video advertising.

TF1 Publicité has also made a successful debut on the radio market by selling advertising space on the 122 local stations run by Les Indépendants. Backed up by the Sud Radio and Wit FM package, this market-leading offering combines power with local presence to promote effective advertising.

Taking advantage of new media such as the telephone and IPTV, TF1 Publicité is launching modern, increasingly interactive products that enable advertisers to turn a new contact into a one-to-one relationship between their prospects and customers.

TF1 Publicité markets the Bouygues Telecom portal and the offering of the TF1 Group. Many apps were launched in 2009 across the Group, such as TF1 Player (iPhone) and TF1 News (Android and Nokia).

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

TÉLÉSHOPPING

Téléshopping is a leading telesales player in France. This subsidiary has two main activities – telesales and e-commerce – pursued through programmes broadcast on TF1, catalogues and sales websites.

Téléshopping also has three shops, one of which opened in Lyon in 2008 (concept of original sales outlets), and has launched an infomercial activity on a number of cable and satellite channels (RTL9, NT1, TMC and Eurosport).

In March 2008 Téléshopping launched the Placedestendances.com website. It is also the owner of 1001 Listes, a leader in the organisation of online wedding lists.

THEME CHANNELS IN FRANCE

Building on its television expertise, the TF1 Group has developed a broad offering of complementary channels. Following the launch of Eurosport in 1991 and LCI in 1994, TF1 now has a direct holding in 13 channels, including the following theme channels: TMC, LCI, the Eurosport channels, TV Breizh, TF6, Série Club, TMC, Ushuaïa TV, Histoire and Odyssée.

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

TMC

TMC is France's seventh-ranking channel, ahead of Arte, It ranks among the leaders in freeview DTT channels, thanks to its unique positioning as a general-interest, family-oriented entertainment channel.

TMC is 20% owned by the Principality of Monaco and via MCP for 40% by the AB Group, and 40% by TF1. On June 11, 2009, TF1 and the AB Group signed an agreement for TF1 to acquire the 40% owned by the AB Group.

EUROSPORT FRANCE

Eurosport France is recognised as the most watched and most attractive sports channel, with an international programme, backed up by League 2 and French Cup football matches, and GP motor racing events.

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

On the leading edge of technology, Eurosport France has been broadcast in high definition since December 2008.

TV BREIZH

TV Breizh is one of the most attractive channels in France for women under 50, purchasing decision-makers. It offers general-interest, popular programming, designed for everybody.

LCI

LCI, a 24-hour French news channel, celebrated its fifteenth anniversary in June 2009. It covers all the main news events, setting itself apart from the competition through its broad focus on study and analysis. It covers all the major current affairs events, with special editions featuring its numerous specialists.

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

The pace of digital development increased, with two major new products.

LCI has moved into a new medium, radio, with LCI Radio. Launched on the Web and available on iPhone and other mobile media, LCI Radio has been selected by the CSA (the French broadcasting authority) to broadcast on digital terrestrial radio.

LCI.fr has been renamed TF1News, a new brand featuring news highlights from TF1 and LCI and Web editorial content. TF1News delivers real-time news coverage and videos.

DISCOVERY DIVISION

Odyssée, **Histoire** and **Ushuaïa TV** make up the Discovery Division. They broadcast documentaries on lifestyle, discovery, history and sustainable development. They are accessible by satellite, cable, ADSL and 3G, in France, French-speaking Europe, North-West Africa and French-speaking Africa (Odyssée).

Ushuaïa TV gained an HD version in October 2008.

The broadcasting of Discovery Division programmes in 16/9 format began on October 5, 2009. A catch-up service is available on CanalSat and Numericable.

SÉRIE CLUB

Série Club is 50% owned by TF1 and 50% by M6. The channel broadcasts a full offering with recent series of all genres. It airs in fully digital 16/9 format.

TF6

TF6 is aimed primarily at viewers aged between 15 and 34. It is 50% owned by TF1 and 50% by M6. TF6 broadcasts entertainment events and the generational series preferred by its target audience. It also offers films and reality TV programmes.

SUMMARY OF BROADCASTING SUPPORT OF GROUP TF1 THEME CHANNELS IN FRANCE

	Freeview DTT	Pay DTT	CABLE	SATELLITE	ADSL	MOBILE
TMC	X		X	X	X	X
Eurosport		X	X	X	X	X
Eurosport 2			X	X	X	X
TV Breizh			X	X	X	X
LCI		X	X	X	X	X
Odyssée			X	X	X	X
Histoire			X	X	X	X
Ushuaïa TV			X	X	X	X
serieclub			X	X	X	X
TF6		X	X	X	X	X

TF1 ENTREPRISES

TF1 Entreprises is a publishing and merchandising entity with four main businesses:

- TF1 Licences, which sells brand licences to manufacturers (Ushuaïa, Barbapapa, Babar, Chuggington, Hello Kitty, Dragon Ball Z, Koh Lanta, etc.).
- TF1 Games / Dujardin, which publishes board games based on television shows, such as *La Roue de la Fortune*, *Qui Veut Gagner des Millions?*, *Une Famille en Or* and games from the Dujardin catalogue such as *1000 Bornes*, *l'Autoroute* and games sets. Together, TF1 Games and Dujardin rank as France's biggest publisher of board games, with a catalogue of more than 200 games.
- TF1 Musique, which develops recording projects based on musical operations, brands or characters whose rights it owns. The main operations concern record partnerships (Seal, Calogero, Johnny Hallyday, Florent Pagny, etc.), partnerships for shows (*Mozart l'Opéra Rock*, *Cléopâtre*, *Zorro*, etc.) and the design-distribution of merchandising linked to shows and events (tours by artistes, shows, etc.). Une Musique, a subsidiary of TF1 Entreprises, publishes and produces music for television programmes and feature films.
- TF1 Publishing, which publishes books under the name "Editions du Toucan", as well as magazines (*Ushuaïa*, *Dora*). In the field of youth publications, TF1 Publishing is moving towards fiction for adolescents (books by Alexandra Ledermann, *Le Tueur à la Médaille*) and albums with strong brands (*Spiderman*, *Madagascar*). The attractive *Ushuaïa* books have extended the brand's success in bookshops.

PRODUCTION

TF1 FILMS PRODUCTION

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

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

TF1 PRODUCTION

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

- the Magazines, Documentaries and Sports Programmes Department produces magazine and informative programmes, and sporting events,
- the Entertainment and Reality TV Department, is responsible for entertainment programmes;
- the Fictions Department produces seasons of French series, as well as one-off series, and series that are at the shooting or writing stage for the channel TF1;
- the Short Format Department manages the production of all the trailers for the TF1 channel, designs and shoots adverts, and oversees promotional operations, billboards and short programmes.

TF1 Production is also a tour manager for live shows and musicals.

The subsidiary also implements production processes that meet the quality requirements of Group channels while optimising costs. It has an international watch and development unit that aims to bring new formats and concepts to Group channels in general, and TF1 in particular. Working in cooperation with TF1, its objective is to renew the programme offering through input from its editorial teams and the watch and development unit.

e-TF1 – NEW MEDIA DEPARTMENT

The role of the New Media Department is to organise the activities of the TF1 Group on the Web and on mobile phones and, more particularly, on all emerging media. Its objective is to develop the TF1 offering on all new media.

The e-TF1 entity is France's leading online TV media group. It groups a number of sites with strong appeal for advertisers, such as TF1.fr, plurielles.fr, a site aimed specifically at women, Overblog, a blog site, and WAT, a community site.

1.7.2 Audiovisual rights

TF1 DROITS AUDIOVISUELS

(ex-TF1 INTERNATIONAL)

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

In France, TF1 Droits Audiovisuels also ranks among the main distributors of films for the cinema, through its 34% stake in UGC Distribution.

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

TF1 VIDÉO

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

In November 2005, TF1 Vidéo launched TF1 Vision, the Video on Demand service of the TF1 Group. TF1 Vision has since become a global pioneer in Premium VOD, offering the most popular US series in English with French subtitles, at the same time as they are aired in the US.

Today, TF1 Vision is France's most popular distribution platform, easy to access through its portal, tf1vision.com, and its shops set up with the main Internet Access Providers and on iTunes Video Store. TF1 Vision has an offering of 6,500 programmes based on the cinema and on comedy, with an exclusive catalogue of France's greatest comedians, series, and children's programmes.

Using the latest technologies, TF1 Vision innovates continuously to bring customers a service designed to meet the highest possible standards of excellence in Video on Demand: catch-up TV, original version programmes in HD, definitive downloading with back-ups, iPhone and Google phone apps.

TF1 Vidéo also moved into the high-definition market in autumn 2008 with a collection of premium Blu-ray discs based on the most popular films of recent years.

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

TF1 Vidéo recently joined forces with Sony Pictures Home Entertainment (SPHE) to create a joint venture to distribute video products on the French market, effective from June 1, 2009. The new entity pools the resources of the two entities to market DVDs and Blu-ray discs from the TF1 Vidéo and SPHE catalogues, and is positioned as the leader in video distribution in France.

1.7.3 International broadcasting

EUROSPORT INTERNATIONAL

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

The complementary channel, Eurosport 2, launched in 2005, extends the pan-European offering of sports channels with a consolidated portfolio of rights (Bundesliga, Premier League). It broadcasts in 14 languages in 46 countries.

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

Eurosport has ten websites. Initiated in 2007, the cooperation between Eurosport and Yahoo! has made it possible to set up a website common to markets in the UK, Germany, Spain and Italy. This cooperation is part of Eurosport's strategy to become Europe's no. 1 sports site, drawing upon the content quality of Eurosport, and the marketing power and technical expertise of Yahoo!

In 2008, the Group strengthened its offering with the launch of the Eurosport High Definition channel, now distributed in 30 countries. Most of the major sporting events benefit from this cutting-edge technology, which illustrates the Group's innovative capacity, expertise and proactive drive.

SPS

In 2008, Eurosport took a share in SPS, on an equal basis with Serendipity. This company invests in the market of online gaming and betting.

TF1, which already held (via its Eurosport subsidiary) a 50% interest in SPS, raised its interest to 100% on March 8, 2010 by buying out the 50% held by the Serendipity investment fund.

1.7.4 Miscellaneous activities

METRO FRANCE

Metro is a free daily newspaper launched in France in 2002 in Paris, Marseille and Lyon, then in Toulouse, Lille, Bordeaux, Nice, Nantes, Rennes, Strasbourg and Cannes. Metro is distributed Mondays to Fridays.

TF1 holds a 34% stake in Metro France.

GROUPE AB

The AB Group produces and broadcasts 18 TV channels including RTL9 (65%), AB1, NT1, TMC (40%) with TF1 in France, and AB3 and AB4 in Belgium. The Group also owns one of the biggest catalogues of French-language audiovisual rights, with over 1,500 titles representing 44,000 hours of programming (including episodes of serials like *Navarro* and *Femme d'Honneur*); these rights are distributed in France and internationally.

On May 28, 2009, TF1 and Claude Berda (the majority shareholder in the AB Group) began exclusive negotiations with a view to the acquisition by TF1 of the 100% interest in NT1 and the 40% interest in TMC held by the AB Group for €192 million in cash, taking TF1's interest in TMC to 80%.

The management of AB Group was granted a call option allowing it to buy out TF1's minority interest in the AB Group for €155 million within a maximum of two years.

In addition, the other activities of the AB Group would be held by a newly-formed company. TF1 would retain the same interest in this new company as it currently holds in the AB Group (33.5%). Finally, the TF1 Group would raise its stake in WB Télévision, a holding company owned by Claude Berda which controls the Belgian francophone channels AB3, AB4 and Videoclick, from 33.5% to 49%.

On January 26, 2010, the French Competition Authority announced its decision to allow the TF1 Group to acquire control of TMC and NT1, subject to "undertakings as to future conduct". These undertakings, which have been discussed with the Authority and accepted by the TF1 Group for a maximum of five years, do not diminish the attractiveness of the deal for TF1.

The broadcasting authority, CSA, gave its go-ahead on March 23, 2010. It noted that the plan respected the rules restricting mergers of digital terrestrial television channels and asked TF1 to guarantee the pluralism and diversity of programming in the interests of television viewers.

The €192 million investment is expected to be met from the Group's available cash resources.

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

2

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

Ladies and Gentlemen, Shareholders,

To supplement the Management Report of the Board of Directors, and in compliance with statutory and regulatory requirements, the Chairman of the Board of Directors is reporting to you in this document, as approved by the Board of Directors at its Meeting on February 17, 2010, on the composition of TF1's Board of Directors and the way in which it conducts and organises its activities, on the principles and rules adopted by the Board to determine the compensation and benefits of any kind awarded to the corporate officers, on the procedures governing the participation of shareholders in the company's General Meetings, and on the internal control and risk management procedures implemented by the company.

The company follows the recommendations set forth in the Code of Corporate Governance published in December 2008 by AFEP and MEDEF. Those recommendations are set forth in an appendix to the Board's rules of procedure.

However, some of the Code's provisions may be set aside, or may be judged inappropriate for the functioning of the company, given its particular circumstances. Under the Privatisation Act of September 30, 1986, a group of investors led by the Bouygues Group was assigned 50% of the capital of TF1 on April 4, 1987; and since January 26, 2006 Bouygues has been the sole participant in the privatisation of TF1. In that capacity it is responsible for honouring the commitments made by the investor group of investors, particularly with regard to continuity of operations.

2.1 COMPOSITION OF THE BOARD OF DIRECTORS AND BOARD COMMITTEE AND THE NAMES OF THE STATUTORY AUDITORS

2.1.1 Composition of the Board of Directors

At the last General Meeting, on April 17, 2009 the directorships of Patricia Barbizet, Martin Bouygues, Olivier Bouygues, Patrick Le Lay, Nonce Paolini, Gilles Pélisson, Haïm Saban and Bouygues were renewed for two years.

At the preceding General Meeting, held on April 17, 2008, the directorship of Alain Pouyat was renewed for two years, and the election of Jean-Pierre Pernaut and Céline Petton as employee-representative Directors was officially recorded.

The terms of office and functions of the Directors of TF1 are summarised below. It should be noted that after the General Meeting of April 17, 2009 the Board of Directors, having sought the opinion of the Selection Committee, appointed Claude Berda to replace Patrick Le Lay for the remainder of Mr. Le Lay's term of office.

INFORMATION ON DIRECTORS AS AT 17/02/2010

NONCE PAOLINI

Born April 1, 1949

Nonce Paolini holds a Master of Arts degree and is a graduate of *Sciences Po* Paris (1972). He began his career at EDF-GDF, where he worked first in operational positions (customer relations / sales), and then in senior management (organisation, training, human resources, corporate communications). He joined the Bouygues Group in 1988 as Human Resources Development Director, and became the group Corporate Communications Director in 1990. He joined TF1 in 1993 as Human Resources Director, and became Deputy CEO of the TF1 Group in 1999. In January 2002 he was appointed Senior Vice President of Bouygues Telecom in charge of sales and marketing, customer relations, and human resources. He became Deputy CEO in April 2004 and Director in April 2005.

Nonce Paolini has been the CEO of TF1 since May 22, 2007 and Chairman and CEO since July 31, 2008.

Director of TF1 since May 22, 2007

most recent renewal: April 17, 2009, expiring 2011

Holds 100 shares in TF1

Address: 1, Quai du Point du Jour – 92100 Boulogne Billancourt

Current appointments

Chairman:

- TF1 Publicité SAS,
- TF1 Corporate Foundation,
- TF1 Management SAS.

Director:

- TF1 Corporate Foundation,
- TF1 Digital SA,
- Bouygues SA,
- Bouygues Telecom SA.

As standing representative of TF1, Director:

- Médiamétrie SA,
- Extension TV SA,
- TF6 Gestion SA,
- GIE TF1 Rights Acquisitions,
- AB Group SAS
- WB TV SA.

Representative:

TF1 Management, manager of La Chaîne Info (SCS)

Other appointments held within the past five years

Member and Vice Chairman of the Supervisory Board of France 24 (24/09/2007 – 02/02/2009)

CEO of TF1 (22/05/2007 – 31/07/2008)

As standing representative of TF1, member of the Board of Directors of Monte Carlo Participation (04/06/2008 – 24/11/2008)

As standing representative of TF1, Director of Télé Monte Carlo (18/07/2007 – 24/11/2008)

CEO of TF1 Digital (30/07/2007 – 07/12/2007)

Deputy Managing Director, Bouygues Telecom (25/04/2006 – 30/04/2007)

Director, Réseau Clubs Bouygues Telecom – RCBT (13/04/2005 – 30/04/2007)

Director, Extenso Télécom (07/04/2005 – 30/04/2007)

PATRICIA BARBIZET

Born April 17, 1955

A graduate of the *École Supérieure de Commerce* de Paris (ESCP), Patricia Barbizet held important posts in the Finance Division of the Renault Group before becoming Finance Director of the Pinault Group in

1989. She has been Managing Director of Artémis since 1992 and Vice Chairman of the Board of Directors of PPR since May 2005. She was also Chairman of the Supervisory Board of PPR from December 2001 to May 2005.

Director of TF1 since July 12, 2000

- most recent renewal: April 17, 2009, expiring 2011

Chairman and member of the Audit Committee of TF1

Chairman and member of the Compensation Committee of TF1

Holds 100 shares in TF1

Address: 12, Rue François 1er – 75008 Paris

Current appointments

CEO:

- Artémis SA,
- Financière Pinault (SCA) – (non-representative).

Director:

- Bouygues SA,
- Artémis SA,
- PPR SA (and Vice Chairman),
- Fonds Stratégique d'Investissement,
- Total SA,
- Air France – KLM SA,
- Fnac SA,
- Piasa SA,
- Société Nouvelle du Théâtre Marigny SA.

Member of the Supervisory Board:

- Financière Pinault (SCA),
- Yves Saint Laurent SAS.

Member of the Management Board:

- Société Civile du Vignoble de Château Latour (SCI).

As standing representative of Artemis, Director:

- Sebdo le Point SA,
- Agefi SA.

Chairman of the Board, Christie's International (London)

Non-Executive Director, Tawa PLC (London)

Member of the Board, Gucci (Amsterdam)

Deputy Director, Palazzo Grassi (Venice)

Other appointments held within the past five years

Chairman of the Supervisory Board, Piasa (26/04/2007 – 27/05/2008)

Director, Afipa (06/06/2005 – 31/10/2006)

Chairman of the Supervisory Board of Pinault-Printemps-Redoute (11/12/1992 – 19/05/2005)

Chairman of the Board of Directors of Société Nouvelle du Théâtre Marigny (22/02/2000 – 23/06/2005)

As representative of Artémis: Director of Bouygues (22/12/1998 – 13/12/2005)

CLAUDE BERDA

Born February 3, 1947

Claude Berda founded the independent record label AB Productions in 1977. In 1987 he decided to diversify into audiovisual production. His group quickly became market leader and added a new business: the distribution of TV programme rights. In 1996 Claude Berda floated AB Group on the New York Stock Exchange to finance growth in the new market for satellite-borne digital TV in France. He then positioned the group to benefit from the creation of free-to-air digital terrestrial television by founding NT1 in 2002 and acquiring TMC, alongside TF1, in 2005. In parallel, Claude Berda diversified his wealth management business, moving into real estate. In 2007 he sold 33.5% of AB Group to TF1. In 2009 he signed an agreement for the sale of NT1 and TMC to TF1, thus refocusing AB Group on its catalogue and pay-TV channels.

Director of TF1 since February 17, 2010

Holds 663,330 shares in TF1

Address: 132, avenue du Président Wilson – 93210 Saint-Denis la Plaine

Current appointments

Sole Manager, Port Noir Investment SARL

Chairman [and non-executive Director], AB Group SAS,

Chairman and CEO, RTL 9 SA,

Chairman, Monte Carlo Participation – MCP SAS,

Executive Vice President and Director, Télé Monte Carlo – TMC SA,

Member of the Supervisory Board, Groupe Lucien Barrière

Other appointments held within the past five years

None

MARTIN BOUYGUES

Born May 3, 1952

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

Today, Bouygues is a diversified industrial group with a strong corporate culture. Its business activities are focused on two sectors: construction (Bouygues Construction, Bouygues Immobilier, Colas) and telecoms/media (TF1, Bouygues Telecom).

Director of TF1 since September 1, 1987

most recent renewal: April 17, 2009, expiring 2011

Chairman and member of the Selection Committee of TF1

Holds 100 shares in TF1

Address: 32, Avenue Hoche – 75008 Paris

Current appointments

CEO and Director, Bouygues SA

Member of the Board of Directors of Fondation d'Entreprises Francis Bouygues,

Chairman, SCDM SAS,

Representing SCDM, Chairman:

- SCDM Invest – 1 SAS,
- SCDM Invest – 3 SAS,
- SCDM Participations SAS,
- Actiby SAS.

Member of the Supervisory Board of Paris Orléans (SADCS),

Director:

- Société de Distribution d'Eau de la Côte d'Ivoire – SODECI SA – Abidjan,
- Compagnie Ivoirienne d'Électricité – CIE SA Abidjan.

Other appointments held within the past five years

Representing SCDM, Chairman of Investaq Energie (formerly SCDM Invest 2) – (12/06/2008 – 28/07/2009)

Director of HSBC France - (30/07/2002 – 01/10/2007)

OLIVIER BOUYGUES

Born September 14, 1950

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

Director of TF1 since April 12, 2005

most recent renewal: April 17, 2009, expiring 2011

Holds 100 shares in TF1

Address: 32, Avenue Hoche – 75008 Paris

Current appointments

Chairman of:

- SAGRI-E SAS,
- SAGRI-F (SAS).

Chief Executive Officer, SECI SA Abidjan – Côte d'Ivoire,

Managing Director, SCDM SAS,

Director of:

- Eurosport SA,
- Alstom SA,
- Colas SA,
- Bouygues Construction SA,
- Bouygues Telecom SA,
- Finagestion SA,
- SDE Sénégalaise des Eaux SA – Dakar – Sénégal,
- SODECI – Société de Distribution d'Eau de la Côte d'Ivoire, Abidjan,
- Compagnie Ivoirienne d'Électricité SA Abidjan.

Member of the Executive Committee of Cefina SAS

Manager (non partner):

- SIB (SNC),
- SIR (SNC).

As standing representative of SCDM, Director of Bouygues SA

Representing SCDM, Chairman:

- SCDM Investur SAS,
- SCDM Investcan SAS,
- SCDM Energie SAS.

Member of the Supervisory Board of Paris Orléans (SADCS)

Other appointments held within the past five years

Director of Novasaur SA – (15/02/2005 – 22/02/2006)

ALAIN POUYAT

Born February 28, 1944

Alain Pouyat joined Bouygues in 1970. Starting his career as an IT engineer, he was appointed IT manager in 1981 and then Group IT Director in 1986. He has been Executive Vice President for Information Systems and New Technologies since 1988.

Director of TF1 since March 18, 1998

most recent renewal: April 17, 2008, expiring 2010

Member of the Selection Committee of TF1

Holds 100 shares in TF1

Address: 32, Avenue Hoche – 75008 Paris

Current appointments

non-voting Director of Bouygues SA,

Director:

- Société Parisienne d'Études d'Informatique et de Gestion (SPEIG),
- ETDE,
- Bouygues Telecom,
- C2S.

Other appointments held within the past five years

Director of Bouygues (22/04/2004 – 06/12/2006)

SFPG – SOCIÉTÉ FRANÇAISE DE PARTICIPATION ET DE GESTION

RCS Paris 332 888 916

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

most recent renewal: April 17, 2009, expiring 2011

Holds 100 shares in TF1

Address: 32, Avenue Hoche – 75008 PARIS

Current appointments

None

Other appointments held within the past five years

None

OLIVIER ROUSSAT

Born October 13, 1964

A graduate of INSA in Lyon, Olivier Roussat began his career in 1988 at IBM, where he occupied a number of positions in data network services, service delivery, and pre-sales. He joined Bouygues Telecom in 1995 to set up the network management centre and network processes. He then became head of network operations and telecoms and IT service delivery. In May 2003 he was appointed network manager and became a member of the Executive Committee.

In January 2007 Olivier Roussat took charge of the performance and technology unit which combines Bouygues Telecom's cross-functional technical and IT Departments, including networks, information systems, process engineering, purchasing, corporate services and property development. He has also been responsible for Bouygues Telecom's new headquarters and technical centre.

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

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

most recent renewal: April 17, 2009, expiring 2011

Address: 32, Avenue Hoche – 75008 PARIS

Current appointments

CEO of Bouygues Telecom SA

Director:

- Bouygues Telecom SA,
- Extenso Télécom SA,
- Réseau Clubs Bouygues Telecom – RCBT SA.

Other appointments held within the past five years

Director, Stock com (03/09/2007 – 01/07/2008)

Deputy Chief Executive Officer, Bouygues Telecom (20/02/2007 -29/11/2007)

BOUYGUES

RCS Paris 572 015 246

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

most recent renewal: April 17, 2009, expiring 2011

Holds 91,806,565 shares in TF1

Address: 32, Avenue Hoche – 75008 PARIS

Current appointments

Director:

- Bouygues Telecom SA represented par Jean-François Guillemin,
- Alstom SA, represented by Philippe Marien,
- Bouygues Construction SA, represented by Philippe Marien,
- Bouygues Immobilier SA, represented by Philippe Marien,
- Colas SA, represented by Philippe Marien,
- C2S SA, represented by Pierre Marfaing,
- 32 Hoche (GIE), represented by Philippe Metges.

Organisme Gestionnaire du Centre Gustave Eiffel (Association Loi 1901):

- Associate member,
- Member of the Board of Directors,
- Treasurer.

Other appointments held within the past five years

Director:

- Bouygues Bâtiment International SA - (10/06/1999 – 28/11/2008),
- SOTEGI SA - (14/04/2003 – 07/04/2008),
- Bouygues Travaux Publics SA – (10/06/1999 – 28/11/2008),
- Bouygues Bâtiment Ile de France SA – (28/05/2003 – 28/11/2008),
- CATC SA – (10/04/2002 – 08/04/2008).

PHILIPPE MARIEN

Born June 18, 1956

A graduate of *École des Hautes Études Commerciales* (HEC), Philippe Marien joined the Bouygues Group in 1980 as international finance manager.

He was special advisor in 1984 for the takeover of the AMREP oil services group before being named Finance Director of Technigaz, a liquefied gas engineering contractor, in 1985.

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

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

In March 2003 Philippe Marien became Chief Financial Officer of the Saur Group. He managed the sale of Saur by Bouygues to PAI partners, then by PAI partners to a new group of shareholders led by Caisse des Dépôts et Consignations.

He was named Chief Financial Officer of the Bouygues Group in September 2007.

On February 18, 2009 Philippe Marien was appointed Chairman of Bouygues Telecom's Board of Directors, replacing Philippe Montagner.

Director of TF1 since February 20, 2008 as standing representative of Bouygues

most recent renewal: April 17, 2009, expiring 2011

Member of the Audit Committee of TF1

Member of the Compensation Committee of TF1

Address: 32, Avenue Hoche – 75008 Paris

Current appointments

Chairman of the Board of Directors of Bouygues Telecom SA

Director of Bouygues Telecom SA

As standing representative of Bouygues, Director:

- Colas SA,
- Alstom SA,
- Bouygues Construction SA,
- Bouygues Immobilier SA.

Managing Director of SCDM SAS,

Liquidator of the investment company Finamag,

Other appointments held within the past five years

Standing representative of Bouygues, Director of Bouygues Telecom SA – (25/02/2008 – 18/02/2009)

GILLES PÉLISSON

Born May 26, 1957

Graduate of ESSEC and holder of an MBA from the Harvard Business School, Gilles Pélisson started his career in 1983 with the Accor Group, first in the United States and then in Asia-Pacific. At Accor he served as the co-Chairman of the Novotel hotel chain. He was named CEO of Euro Disney in 1995 and Chairman and CEO in 1997. He moved to the Suez Group in 2000 and then to Bouygues Telecom, where he served as CEO before being appointed as Chairman and CEO (a position he held from February 2004 to October 2005).

Director of TF1 since February 18, 2009

most recent renewal: April 17, 2009, expiring 2011

Holds 3,000 shares in TF1

Address: 2, Rue de la Mare Neuve - 91000 Evry

Current appointments

Chief Executive Officer, Accor

Vice Chairman and Member of the Supervisory Board of the Lucien Barrière SAS group

Chairman of foundation Accor

Director:

- Accor SA,
- BIC SA,
- Accor Partecipazione Italia (Srl) Segrate, Italy,
- Sofitel Italia (ex: Sagar) (Srl) Milan, Italy,
- Accor Hospitality Italia (Srl) Milan, Italy,
- Global Business Coalition on HIV/AIDS, Tuberculosis and Malaria, Inc. New York (USA),
- Representative of Accor on the Supervisory Board of Lenôtre SA (member of the Management Board and the Supervisory Board),
- Representative of Accor on the Board of Directors of ASM SA.

Other appointments held within the past five years

Chief Executive Officer, Accor (09/01/2006 – 24/02/2009)

Chairman of the Supervisory Board of Essec until 01/04/2009

Director, Scapa Italia (28/04/2006 – 10/10/2007)

Director, Club Méditerranée (14/03/2006 – 30/06/2006)

Chief Executive Officer, Bouygues Telecom (19/02/2004 – 12/12/2005)

Director, Bouygues Telecom (23/04/2003 – 12/10/2005)

Director, Réseau Clubs Bouygues Telecom – RCBT (13/04/2005 – 24/11/2005)

Director, TPS until 27/06/2005

HAÏM SABAN

Born October 15, 1944

Haïm Saban began his professional career in Israel as a concert organiser, an activity he pursued until 1973. He then launched a business in France as a record producer, with his first successes coming from the original soundtrack albums of hit television series such as Goldorak, Starsky & Hutch and Dallas.

In 1983 he produced the song "*Si la Vie est Cadeau*", sung by Corinne Hermès, which won the grand prize of the Eurovision Song Contest for Luxembourg.

He then emigrated to Los Angeles where he imported Japanese *anime* cartoons, triumphing in 1993 with the Power Rangers, an adaptation of a Japanese *sentai* series.

In 1995 he formed a joint undertaking with Rupert Murdoch to launch the *Fox Kids* network, which was sold to the Disney Group in 2001. The musical catalogue of Saban Entertainment remains the property of Haïm Saban.

In 2003 he successfully bid to acquire the insolvent German media conglomerate, the Kirch Media Group, becoming the principal shareholder of a consortium managing Sat.1 and ProSieben.

In 2006, he led a group of investors in the acquisition of Univision Communications, the largest Spanish-language media group in the United States, comprising 3 national networks, 63 television stations, 70 radio stations, and the most popular Spanish-language website in the United States.

Director of TF1 since April 23, 2003

most recent renewal: April 17, 2009, expiring 2011

Holds 100 shares in TF1

Address: 10100 Santa Monica Boulevard, Los Angeles, California - USA

Current appointments

Chairman and Managing Director, Broadcast Media Partners Inc. and Univision Communications, Inc., Los Angeles,

Chairman & Director, Saban Charitable Support Fund, a support fund of the Jewish Community Foundation, Inc., Los Angeles

Managing Director and Director of:

- Saban Capital Group (FKA KSF Corp.), Inc., Los Angeles,
- Saban Music, Inc., Los Angeles,
- German Media Partners Management LTD, Inc., Los Angeles,

Managing Director and member of the Executive Committee of German Media Partners LP, Los Angeles

Director and Treasurer:

- Saban Family Foundation, Inc., Los Angeles,
- 50 Ways to Save Our Children, Inc., Los Angeles,
- Women's Self Worth Foundation, Inc., Los Angeles.

Director of:

- SCG Investment Holdings (FKA Titanium Acquisition Corporation), Inc., Los Angeles,
- The DirecTV group, Inc., El Segundo,
- National Mentoring Partnership, Inc., Alexandria Virginia.

Director of the Management Committee:

- The Brookings Institution, Inc., Washington,
- Friends of the Israel Defense Forces, Inc., New York.

Other appointments held within the past five years

Chairman & Director, Prosiebensat. 1, Media AG – (2003 – March 2007)

Member of the Executive Committee of GT Brands Holdings, (2003–2005)

JEAN-PIERRE PERNAULT

Born April 8, 1950

A graduate of *École Supérieure de Journalisme* in Lille, Jean-Pierre Pernaut joined the ORTF in 1972 as a reporter and newscaster. In 1975 he became the editor-in-chief and presenter of TF1's late-night news broadcast, *23h*. From 1978 to 1980 he co-anchored the midday news programme, *Journal de 13h*, with Yves Mourousi. He rejoined the show in February 1988 and continues to present the news today, 22 years later.

For the past 20 years Jean-Pierre Pernaut has also been the Deputy Director for Information and a Director of the TF1 Group.

In 1991 he created the programme "*Combien ça coûte*", which is still broadcast today as "*Combien ça coûte, l'hebdo*".

Jean-Pierre Pernaut has received five "Golden Seven" awards for his presentation of the *Journal de 13h*. In 1999 he was awarded the Roland Dorgeles prize, which recognises audiovisual professionals who have done the most to preserve the French language.

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

most recent renewal: April 17, 2008, expiring 2010

Holds 49,402 shares in TF1

Address: 1, Quai du Point du Jour – 92100 Boulogne Billancourt

Current appointments

None

Other appointments held within the past five years

None

CÉLINE PETTON

Born February 20, 1971

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

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

most recent renewal: April 17, 2008, expiring 2010

Holds 10 shares in TF1

Address: 1, Quai du Point du Jour – 92100 Boulogne Billancourt

Current appointments

None

Other appointments held within the past five years

None

PROPOSALS FOR THE COMPOSITION OF THE BOARD OF DIRECTORS SUBMITTED TO THE COMBINED GENERAL MEETING OF APRIL 15, 2010

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 15, 2010 is asked to ratify the decision of the Board of Directors, at its Meeting on February 17, 2010, to appoint Claude Berda as Director, replacing an outgoing Director, Patrick Le Lay for the remainder of Mr. Le Lay's term of office.

RENEWAL OF THE TERM OF OFFICE 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 15, 2010 is ask to renew, for a period of two years, the term of office of Alain Pouyat.

2.1.2 Composition of the Board committees

Each of the committees is governed by the Board's rules of procedure. The members of the committees are appointed by the Board of Directors and are chosen both for their experience and for the specific skills needed to carry out the duties of each committee. In particular, members of the Audit Committee have sound accounting and financial expertise by virtue of their training and duties.

AUDIT COMMITTEE

Since April 17, 2010 (renewal), it is made up of Patricia Barbizet, Chairman, and Philippe Marien.

COMPENSATION COMMITTEE

Since April 17, 2010, it is made up of Patricia Barbizet, Chairman, and Philippe Marien.

DIRECTOR SELECTION COMMITTEE

Since April 17, 2010 (renewal), it is made up of Martin Bouygues, Chairman 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

ROLE OF THE BOARD OF DIRECTORS

The natural place of the company's Board of Directors is alongside its senior managers and shareholders. The Board plays a key role in determining the strategy and key policies of the company and the Group; it also monitors implementation of those policies and scrutinises the company's business practices.

The Directors deliberate the governance of the company while ensuring that essential requirements are met, i.e. compliance with legislative provisions, equal treatment of shareholders, and boardroom efficiency.

Since TF1 was privatised in 1987, and in the interest of its shareholders, TF1 and its Directors have innovated by setting down rules that have since been incorporated into current recommendations on corporate governance and that are considered as standard corporate governance practices, such as creating a Compensation Committee and setting a two-year term of office for Directors and the Chairman and CEO.

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

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

In 2007, the Directors took account of the recommendations on the compensation of executives of listed companies, issued on January 9, 2007 by *Mouvement des Entreprises de France* (MEDEF) and *Association Française des Entreprises Privées* (AFEP). The Board of Directors has decided to comply to these recommendations into its own rules of procedure and those of the Selection Committee.

In 2008, at the February 20 Board Meeting, the Directors again added to the rules of procedure by:

- arranging for the Board to determine the number of bonus shares or option shares that the Chairman of the Board and the CEO are required to hold throughout their term in office. This provision was first applied for a deferred option grant voted at the same Meeting,
- adding provisions prohibiting grants of options or bonus shares on the departure of an executive and the use of risk hedging for the purpose of exercising options or selling bonus shares.

In November 2008 the Directors again expanded the rules of procedure by aligning itself with the Corporate Governance Code resulting from the consolidation of the combined reports of AFEP and MEDEF of October 2003, January 2007 and October 2008.

The Directors are responsible for ensuring that they have the resources and information needed for the decision-making process. Recommendations are made after due deliberation and decisions are taken on a collegial basis. For major projects, the Board may ask some of its members to form ad hoc committees in order to approve projects and assess the impact they have on the Group's accounts and financial position.

The rules of procedure describe the operating methods, powers, duties and assignments of the Board and its committees; they also set the principles for the annual assessment of how the Board works.

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

The rules of procedure are available on the company's website at www.tf1finance.fr

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

Each year, in accordance with the AFEP / MEDEF report, the Directors scrutinise boardroom practices particularly with regard to operating procedures. They assess the Board's actual role and whether it is appropriately organised; and they do the same for its committees.

The rules of procedure stipulate that a Selection Committee should periodically address issues relating to the membership, organisation and operation of the Board with a view to making proposals to it.

Each year the Board of Directors assesses its composition. To prepare this assessment, a detailed questionnaire is sent in advance to all Board members.

In the latest assessment, the Directors' responses expressed a positive or very positive assessment of the operation and membership of the Board, in terms of agenda content, informational quality and the conduct of Meetings.

The information received on most issues was judged very satisfactory. The members of the Board were particularly satisfied with the information they received on the activities the TF1 Group and on accounting, financial, and legal matters. The quality of dialogue with senior management was also appreciated. By contrast, some Directors expressed the view that information and debate on some topics – long-term strategy, sustainable development, risk management and mitigation, R&D – could be expanded.

A suggestion was made with regard to adding more independent Directors to strengthen the Board.

In accordance with the decision taken at the Meeting of the Board of Directors of November 13, 2008 and announced in a press release on December 23, 2008, TF1 has aligned itself with the Corporate Governance Code published in December 2008 by AFEP and the MEDEF.

This Code is available on the MEDEF website at www.medef.fr.

Some of the provisions were set aside because they were not appropriate to the way the company operates, given the specific circumstances arising from Act 86-1067 of September 30, 1986 on freedom of communication and privatisation. Thus:

- five Directors represent Bouygues, the principal shareholder,
- two Directors, Céline Peton and Jean-Pierre Pernaut, represent the staff and are selected by electoral colleges of employees as provided in Article 66 of the Act of September 30, 1986.

In accordance with paragraph 8 of Article L. 225-68 of the French Commercial Code, this report specifies the provisions of the AFEP / MEDEF recommendations that have not been implemented. They concern Meetings of external Directors without the presence of internal Directors; committees composed of at least three members; and the number of independent Directors. The reasons for setting aside these provisions are:

- 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 account of the fact that, under the Privatisation Act of September 30, 1986, a group of acquirers led by Bouygues was assigned 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 as regards continuity of operations at TF1. This is why Bouygues determines the governance policy of TF1.

The Board of Directors pays particular attention to the skills and experience of each of its members, as well as their knowledge of the Group's business lines, which enable them to participate effectively in the Board's work.

In accordance with the AFEP / MEDEF Code of Corporate Governance, the Board of Directors examined the situation of each of its members with regard to the Code's independence criteria. It paid particular attention to Directors holding or having held directorships in the Bouygues to ascertain whether these duties were such, either because of their importance or nature, that the Director's independent judgement might be affected or that he or she might face a real or potential conflict of interest.

The Board judged that Patricia Barbizet and Gilles Pélisson had the skills and freedom of judgment necessary to carry out their duties. Accordingly, Ms Barbizet and Mr. Pélisson are deemed to be independent Directors, alongside Haïm Saban, another independent Director.

The Directors are considering opening up the Board to other independent Directors.

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

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

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

The expertise and matching skills of the Directors, as well as their involvement, ensures a high standard of discussion and deliberation within the Board. The Board of Directors is balanced, diversified and accountable.

The Board has not appointed any non-voting Directors.

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

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

ORGANISATION AND ACTIONS OF THE BOARD OF DIRECTORS

The remit of the Board of Directors is to:

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

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

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

Moreover, each Director may provide supplementary information on his or her own initiative. And the Chairman and CEO is permanently available to the Board to provide explanations and substantive information.

Each Director has one vote. In the case of a tie, the Chairman of the Meeting has the casting vote. The employee representatives designated by the works council, the General Counsel, the Director of Finance and Administration, the Director of Human Resources, and the Director of Legal Affairs, who are in charge of General Counsel all attend Board Meetings. The Statutory Auditors are invited to all Board Meetings convened to examine the financial statements.

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

In 2009 the TF1 Board of Directors met seven times. Its main decisions were:

- February 18: approval of the 2008 financial statements, strategy, major broadcasting contracts, financing, corporate governance and preparation of the General Shareholders' Meeting,
- April 17:
  - first session: planning, growth, strategy,
  - second session: appointment (renewal) of Nonce Paolini as chairman and CEO after the decision of the Board not to separate his functions; appointments to Board committees,
- May 13: review of first-quarter 2009 accounts, business development,
- May 27: growth, strategy,
- July 24: review of first-half 2009 accounts, major broadcasting contracts,
- November 10: review of third-quarter 2009 accounts, analysis of sales and estimated results for 2009, three-year plan, development and strategy, sale of stake in Canal +, review of a rights acquisition contract, assessment of the Board, sustainable development and social environment for the Group.

COMBINATION OF THE DUTIES OF CHAIRMAN OF THE BOARD AND CEO

At the Meeting of July 31, 2008 the Board of Directors voted to discontinue the separation of duties of the Chairman and the Chief Executive and appointed Nonce Paolini as Chairman and CEO of the Group. The Board approved the decision not to separate these functions at its Meeting of April 17, 2009.

That decision has proven a factor that contributes to efficient governance, notably in view of the organisation of the TF1 Group, based on a TF1 senior Management Committee and a group senior Management Committee, which meet alternately every week with 14 or 22 members. They coordinate the implementation of strategic policies and monitor the achievement of objectives.

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

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

POTENTIAL CONFLICTS OF INTEREST

Article 5 of the Board's rules of procedure specifically raises the issue of conflicts of interests: "Directors shall inform the Chairman of the Board of any conflict of interest, even potential, between their duties to the company and their personal interests and / or other duties; and they shall abstain from voting on any matter directly or indirectly concerning them".

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

OTHER INFORMATION

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

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

With the exception of the employment contracts of the employee representatives, none of the members of the Board of Directors (who are natural persons) is linked to TF1 or to any of its subsidiaries by a service contract that provides for the granting of benefits.

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

Directors have been informed of the obligation that came into effect on November 25, 2004, to declare any dealings in TF1 shares undertaken by themselves or by connected persons. Such dealings must be reported within five days of the trade in accordance with Article 222-14 of the General Regulation of the French securities regulator, *Autorité des Marchés Financiers* (AMF). TF1 reports this information, which includes the individual's name, to the AMF and makes it public in a press release.

BOARD COMMITTEES

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

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

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

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

AUDIT COMMITTEE

The Audit Committee was created on February 24, 2003 (as the Accounts Committee) with a remit to monitor issues relating to the preparation and control of accounting and financial information. Its main duties are to monitor:

- the process for preparing financial disclosures and, hence, to:
  - examine the parent company accounts and consolidated financial statements at least two days before they are presented to the Board,
  - ensure the appropriateness and consistency of the accounting methods adopted to prepare the accounts,
  - examine the internal control procedures for the preparation of the financial statements, with the assistance of internal departments and competent advisors,
  - examine changes that may have a material impact of the financial statements,
  - examine the principal estimates and judgments and options for closing the accounts, as well as the main changes in the consolidation,
- the effectiveness of the internal control and risk management systems,
- controlling the audit of the consolidated and parent company accounts by the Statutory Auditors,
- the independence of the Statutory Auditors, and hence to,
  - examine in detail the fees paid by the company and its group to the Statutory Auditors and check that the proportion of these fees on the balance sheets of each audit firm will not affect its independence,
  - direct the procedure for selecting the Statutory Auditors and renewing their commitment,
  - make a recommendation on the Statutory Auditors proposed to the General Meeting for commitment,
- to issue reports and recommendations to the Board of Directors on the foregoing matters, not only on a periodic basis and at the balance sheet date, but whenever a noteworthy event occurs.

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

The committee met four times in 2009 and once in the first two months of 2010. Each Meeting was attended by the Executive Vice President, Group Finance, the Accounting Director, the head of Internal Audit and the Statutory Auditors. The attendance rate was 100%. Minutes were taken of each Meeting and subsequently sent to the Directors.

COMPENSATION COMMITTEE

The Compensation Committee was formed in 1989 with a remit to:

- propose to the Board of Directors the compensation for corporate officers and the benefits of whatever kind made available to them,

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

The committee met twice in 2009 and once during the first two months of 2010. The attendance rate was 100%. In particular the committee prepared information for the Board concerning the compensation of the Chief Executive Officer as well as recommendations on granting options on TF1 shares in 2009. Minutes were taken of each Meeting and subsequently sent to the Directors.

SELECTION COMMITTEE

The Selection Committee was formed on February 24, 2003 with a remit to:

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

The committee met twice in 2009 and once in the first two months of 2010, with a 100% attendance rate. It gave its position on the renewal of directorships. Minutes were taken of each Meeting and subsequently sent to the Directors.

ATTENDANCE AT BOARD MEETINGS IN 2009

Patricia Barbizet – 100%

Martin Bouygues – 100%

Olivier Bouygues – 100%

Philippe Marien (Bouygues) – 100%

Olivier Roussat* (SFPG) – 100%

Patrick Le Lay – 100%

Nonce Paolini – 100%

Gilles Pélisson – 72%

Jean-Pierre Pernaut – 72%

Céline Petton – 100%

Alain Pouyat – 100%

Haïm Saban – 60%

* *Attendance rate since appointment.*

PROCEDURES FOR PARTICIPATION OF SHAREHOLDERS IN THE GENERAL MEETING

Detailed procedures for the participation of shareholders in the General Meeting are provided in Article 21 of the Articles of Incorporation. They are also published in Part 6, "Legal Information".

DISCLOSURES UNDER ARTICLE L. 225-100-3 OF THE FRENCH COMMERCIAL CODE

In accordance with Article L. 225-100-3 of the French Commercial Code, matters likely to have an impact in the event of a public offer are set forth below:

- capital structure: the information is provided in Part 3, "Management Report", under the table presenting the ownership structure,
- legal restrictions on the exercise of voting rights: Articles 7 and 8 of the Articles of Incorporation, published in Part 6, "Legal Information",
- direct or indirect shareholdings of which TF1 has knowledge, as provided in Articles L. 233-7 and L. 233-12 of the French Commercial Code. The information is provided Part 3, "Management Report", under the table presenting the ownership structure,
- the powers of the Board of Directors regarding the issuance and buyback of shares: the information is provided in Part 3, "Management Report", under the heading "Capital".

COMPENSATION OF THE EXECUTIVE DIRECTOR OF TF1 IN 2009

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

This chapter contains the reports required by the Commercial Code and the tables recommended by the Code of Corporate Governance issued by AFEP / MEDEF in December 2008 Code and by the AMF's December 22, 2008 recommendation on compensation of corporate officers of listed companies.

PROCEDURES FOR DETERMINING COMPENSATION FOR TF1'S EXECUTIVE DIRECTOR FOR 2008

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

Fixed compensation and benefits in kind

Nonce Paolini

The fixed compensation paid to Nonce Paolini has not changed since his arrival at TF1 on May 22, 2007, i.e. €700,000.

The in-kind benefits received by Nonce Paolini in 2009 remain unchanged, and consist of the use of a company car and the part-time assignment of a personal assistant and a chauffeur / bodyguard.

Variable compensation

Nonce Paolini

Nonce Paolini's variable compensation is based on the following indicators:

a) the consolidated net profit (group share) of Bouygues,

b) the consolidated net profit (group share) of TF1,

c) qualitative criteria.

Depending on their nature, these bonuses are individually weighted and capped. Overall, the variable compensation corresponding to the aggregate value of these bonuses is capped at 150% of fixed compensation.

Nonce Paolini's variable compensation for 2009 amounted to €510,230.

Nonce Paolini's fixed and variable compensation for 2009 for his duties as Chairman and CEO of TF1 totalled €1,210,230, 3.3% less than in 2008.

Other information concerning compensation and supplementary pension

Nonce Paolini

In addition to his duties as Chairman and CEO of TF1, Nonce Paolini was given an additional assignment by Bouygues in 2009. The assignment, which began on July 1, 2009 consisted in studying technological convergence between the Internet, the media industries and fixed and mobile telephony, and developing strategies and proposals for managing this convergence. He was paid 145,000 for this assignment in 2009.

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

TABLE 1 – SUMMARY OF COMPENSATION, BENEFITS IN KIND AND STOCK OPTIONS GRANTED TO THE EXECUTIVE DIRECTOR IN 2009, IN EUROS

Paolini Nonce - Chairman and CEO since August 1, 2008 *(in euros)*	2009	2008
Compensation paid by TF1 for the year (details in Table 2)	1,271,386	1,308,707
Compensation paid by Bouygues for the year (details in Table 2)	145,000	0
Value of options awarded during the year (details in Table 4)	829,035	334,830
Value of performance shares awarded during the year (details in Table 6)	0	0
TOTAL	**2,245,421**	**1,643,537**

TABLE 2 – COMPENSATION OF THE EXECUTIVE DIRECTOR

Paolini Nonce – Chairman and CEO since August 1, 2008 *(in euros)*	2009		2008	
	Amount due	Amount paid	Amount due	Amount paid
Fixed compensation	700,000	700,000	700,000	700,000
Variable compensation	510,230(1)	551,530	551,530(2)	96,515(3)
Other remuneration(4)	145,000	145,000	0	0
Directors fees(5)	55,696	55,696	52,140	52,140
Benefits in kind	5,460	5,460	5,037	5,037
TOTAL	**1,416,386**	**1,457,686**	**1,308,707**	**853,692**

(1) The variable compensation paid in March 2010 to Nonce Paolini for his service as CEO in 2009 was €510,230, 51.4% less than the maximum allowed (150% of fixed compensation), reflecting the performance of TF1 in 2009.

(2) As CEO of the TF1 Group from January 1, 2008 to July 31, 2008 and as Chairman and CEO from August 1, 2008 to December 3, 2008. The variable compensation paid in March 2009 was €551,530, 47.47% less than the maximum allowed (150% of fixed compensation), reflecting the performance of TF1 in 2008.

(3) This amount relates to the period from May 22, 2007 to December 31, 2007, during which Nonce Paolini was acting CEO of TF1. In 2007, the major part of variable compensation was funded by Bouygues Telecom, covering responsibilities undertaken between January 1, 2007 and May 22, 2007.

(4) Compensation paid for the assignment on technological convergence. This compensation is paid directly by Bouygues. The preceding information is provided in accordance with Article L. 225-102-1, paragraph 2 of the French Commercial Code (compensation paid by companies that exercise control or by controlled companies).

*(5) In 2008, this included €21,650 for TF1, €18,294 for Bouygues and €12,196 for Bouygues Telecom.
In 2009, this included €18,500 for TF1, €25,000 for Bouygues and €12,196 for Bouygues Telecom.*

TABLE 3 – DIRECTORS' FEES AND OTHER COMPENSATION RECEIVED BY NON EXECUTIVE DIRECTORS

Directors' fees for 2009 were allocated as follows:

- to each Director: the theoretical Director's fee is €18,500 per year, of which half is allocated on the basis of the Director's responsibility, and half on the basis of the Director's attendance at Board Meetings,
- to committee members:
  - Audit Committee: €2,250 per quarter to each member,
  - Compensation Committee: €1,350 per quarter to each member,
  - Selection Committee: €1,350 per quarter to each member,

Not all of the €350,000 available for Directors' fees was used in 2009.

Directors' fees totalling €255,587 were paid to Directors, as indicated below.

DIRECTORS' FEES PAID TO THE EXECUTIVE DIRECTOR

	Amounts paid in 2009 *(in euros)*	Amount paid in 2008 *(in euros)*
Nonce Paolini	55,696(1)	52,140(2)
TOTAL	**55,696**	**52,140**

(1) *Includes €18,500 paid by TF1, €25,000 paid by Bouygues and €12,196 paid by Bouygues Telecom.*
(2) *Includes €21,650 paid by TF1, €18,294 paid by Bouygues and €12,196 paid by Bouygues Telecom.*

DIRECTORS' FEES AND OTHER COMPENSATION PAID TO NON-EXECUTIVE DIRECTORS (IN EUROS)

Non-executive Directors	Amount paid in 2009	Amount paid in 2008
Barbizet Patricia	32,900	32,900
Bouygues Martin	23,900	22,358
Bouygues Olivier	18,500	16,958
Pélisson Gilles	16,650	0
Le Lay Patrick	38,500(3)	95,846(2)
Marien Philippe	32,225	22,423
Roussat Olivier	15,250	0
Pernaut Jean Pierre(1) (representing employees)	15,262	18,500
Petton Céline(1) (representing employees)	18,500	18,500
Pouyat Alain	23,900	23,900
Saban Haïm	17,575	15,416
TOTAL	**233,162**	**198,605**

(1) *Directors' fees due to employee representatives were paid to the trade unions CFTC (€15,262) and FO (€18,500).*
(2) *Includes €63,650 paid by TF1, €20,000 paid by Colas and €12,196 paid by Bouygues.*
(3) *Includes €18,500 paid by TF1 and €20,000 paid by Colas.*

The compensation received in 2009 by Martin Bouygues and Olivier Bouygues is mentioned in Bouygues' registration document.

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

2010

As at February 17, 2010, Nonce Paolini is TF1's only executive Director.

At their February 17, 2010 Meeting, the Board of Directors decided that no increase in fixed remuneration would be granted in 2010. The theoretical level and the criteria for allocating variable compensation will remain unchanged.

STOCK OPTIONS AND PERFORMANCE SHARES IN 2009

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

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

PRINCIPLES AND RULES FOR GRANTING STOCK OPTIONS AND BONUS SHARES

The 29th resolution of the Combined General Meeting held 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 corporate officers of TF1 or of companies or economic interest groupings directly or indirectly associated with TF1. To that end, the General Meeting delegated powers to the Board of Directors to set rules for stock option grants.

The 15th resolution of the Combined 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 given for a period of thirty-eight months and requires the beneficiaries of these shares to be employees and / or corporate officers of TF1 or of companies or economic interest groupings directly or indirectly associated with TF1. To that end, the General Meeting delegated powers to the Board of Directors to set rules for grants of bonus shares.

General rules applicable to grants of stock options and bonus shares

It should be noted that:

- stock options or bonus shares are granted to attract senior executives and employees and thereby to secure their loyalty, reward them and give them a medium- and long-term interest in the company's development, in the light of their contribution to value creation,
- more than 150 employees are beneficiaries under each plan. The beneficiaries are selected and individual grants are decided upon in accordance with each beneficiary's responsibility and performance, with particular attention paid to potential high-flyers,
- no discount is applied to grants of options and shares,
- a rule specifies the periods during which 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 earnings reports, and in the two trading days following each of these releases.

Specific rules applicable to corporate 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,
- hedging the risk relating to the exercise of stock options or the sale of bonus shares is forbidden,
- executives are obliged to retain a certain number of bonus shares or option shares until their term of office expires.

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

General information: characteristics of stock options

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

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

STOCK OPTIONS GRANTED TO OR EXERCISED BY THE EXECUTIVE DIRECTOR AND SALARIED DIRECTORS IN 2009

On February 18, 2009 the Board of Directors decided that 50,000 stock options would be granted to Nonce Paolini on March 20, 2009.

TABLE 4 – OPTIONS ALLOCATED TO EACH EXECUTIVE DIRECTOR

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

Name of executive Director	Plan number and date	Nature of option (purchase or subscription)	Valuation of options according to method used in consolidated financial statements	Number of options granted during the year	Exercise price	Exercise period
Paolini Nonce	TF1 plan no. 11 Date of Board Meeting February 18, 2009 Vesting date March 20, 2009	Subscription	0.86	50,000	€5.98	from March 20, 2012 to March 20, 2016
Paolini Nonce	Bouygues Plan Date of Board Meeting February 3, 2009 Vesting date April 1, 2009	Subscription	5.24	150,000	€25.95	from April 1, 2013 to September 16, 2016
TOTAL				200,000		

TABLE 5 – OPTIONS EXERCISED BY EACH EXECUTIVE DIRECTOR OF TF1 IN 2009

No options were exercised by the executive director of TF1 in 2009.

PERFORMANCE SHARES

TABLE 6 – PERFORMANCES SHARES ALLOTTED TO EACH EXECUTIVE DIRECTOR

No performance shares were granted by the company in 2009.

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

The company has not granted performance shares to Nonce Paolini. Regarding the performance shares granted to previous corporate officers, no such shares became available in 2009.

Since none of the performance criteria had been attained as at April 1, 2009, the performance-related shares granted under plan no. 9 are null and void.

TABLE 8 - STOCK OPTION ALLOCATION HISTORY

	Plan no. 7	Plan no. 8	Plan no. 10	Plan no. 11
Date of General Meeting	23/04/2002	23/04/2002	17/04/2007	17/04/2007
Date of the Board Meeting	24/02/2003	31/08/2004	20/02/2008	18/02/2009
Date of allotment	12/03/2003	16/09/2004	20/03/2008	20/03/2009
Total number of options available for subscription or purchase:	2,300,500	1,008,000	2,000,000	1,880,897
to corporate officers	*310,000*	*0*	*56,000*	*56,000*
PAOLINI Nonce	0	0	50,000	50,000
LE LAY Patrick	300,000	0	0	0
PERNAUT Jean-Pierre	10,000	0	6,000	6,000
to the 10 employees receiving the highest grants	*390,000*	*100,000*	*340,000*	*340,000*
Options exercisable beginning	12/03/2006	16/09/2007	20/03/2011	20/03/2012
Expiry date	12/03/2010	16/09/2011	20/03/2015	20/03/2016
Subscription or purchase price	€20.20 or €21.26 (1)	€23.46	€15.35	€5.98
Exercise procedures (when the plan includes several tranches)		Exercisable on 3rd anniversary. Negotiable on 4th anniversary		
Number of shares subscribed as of 31/12/2009	524,900	0	0	0
Total number of cancelled or lapsed options	118,000	122,500	84,500	0
Options outstanding at the end of the year	1,657,600	885,500	1,915,500	1,880,897

(1) The 5% discount was not applied to stock options awarded to executive Directors.

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

In view of the average TF1 share price in 2009, no dilutive impact has been taken into account.

Earlier matured plans:

- plan no. 1 lapsed on October 10, 2002,
- plan no. 2 lapsed on April 8, 2004,
- plan no. 3 lapsed on March 18, 2005,
- plan no. 4 lapsed on September 20, 2006,
- plan no. 5 lapsed on December 6, 2007,
- plan no. 6 lapsed on December 11, 2008.

PLAN NO. 9: CONSIDERATION-FREE SHARE ALLOTMENT PLAN

- Date of General Meeting — April 12, 2005
- 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

Nature of share/existing share:

- 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
- Number of shares allotted: 176,400
  - with no conditions other than being a Group employee on March 31, 2008 — 176,400

    number of which can be subscribed or purchased by executive Directors — *82,500*

    to 10 employees receiving the most shares — *42,375*
  - subject to performance-related and market-related conditions — 0

The vesting period ran from March 8, 2006 to March 31, 2008 and the holding period from April 1, 2008 to March 31, 2010. Grantees can sell their shares as from April 1, 2010.

TABLE 9 – STOCK OPTIONS GRANTED TO OR EXERCISED BY THE TEN TF1 EMPLOYEES (NON-CORPORATE OFFICERS) RECEIVING THE HIGHEST GRANTS IN 2009

The ten TF1 employees (non-corporate-officers) who received the highest stock options grants in 2009 are the following:

Beneficiary	Number of options granted	Exercise price	Expiration date
Philippe DENERY	40,000	€5.98	March 20, 2016
Jean-François LANCELIER	40,000	€5.98	March 20, 2016
Jean-Pierre ROUSSEAU	40,000	€5.98	March 20, 2016
Laurent STORCH	40,000	€5.98	March 20, 2016
Arnaud BOSOM	30,000	€5.98	March 20, 2016
Pierre BROSSARD	30,000	€5.98	March 20, 2016
Jean-Michel COUNILLON	30,000	€5.98	March 20, 2016
Martine HOLLINGER	30,000	€5.98	March 20, 2016
Benoît LOUVET	30,000	€5.98	March 20, 2016
Gilles MAUGARS	30,000	€5.98	March 20, 2016

No options were exercised in 2009.

TABLE 10 – OTHER INFORMATION CONCERNING EACH EXECUTIVE DIRECTOR

	Employment contract(1)		Supplementary pension plan (see §1.3)(2)		Compensation or benefits due or likely to be due in connection with relinquishing or changing post(3)		Compensation related to a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
PAOLINI Nonce – Chairman and CEO since August 1, 2008	X		X			X		X

(1) Nonce Paolini has an employment contract with Bouygues SA, not TF1 SA.
(2) The supplementary pension is currently capped at eight times the annual upper limit for social security contributions.
(3) Golden parachutes: neither the company nor its subsidiaries have made any commitment or promise to allocate departure compensation either for the executive Director or for salaried Directors.

The executive Director who has an employment contract with the parent company is subject to the collective bargaining agreement for construction company executives in the Paris region. Nonce Paolini is entitled to the compensation provided for under that agreement if his employment contract is terminated.

2.2.2 Chairman's report on internal control procedures

INTRODUCTION

BACKGROUND

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

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

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

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

INTERNAL CONTROL OBJECTIVES

To analyse its internal control system and prepare its report on internal control procedures, TF1 has used since 2007 the internal control framework published on January 22, 2007 subsequent to the work carried out by the task force set up by the French securities regulator, the AMF.

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

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

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

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

INTERNAL CONTROL: GENERAL PRINCIPLES

ORGANISATION AND OPERATING PROCEDURES

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

Organisation

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

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

As Chairman and CEO of the TF1 Group, Nonce Paolini has line and staff responsibility for implementing the strategy established by the Board of Directors for Group activities. Specifically, he arranges for internal control systems to be implemented in the Group. For this he is supported by the Executive Committee, which comprises the Directors of each Group division and functional Directors and meets twice a month. The Executive Committee enables the CEO to pass along the key internal control policies and to make each member accountable for implementing and monitoring the internal control systems in their area of responsibility.

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

Objectives

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

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

The process of developing the three-year plan also implies a structured approach aimed at ensuring the quality of the objectives. The approach is organised by the TF1 SA Financial Control and Strategic Planning Division, in consultation with the Strategy, Organisation and Marketing. The plans from the various TF1 Group entities and companies are subject to a validation process chaired by the Finance Division (DGAF).

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

Rules and principles

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

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

Similarly, in 2006, TF1 joined the United Nations' Global Compact, demonstrating its determination to adopt and promote respect for the principles and values of human rights, environmental protection, working standards and the fight against corruption.

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

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

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

Since 2007 the TF1 Group has followed an approach initiated by Bouygues for its main business lines, including TF1. The purpose is to build an internal control system based on the AMF reference framework and incorporating the best practices which, for the past several years, the Group has committed itself to follow in each of its businesses.

This approach involved establishing a structured organisation made up of two working groups with representatives from each business line, which initially met every month. These groups cover:

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

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

This effort culminated in identifying and determining simple, measurable control principles covering the company's key businesses. In 2008 these common principles were subjected to a validity and appropriateness test covering a suitable scope to verify their assessment potential. The working groups continue to meet regularly to organise the monitoring of the system and to adapt it in response to regulatory requirements or when significant complementary principles emerge from assessment campaigns.

The introduction of this common system was a first step, which was supplemented at end-2008 by internal control principles specific to TF1's business and environment. The project progressed in 2009, with an initial internal control assessment campaign whose scope reflected both the scale of the TF1 Group's sales and the issues and risks specific to its businesses. This initiative is closely linked to work on risk mapping, with the two processes reinforcing each other.

The first assessment campaign was conducted in 2009 using a rigorous and uniform self-assessment methodology. In each entity, the person normally in charge of the process established and produced supporting arguments for the assessment, and then submitted it for approval by a person in a position to provide a critical perspective on the outcome. The assessment had several components, including a numerical four-tier scale, a description of the operating procedures, a commentary on any discrepancies between operating procedures and best practices, and action plans for addressing these differences. The initial results of this campaign were presented to TF1's Audit Committee.

Although still in its early stages, the campaign for assessing TF1's internal control systems has been well received, and the Group plans to develop it rapidly. The Group's internal control principles have been made available to the staff of the Finance Division on a collaborative portal containing procedural guides and other materials containing information for business lines.

Beginning in 2010 an additional organisational structure and appropriate tools will be deployed progressively in the second stage of the assessment campaign, with the aim of extending the programme systematically to the entire Group on the mid-term.

INTERNAL DISSEMINATION OF INFORMATION

To ensure that staff receive information on the Group and its development, the Human Resources and Internal Communications Division distributes a magazine, *Regards*, issued three times each year, and a monthly newsletter called *Coups d'Œil*.

In addition, an intranet portal, *Déclic*, helps employees understand the environment in which they and the Group operate. It enables them to obtain information on the Group (organisation, programmes, etc.) and material about the audiovisual sector published in the press, and also find out about opportunities for promotion and training, common operating procedures, and the intranet sites of the other companies in the Group or the parent company.

The tool also enables managers to gather the information necessary for managing their teams, notably on skills training or for preparing annual performance appraisals.

Other ways of passing on and sharing information on trends, topical issues and Group strategy are the employee conventions organised from time to time, the introduction in 2007 of an annual conference, and the monthly and quarterly committee Meetings of the TF1 Group's top managers.

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

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

Work on applications for financial and accounting data is carried out in close cooperation with the Accounting and Tax Division, the Financial Control and Strategic Planning Division and the Treasury and Financing Division.

RISK MANAGEMENT

TF1's risk management system has two major components:

- control of operational risk:
  - **a general approach to risk management** focused on quality, security, environmental factors and sustainable development. Part of the framework established by the Bouygues Group, TF1's approach involves two committees composed of representatives of the Group's business lines, which meet regularly to discuss these issues,
  - **a business continuity approach** initiated in 2004 specifically targets the identification of major risks that could affect day-to-day business. The goal is to develop a decision-making system for crisis management, along with a process for its implementation. The initial work on this programme led to the creation of the "Réagir" programme, which seeks to devise and regularly update plans for restoring business-critical processes

after an incident. In 2009, in addition to conducting regular tests of processes and rescue tools, the Réagir plan was updated to include an H1N1 flu scenario,

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

- a system for mapping risks systematically:

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

  This was followed in 2009 by the development of a risk ranking system and an operational overview of the principal risks to which the TF1 Group is exposed. These risks are monitored regularly by committees whose task – in addition to identifying emerging risks – is to manage the resources allocated to risk management.

  The main risks and the systems designed to control them are described below in section 2.2.3 of this report, "Risk factors", which also describes the Group's policies concerning insurance. Financial market risks (interest rate and foreign exchange risk, etc.) are also covered in paragraph 29 of the notes to the consolidated financial statements.

  The main business risks that TF1 has identified and seeks to cover on a constant basis are those linked to major processes, i.e. acquisition and compliance control of audiovisual content, and control of broadcasting and activities.

Procurement processes

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

TF1 set up a Purchasing Division in November 2007 to establish policies for optimising the procurement process across all the business units, following the procurement guidelines of the Bouygues Group. Developing framework contracts and supplier listing agreements at the level of the TF1 Group should generate economies of scale and improve management of the procurement and supplier-relation processes.

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

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

It was in this spirit that TF1 decided at the end of 2007 to create an economic interest grouping, TF1 Acquisition de droits, in order to acquire rights for the Group's broadcasting companies. TF1 Acquisition de droits buys rights to feature films and series to meet the needs of the Group's channels. And it also sells programmes outside the Group to optimise inventory management.

Control of programme compliance

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

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

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

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

Control of broadcasting and activities

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

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

For several years, it has also been responsible for managing the identification, control and prevention of TF1's major risks. And it continues to analyse and manage risks operationally, for example through the "Réagir" committee.

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

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

In 2006 this back-up facility was improved when a digital process similar to that used at the main broadcasting facility was installed at a new external site. This installation and the associated procedures make it possible, if necessary, to switch over from the main site with no noticeable interruption of programmes. In 2008, all back-up resources were amalgamated at this single new external site.

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

The team in charge of this project also extended the range of risk factors to include health risks that could hamper normal operations. These risks have been quantified, their impact assessed, and the associated safety procedures tested. In 2009 the skills, procedures and preventive measures needed to address the threat of H1N1 flu were marshalled under the Réagir programme.

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

CONTROL ACTIVITIES

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

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

Finance Division (DGAF)

The Finance Division brings together the Group's financial departments and plays a supervisory role through the cross-functional procedures, methods and principles it disseminates Group-wide.

Accounts and Tax Division (DCF)

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

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

The DCF includes the TF1 SA Accounting Department and the Consolidation Department. It also gives functional guidance to the subsidiaries' Accounting Departments. Moreover, it helps to coordinate and constantly update the teams by setting and disseminating rules, procedures and methods applicable throughout the Group. The DCF applies the principle that the tasks of ordering and payment should be separate.

Treasury and Finance Division

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

- effective management of the Group's cash pool in euros and foreign currencies,
- payment security,
- consolidation and global management of interest rate and exchange rate risks,
- maintaining a level of skills equal to the complexity of the issues, and
- the delegation of powers to a limited number of employees who alone are authorised by senior management to handle a limited number of financial operations for all Group companies, based on authorisation thresholds and procedures.

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

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

Financial Control and Strategic Planning Division

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

The first year of the strategic plan represents a firm commitment to senior Group management on the part of the heads of the various entities.

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

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

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

Since 2008, each structure and each business generates a monthly dashboard which includes a monthly financial statement, an end-year forecast, and key performance indicators in the form of a 'cockpit'. Each entity presents its dashboard to the Financial Control Department in Meetings scheduled on a calendar established at the beginning of each year

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

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

In 2009 this approach was used in certain subsidiaries. In 2010, the use of cockpits will become systematic in all of the Group's entities in order to capture all existing performance vectors at all levels of operational responsibility.

Human Resources and Internal Communication Division

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

It monitors compliance with the French Labour Code and changes in labour policy in conjunction with the various employee representative bodies. It also coordinates the Group's professional training, which has the objective of developing the technical, interpersonal and managerial skills required in the exercise of each employee's responsibilities. TSI cares about developing the skills of its staff, and encourages labour mobility between companies in the Group. Thus, in 2009, one out of every two positions was filled through internal mobility.

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

To adapt the Group to its changing economic environment, TF1 has launched a programme called "Reinvent Our Future". This programme harnessed the efforts of the company's 500 senior managers to promote the Group's strategy using 'road maps' developed in a series of ten seminars which they attended together. They then used the road maps to develop their long-term action plan and to motivate their staff.

General Secretariat and Legal Affairs Department

The Group General Secretariat coordinates the following two functions:

- the Legal Affairs Division (DAJ), which is responsible for:
  - determining and supervising the application of policy on contracts in the Group,
  - for monitoring the various aspects of company law (including the secretariat of Board Meetings and General Meetings) and development within the Group,
  - for court proceedings and litigation. Legal risks and litigation are closely coordinated with the Finance Division to ensure that they are properly reflected in the financial statements, and
  - risk management, insurance and property matters: the DAJ ensures that coverage is adequate and that premium and deductible levels correspond to the risks in question,
- the Institutional Relations and Regulatory Affairs Department, responsible for coordinating relations with external organisations and authorities ensuring that TF1's regulatory obligations are satisfied.

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

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

MONITORING SYSTEMS

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

Audit Committee

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

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

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

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

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 earnings and financial and net asset statements in accordance with accounting rules and principles. In so doing, they are made aware of the organisation and operation of the information systems and internal control procedures with regard to accounting and financial information, which they take into account in their audit activity.

Internal Audit

Since 2004, the TF1 Group has had its own Internal Audit Department, which carries out assignments in the different group entities and in various areas (finance, operations, organisation), except for missions relating to the reliability, security and use of information systems, which are the responsibility of the central audit unit of the Bouygues Group.

All of these missions follow an annual audit plan validated by the senior management and the Audit Committee of the TF1 Group. The missions relating to information systems are subject to an additional validation by the senior management and the Audit Committee of the Bouygues Group.

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 duties, Internal Audit verifies the application of internal control principles and rules, in collaboration with DCFPS and in addition to the latter's assessments. It contributes to raising employees' awareness of internal control issues.

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

PUBLISHED ACCOUNTING AND FINANCIAL INFORMATION CONTROL PROCESSES

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

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

FINANCIAL INFORMATION SYSTEMS

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

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

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

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

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

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 authorised persons,
- the electronic validation cycle for sourced and digitised invoices reflecting the commitments.

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

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

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

At the end of 2008, TF1 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 optimisation is to enhance cross-functional capabilities, harmonise the preparation of information, and facilitate the analysis of the data for all the TF1 businesses.

PROCESS OF PREPARING AND CONSOLIDATING ACCOUNTS

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

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

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

Process for quarterly closing of TF1's accounts

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

Using the Group's management applications, quarterly processing enables the accounting teams to validate and then automatically generate book entries in the accounting software, thus ensuring consistency between the results obtained from management and accounting processes.

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

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

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

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

Consolidation process

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

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

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

PROCESS FOR VALIDATING THE ACCOUNTS

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

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

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

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

PROCESS FOR MANAGING FINANCIAL DISCLOSURES

Besides the Chairman and CEO, only duly authorised persons may communicate financial information to the market. These include the Executive Vice President for Finance and the staff of the Financial Communications and Investor Relations Department. This department generates the activity summaries of TF1 and its subsidiaries for the Board of Directors. It distributes and communicates financial information on the TF1 Group and its strategy through, for example:

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

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

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

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

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

- information for an outside audience, once published, is put on line on the www.tf1finance.fr website. Anyone desiring this information can also request it from the Financial Communication service and obtain it free of charge,
- all press releases are published, at a minimum, in a national business daily, on a general-public financial website and on the AMF website. As of January 2007 TF1 complies with the European Union's Transparency Directive covering new reporting obligations,
- analysts Meetings and General Meetings are broadcast live and in full on the Internet or by telephone, with no access restrictions. A recording of these Meetings is posted on the Group's website,
- two people from the TF1 Group attend Meetings held abroad to ensure that accurate information is delivered with strictly equal access. The documents presented at these Meetings are published promptly on the www.tf1finance.fr website.

CONCLUSIONS AND OUTLOOK

In 2009 the TF1 Group launched its first campaign for assessing the application of its internal control system. The scope of the assessment was based on the Group's sales and its business lines. The campaign focused mainly on principles common to all the business lines in the Bouygues Group, but also examined some principles specific to TF1's businesses (broadcasting, acquisitions / programming / inventories, rights purchases, management of the programming schedule and inventories, copyrights, etc.).

TF1 also continued its work on risk mapping, developing a ranking of the risks identified in 2008 and 2009 and incorporating the management of action plans and the updating of risk assessments into the company's management cycle.

The Audit Committee was kept regularly informed of this work: both the work on assessing the application of internal control systems and the work on risk mapping and incorporating risk management and action plan monitoring in the management cycle.

The Group renewed and expanded its programme to optimise certain key processes within its organisation (rights acquisition, procurements, etc.) in order to gain in efficiency and cross-functionality between different entities. These initiatives will continue in 2010, with a major new project to develop a common information technology tool.

Since 2008 the Group has sought to make its financial information and human resources information systems more powerful, with the implementation of an enterprise resource planning system common to all these departments. This ERP tool will replace some of the IT applications currently being used in these areas.

This project, dubbed SIGMA, is being developed by a team which includes business line, IT, and technical staff. Its objective is to facilitate and streamline the preparation of information while optimising the Group's processes in human resources, finance and procurement.

SIGMA has been in development throughout 2009 and the first stage of application is schedules for 2010. It will begin with the Human Resources component, which will be launched in January – followed by the Finance and Procurement components in the second half of 2010 – in seven legal structures within the Group which are testing the pilot project.

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

2.2.3 Risk factors

OPERATIONAL RISK

RISK OF LOSING KEY PROGRAMMES

Thanks to the expertise of its artistic teams and its privileged, long-standing links with French and foreign producers, TF1 has always produced superior programming. The expertise of its broadcasting teams in programming and communication enable TF1 to place particular emphasis on these events. All these factors permit TF1 to reduce considerably the risk of losing key programmes, which would result in smaller audiences and – in the field of pay television – strained relations with the distributors of channels in a market which is increasingly limited to a handful of players.

Further, the loss of key programmes could lead to a decline not only in viewership but also in advertising revenue.

The level of advertising revenue is certainly correlated to a channel's viewership and share of the total audience, but that relationship is non-linear. A two-point decline in audience share would not necessarily in an equivalent fall in advertising market share or in gross or net advertising sales.

RISK OF NON-REIMBURSEMENT OF ADVANCES PAID

TF1 enters into long-term contractual commitments for major events, such as the French football championship, that involve advance payment for broadcasting rights. This exposes TF1 to the risk that advances paid will not be reimbursed if the event is totally or partially cancelled because of *force majeure.* TF1 negotiates clauses governing the reimbursement of advances, and considers hedging this risk whenever possible.

RISKS RELATED TO THE ECONOMIC CRISIS

TF1, like the rest of the global economy, has been affected by the 2009 economic crisis. The Group is pursuing its efforts to increase the proportion of variable costs and adapt its business model so that it will be able to react more swiftly the event of another downturn.

RISK MANAGEMENT POLICIES

The TF1 Group has established systems for monitoring and controlling risk across all businesses in the Group. These risk management policies are detailed in the Report of the Chairman on Corporate Governance and Internal Control in chapter 2.2.2.

To manage its operational risk, TF1 carries:

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

The Legal Affairs Division takes out policies with leading insurance companies on behalf of the TF1 Group.

The deductible for each of these policies has been set as a function of the risks incurred and the premium reductions available in order to optimise the overall cost of covering the Group's risks.

INDUSTRIAL AND ENVIRONMENTAL RISKS

INDUSTRIAL RISKS

TF1 programme broadcasting – Risk of interruption in signal transmission and execution risk

TF1's programmes are currently broadcast to French homes:

- by radio waves, via the 111 main transmission sites and 2,985 retransmission stations of TDF,
- by unscrambled satellite via an Eutelsat Atlantic Bird 3 transponder operated by Globecast,
- by radio waves in free Standard Definition DTT via the 112 main and 503 secondary transmission sites operated by TDF, TowerCast, OneCast, and ITAS TIM,
- by radio waves in free High Definition DTT via the 51 principal 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, and on Eutelsat's Atlantic Bird 3 in FRANSAT's offering,
- by cable (the cable operators' 'must-carry analogue' obligation at the expense of the cable operators) in Secam analog,
- by cable in digital Standard Definition,
- by satellite in Standard Definition digital in the packages offered by CanalSatellite (SES Astra 1) and AB (Eutelsat AB3),
- by ADSL and fibre optic cable in Standard Definition digital via all of the Internet access providers: Orange, Free, SFR, Bouygues Telecom and Darty,
- by cable, satellite, and ADSL in High Definition digital via a growing number of networks.

TDF is by far the leading national operator of television signal transmission, and at present no other company has an offering that is comparable to the network and technical resources of TDF.

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.

Multi-platform radio wave transmission (analogue, DTT Standard Definition DTT, and High Definition) will gradually reduce the impact of potential failures, since these networks are not connected to each other and use 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 occurred in the broadcasting of the TF1 signal for 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 (including loss of audience, impact on TF1's image, advertisers requesting reductions, loss of merchandising rights, etc.).

Furthermore, the current social climate brings a risk of vandalism that could have an impact on the transmission of TF1's signals. In 2009, there have been several minor service interruptions at transmission sites.

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. For this reason, TF1 has negotiated a deal to ensure that TDF's services intervene very quickly in the event of a failure in its digital transmission, and requested the strengthening of back-up measures. In view of the fact that analogue transmission is disappearing and will terminate definitively at the end of 2011, equivalent measures for analogue transmission is called for only in the case of the Eiffel Tower transmitter, the most strategic for TF1's analogue broadcasting.

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

RISK MANAGEMENT POLICIES

The "Réagir" Committee created in 2003 continues to work on monitoring and mitigating the major risks associated with the Group's key processes. It also keeps updated and regularly tests recovery plans that are triggered following an unusual event that results in an interruption in signal transmission or loss of access to the TF1 building. In 2006 the risk management organisation strengthened its resources and organisation.

A secure external backup site is operational for programme transmission, the production of televised news programmes (TF1 and LCI), and the development of advertising spots for the TF1 channel. 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 in order to adapt the system if necessary.

The external backup system underwent a technical modification in 2005 and 2006 involving the installation of a new backup central control room at a second external site, with the launching of the Digital Final Central Control Room. All of the backup resources were united at a single site at the end of the first quarter of 2008.

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

COMPETITION RISKS

Risks associated with growth in Digital Terrestrial Television and the Internet

(Source: Médiamétrie)

The TF1 Group operates in a constantly changing competitive environment. This change has been accelerated by:

- the development of Digital Terrestrial Television (DTT), and
- the gradual evolution in entertainment consumption behaviour due to the development of Web-based media, whose revenues will grow in coming years, in part from below-the-line budgets.

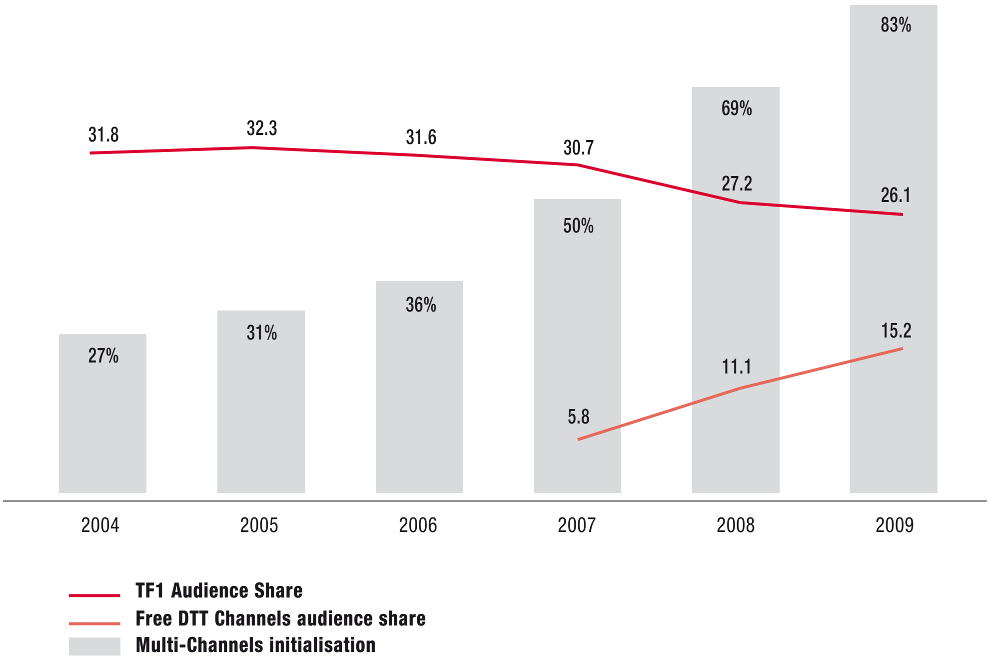
Launched in March 2005, Digital Terrestrial Television (DTT) marked the end of a television industry characterised by limited access to free-to-air terrestrial television in which the number of broadcasters with an analogue licence was limited to six.

The deployment of DTT has led to the emergence of new channels and split the television audience among a larger number of players. The audiovisual landscape is changing rapidly. In January 2007 40% of French households received multi-channel offerings; by the end of December 2009 that figure had risen to 88% (83% for the entire year 2009).

Amid this expansion in free television offerings, it would be normal to expect TF1's audience share to decline. On the contrary, the channel's audience has held relatively firm: while multi-channel offerings have increased by a factor of three in five years, TF1's audience share for individuals aged four years or more declined by only 5.7%: from 31.8% in 2004 to 26.1% in 2009. Meanwhile, the aggregate market share of DTT channels has increased from 5.8% in 2007 to 15.2% in 2009. TF1 is the only channel that continues to attract an audience of more than nine million viewers, and accounted for 96 of the 100 most-watched shows in 2009.

DTT market can therefore be considered as a mature market that is levelling off. The audiences attracted by the new entrants appear to be stabilising. Thus the Group considers that the risk of audience fragmentation is becoming less pronounced.

AUDIENCE SHARE FOR TF1 AND THE FREE DTT CHANNELS- INDIVIDUALS FOUR YEARS AND OVER (*IN %*)



With leisure time spent on entertainment – including television media – continuing to increase, the Group has consolidated the position of TF1 as leading channel by limiting the impact of these changes on its audience thanks to attractive programmes and also by positioning itself as a major player in DTT through its holdings in the top audience channel TMC and in NT1, and establishing the Internet site TF1.fr as the leading French media website.

Risk associated with the transition to digital transmission

One risk to the competitive environment stems from the reassignment of frequencies to new players. This is due to several factors. For example, licenses surrendered by some pay-TV DTT channels were put out to competitive tender, while some of the bandwidth resulting from the digital dividend was reallocated to broadcasting.

Risk associated with the change in the scope of the public sector

The change in the scope of the public sector, with the outsourcing of France Televisions' advertising to the private sector, is also likely to constitute a risk.

LEGAL RISK

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.

REGULATION RISK

Authorisation to transmit and enforcement power of the CSA

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

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

A law passed on March 5, 2007 to modernise 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 joint venture 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.

If TF1 fails to meet its contractual obligations, the CSA can, after giving formal notice, impose one of the penalties set forth in Article 42-1 of the Act of September 30, 1986, i.e. fines, a temporary ban (one month at most) on publishing, broadcasting, distribution of service, a category of programme, a part of the programme, or one or more advertising slots; or reducing the term of the authorisation to use frequencies within the limit of one year.

RISK ASSOCIATED WITH RECONSIDERATION OF THE ADVERTISING BAN ON FRANCE TÉLÉVISIONS

Article 53 of the Act of September 30, 1986 establishes the principle of a complete end to advertising on France Télévisions, the public service broadcaster, in 2012. However, there is currently some uncertainty as to the implementation of a total ban. On the one hand, the law provides for an assessment of the economic impact of a partial ban on advertising on France Télévisions before proceeding with a total ban. On the other hand, several members of parliament and politicians are currently raising the possibility of a total ban.

Other politicians and cabinet ministers have raised the possibility of increasing the tax in the event of a total ban on advertising on France Télévisions broadcasts.

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 (COPYRIGHT, RELATED RIGHTS)

After a lawsuit was brought against TF1 in 2007 by the SPPF, a non-commercial partnership of record producers, TF1 was sued by a second such partnership, the SCPP, in June 2008. These organisations dispute TF1's right to use recordings under the legal licence instituted in French law in 1985, and have demanded compensation for the damages they claim to have incurred in the period 1997 to 2005 (€33 million for SPPF and €57 million for SCPP). In connection with these suits, TF1 has asked the SPRE to reimburse the sums paid to it during this period in accordance with the legal licence and has brought third-party proceedings with audiovisual producers. Negotiations with all the organisations of this sector started in 2007, continued in 2008, and were completed in 2009.

The agreements signed as a result of these negotiations are intended both to settle past disputes on terms consistent with the provisions carried on the financial statements, and to agree on new arrangements for the future. The agreements, which pertain to legal licensing plus exclusive rights, cover all use of commercial music made in TF1 programmes (with the exception of music used in advertisements, films, audio visual works, and videos, which from the outset were not involved in the negotiations). The agreements also cover music used on the other Group channels, both for linear broadcasting and for non-linear broadcasting in the form of catch-up television.

The TF1 Group was affected by the pirating of content for which it held the rights. Legal action was taken in 2008 to put a halt to these acts and demand damages from platforms such as Dailymotion and YouTube. The corresponding proceedings, originally brought before the Paris commercial court have been transferred to the Paris court of first instance, which as the result of legislative amendments is now the only court with jurisdiction over copyright violations.

The TF1 Group also took legal action against the website Wizzgo, which offered an online video copying service. On November 25, 2008 that service was held to be illegal by the Paris court of first instance. Wizzgo appealed that decision, before being placed in liquidation on January 22, 2009. The companies of the TF1 Group filed their submission of claims with the liquidator in April 2009.

TF1 International, which on September 17, 2009, became TF1 Droits Audiovisuels, sued the US producer On My Own. TF1 Droits Audiovisuels complained that the version of the film "*Miracle at Santa Anna*" that was delivered to it did not satisfy the provisions of the deal memo signed with the producer in October 2007. The company thus applied to the Paris commercial court to cancel the deal memo for noncompliant delivery by On My Own and sought €3 million in damages. For their part, On My Own and Spike Lee (the film-maker) sued TF1 Droits Audiovisuels in the Paris court of first instance for non-performance of the deal memo; they demanded payment of the €7.3 million provided for in the memo, plus damages. All the proceedings have now been referred to the court of first instance. The parties are presenting their arguments and the court will hand down its ruling by end-2010 at the earliest. TF1 Droits Audiovisuels is also a party to the ancillary proceedings in this case.

RISK ASSOCIATED WITH CERTAIN REALITY TV SHOWS

Glem, which on January 1, 2009 became TF1 Production, TF1's audiovisual production subsidiary, is the subject of a number of proceedings concerning the programme *Île de la Tentation*. The plaintiffs are seeking not only to convert the "participation contracts" into "work contracts" but also to be recognised as "actors". In 2008 these cases resulted in diverging legal decisions. While three rulings of the Paris appeals court (11/02/2008) held that three participants in the programme were salaried employees of the producer, Glem, without however recognising them as actors, the Saint Étienne industrial tribunal ruled on 22/12/2008 against the existence of an employment contract.

Glem appealed the three decisions on a point of law.

In a decision handed down on June 3, 2009 the court of cassation held that there had indeed been an employment contract. However, it overturned the rulings of the appeals court insofar as the latter had accepted the existence of concealed employment even though the intentional nature of that concealment had not been demonstrated. The matter was referred to a court of appeal for retrial and the ruling should be delivered by the end of 2010.

Other proceedings are in process before the industrial tribunal of Boulogne Billancourt with regard to other seasons of *Île de la Tentation* and other candidates. The suits target other programmes to which TF1 has acquired the rights from external producers, such as *Koh Lanta*. Some of the plaintiffs have named the TF1 channel (as purchaser of the broadcasting rights), along with the producer of the programme, as possible "co-employers".

The tribunal has issued mixed rulings on the cases at bar. It has either (i) found against the producer, but for relatively modest sums (some €1,000 per plaintiff), rejecting the excess claims for "concealed employment", or (ii) referred the cases to arbitration. In any event, TF1 SA has not been the subject of any unfavourable ruling. In the rulings issued on September 15, 2009 the tribunal extended to *Koh Lanta* the solution applied to the *Île de la Tentation* case, while sentencing one of the plaintiffs, who had won his case, to repay TF1 the sums he had received.

A number of participants, dissatisfied with the sums obtained in the initial rulings, have lodged appeals. The Versailles appeals court will issue a ruling in the coming months.

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

While the financial impact of these cases is not nonexistent, it appears relatively limited in view of the most recent rulings. In light of recent legal precedents, however, the industry may reconsider the terms on which these reality shows are produced, and this could affect their costs.

RISK ASSOCIATED WITH COMPETITION RIGHTS

On January 12, 2009 TF1 received a statement of complaint from the French competition authority relating to practices in the pay television sector

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

On April 8, 2009 TF1 filed a brief contesting the charge. The agreements at issue had been referred to the finance ministry and authorised with regard to merger control. In any case, they are necessary to the economic balance of the channels and satisfy the conditions for an exemption.

The rapporteur responded to TF1's brief in a report dated December 4, 2009.

The competition authority is expected to render its decision in the first half of 2010. If it rules against TF1, TF1 runs the risk of a fine or a complete or partial challenge to the exclusive nature of the content shown on the channels concerned.

PROCESS OF ACQUIRING 100% OF NT1 AND THE 40% STAKE IN TMC HELD BY AB GROUP

The TF1 Group and AB Group signed an agreement on June 11, 2009 for TF1 to acquire 100% of NT1 and the 40% stake in TMC held by AB Group.

The deal was authorised by the French competition authority on January 26, 2010, on condition that TF1 complied with certain "behavioural commitments".

Commitments made by TF1

In its January 26 decision the competition ruled that the deal was likely to strengthen TF1's position on the markets for rights and advertising. To mitigate these anti-competitive risks, TF1 made a series of significant commitments to the authority.

The commitments were made as at the date of the authority's decision are to be implemented as soon as the decision is formally announced. They will remain in place for five years and may be re-examined at the request of TF1 or at the behest of the authority in the event of a material change in the de jure or de facto circumstances prevailing when the authority's decision was reached.

The commitments with regard to rights and audiences aim to facilitate the free movement of rights to the benefit of competing channels and to limit the possibility of rebroadcasting programmes to two non-scrambled channels at most.

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

In the advertising market, the measures aim to maintain the independence of advertising slots between TF1, on the one hand, and TMC and NT1 on the other hand. TF1 has undertaken in particular not to engage in any form of coupling, subordination, rebates or quid pro quos between its own advertising slots and those of TMC and NT1. It has also promised that TMC's and NT1's slots would be marketed by a company independent from the one that manages TF1's advertising unit.

An independent agent authorised by the competition authority will ensure that all these commitments are respected.

The commitments have been posted on the competition authority's website at http://www.autoritedelaconcurrence.fr/pdf/engag/10DCC11 commitmentsversionpublication.pdf

Non-compliance would lead to penalties under Art. L. 430-8 of the Competition Code.

The French broadcasting authority, CSA, examined the acquisition to see whether it complied with the Freedom of Communication Act of September 30, 1986. The CSA noted the plan respected the rules restricting mergers of digital terrestrial television (DTT) and asked TF1 to guarantee the pluralism and diversity of programming in the interests of television viewers:

- some of the commitments made to the competition authority will be included in the channels' agreements for the same duration (no cross-promotion; certain programmes already shown on by TF1 can be rebroadcast on only one of the two channels; ban on bidding for sporting rights for more than two non-scrambled channels),
- commitments will be made in terms of broadcasting regulation for the duration of the agreements (with a period review clause); these include:
  - extending TF1's production obligations (through a Group agreement) with a guarantee of original programming on TMC and NT1,
  - revising NT1's primetime slot from noon-to-midnight in 2010 to 6 p.m.-11 p.m. from 2011,
  - obliging TMC and NT1 to broadcast 365 and 456 hours, respectively, of original programmes yearly,
  - enhancing NT1's content with innovative programmes, cultural programmes and live shows,
  - allowing for early release of rights to audiovisual works at the last broadcast,
  - making NT1's programmes more easily accessible to persons with partial or total hearing disabilities.

The commitments that the TF1 Group has made to the two authorities do not call into question the economic and industrial appeal of this deal, which will given TF1 a prime position in free-to-air DTT.

The final agreement between TF1 and AB Group is due to be signed in the coming weeks.

RISK MANAGEMENT POLICIES

To manage legal risk, the TF1 Group carries civil liability insurance covering the consequences of TF1 or its current or future subsidiaries being found liable for damages caused to third parties. The amount of coverage is based on the risks incurred.

The Legal Affairs Division obtains this insurance contract for the TF1 Group from leading insurance companies.

The deductible for this policy has been set as a function of the risks incurred and the premium reductions available in order to optimise the overall cost of covering the Group's risks.

CREDIT AND COUNTERPARTY RISK

The Group has put in place policies to limit its exposure to counterparty risk, including the risk of not collecting on customer receivables in the context of its day-to-day activities and the risk of not being able to dispose of credit notes from its financial counterparties or that they will not honour their commitments to the Group.

The Group considers its exposure to be limited: the historical cost of this risk is not material, either in the aggregate or at the level of individual businesses.

DEBT COLLECTION RISK:

2009	Carrying value	Non past-due receivables	Past-due receivables			
(€m)			Total	< 6 months	From 6 to 12 months	> 12 months
Trade debtors	755.6	595.3	160.3	115.8	16.3	28.2
Provisions for trade debtors	(18.9)	(0.3)	(18.6)	(3.4)	(3.9)	(11.3)
Trade debtors, net	**736.7**	**595.0**	**141.7**	**112.4**	**12.4**	**16.9**
2008	**Carrying value**	**Non past-due receivables**	**Past-due receivables**			
(€m)			**Total**	**< 6 months**	**From 6 to 12 months**	**> 12 months**
Trade debtors	715.1	534.3	180.8	149.8	13.5	17.5
Provisions for trade debtors	(15.4)	(0.6)	(14.8)	(0.8)	(3.4)	(10.6)
Trade debtors, net	**699.7**	**533.7**	**166.0**	**149.0**	**10.1**	**6.9**

Advertising airtime

TF1 Publicité markets airtime on the media it controls (television channels, radio stations, and websites of the TF1 Group and other producers) to advertisers who have invested regularly over the years, thus giving concrete form to long-standing partnerships. The operating procedures of TF1 Publicité are well known to its customers. In particular, the payment of annual rebates in the form of credit notes issued at the beginning of the following year. The definitive acquisition of a rebate is subject to timely payment of invoices relating to the annual sales volume generated, which serves as the basis for calculating the rebate.

TF1 Publicité systematically requires that new advertisers pay in advance the full amount for any advertising order prior to broadcast.

For any advertiser who has experienced payment incidents, TF1 Publicité requires – in addition to payment in advance for future orders – the settlement of all unpaid bills. Failing this, the advertiser may be denied further purchases of airtime.

In addition to these procedures, the Credit Management Division regularly checks the financial health of advertisers, systematically initiates a graduated set of follow-up actions in cases of late payment, and investigates cases in the dispute phase in collaboration with COFACE.

Several measures – preventive reminders from the principal credit agencies before every payment date, penalties applied to marketing discounts in the cases of late-paid invoices, systematic interest charges for late payment – enable TF1 Publicité to keep the risk of non-payment by advertisers below 0.15% of the total annual billings (including sales tax).

Theme channels

Fees due from cable operators in France, principally Canal + and NC Numéricable, do not present a material risk of non-collection.

Eurosport has an effective process for collecting receivables from cable and satellite operators. The risk of unpaid bills is historically low, due to the process put in place to check the financial health of customers.

Other diversification activities

TF1 Vidéo and TF1 Entreprises use credit insurance to protect against the risk of customer non-payment.

The home shopping business conducted by Téléshopping does not present a major risk of unpaid bills, thanks to the practice of generally collecting payment before delivering goods or services.

There are no other material individual customer risks in the other subsidiaries of the Group that could have a lasting effect on the profitability of the Group.

Financial counterparties

For the investment of its liquid assets, the TF1 relies essentially on leading banking and financial counterparties (selected on the basis of credit ratings and other factors) with whom the Group has long-standing relationships, including financing commitments to the Group (see note 30 on liquidity risk).

FINANCIAL RISK MANAGEMENT STRATEGY

LIQUIDITY RISK

The Financing and Treasury Department is responsible for ensuring that the TF1 Group has access to adequate and sustainable sources of financing. This involves:

- daily multi-currency pooling of surplus cash held by all Group entities, to minimise the need for external funding,
- analysis and periodic updating of cash flow projections for all Group entities,
- negotiating and maintaining an adequate cushion of credit facilities, with phased maturities.

The Group assesses liquidity risk by reference to the global drawdown rate on its confirmed credit facilities (financing raised on the markets + confirmed bank facilities). The table below shows this rate at end 2009 and 2008:

(€m)	2009	2008
Debt	(506.6)	(723.8)
Cash and cash equivalents	579.4	19.4
Net cash / (debt)	**72.8**	**(704.4)**
Confirmed credit facilities	1,561.4	1,522.2
Drawdown rate	**0%**	**46.3%**

Over 2009 as a whole, the drawdown rate averaged less than 50%.

Credit rating

The TF1 Group has a credit rating from Standard and Poor's, which currently stands at BBB / stable outlook / A-2 (versus BBB+ / negative outlook / A-2 at end 2008). The year-on-year change in the rating reflects the economic and financial environment of 2008 and early 2009, in particular the marked deterioration in the advertising market during this period.

Confirmed credit facilities

At December 31, 2009, the TF1 Group had the following credit facilities available:

- a €500 million bond issue maturing November 2010,
- bilateral bank facilities of €1,060.5 million with maturities of between one and five years. These confirmed bank facilities are supplemented by a cash pooling agreement with the Bouygues Group. At December 31, 2009, these facilities were not being used. At December 31, 2008, €197 million was drawn down under the cash pooling agreement with the Bouygues Group,
- a residual finance lease obligation relating to technical installations.

The TF1 Group uses the various sources of financing that it has available, including bank financing (confirmed facilities, etc.) and financing raised on the markets.

2009	Authorised facilities			Drawdowns			
(€m)	Less than 1 year	1 to 5 years	Total	Less than 1 year	1 to 5 years	Total	Available facilities
Confirmed bilateral facilities	110.0	950.5	1,060.5	-	-	-	1,060.5
Finance leases	0.5	0.4	0.9	0.5	0.4	0.9	-
Bouygues cash pooling agreement	-	-	-	-	-	-	-
Sub-total	**110.5**	**950.9**	**1,061.4**	**0.5**	**0.4**	**0.9**	**1,060.5**
Bond issue	500.0	-	**500.0**	500.0	-	500.0	-
Total	**610.5**	**950.9**	**1,561.4**	**500.5**	**0.4**	**500.9**	**1,060.5**

2008	Authorised facilities			Drawdowns			
(€m)	Less than 1 year	1 to 5 years	Total	Less than 1 year	1 to 5 years	Total	Available facilities
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**

The bank facilities contracted by the TF1 Group are bilateral facilities that are not subject to financial ratios or trigger event clauses.

These facilities are spread among a significant number of banks, ensuring significant diversification of the Group's sources of financing. The drawdown rate for these facilities was zero at end 2009, compared with 19.3% at end 2008.

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:

2009		Residual contractual amount		
(€m)	Carrying amount	Less than 1 year	1 to 5 years	Total
Bond issue (including accrued interest)	501.4	522.0	-	522.0
Finance leases	0.8	0.5	0.4	0.9
Bank borrowings	0.5	0.5	-	0.5
Other financial liabilities	3.2	3.2	-	3.2
TOTAL	**505.9**	**526.2**	**0.4**	**526.6**

2008		Residual contractual amount		
(€m)	Carrying amount	Less than 1 year	1 to 5 years	Total
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
Other financial liabilities	201.8	4.2	197.6	201.8
TOTAL	**718.3**	**41.9**	**720.6**	**762.6**

The projected amount of available cash and the confirmed credit facilities available for drawdown are now sufficient to ensure that the TF1 Group will be able to redeem the bond issue when it matures in November 2010.

Investment of surplus cash

The TF1 Group exercises great care in choosing the vehicles in which it invests temporary or structural cash surpluses. Group policy requires such investment vehicles to be:

- liquid, i.e. immediately accessible (current accounts, interest-bearing sight deposit accounts, etc.), with a maturity of no more than 3 months,
- paid interest on the basis of money-market indices, with no capital risk other than counterparty risk,
- contracted with high-grade counterparties.

The table below shows how surplus cash was invested at December 31, 2009:

(€m)	2009	2008
Interest-bearing bank accounts	112.0	0.0
Bouygues Relais cash pooling agreement	447.6	0.0
Money-market mutual funds	0.2	0.0
Negotiable certificates of deposit	4.0	0.0
Other treasury current accounts	6.7	12.1
TOTAL	**570.5**	**12.1**

MARKET RISK

The TF1 Group manages its exposure to exchange rate and interest rate risk by using hedging instruments such as swap contracts, forward purchases and sales, and currency and interest rate options. Derivative instruments are used solely for hedging purposes and are never used for speculative purposes.

The Financing and Treasury Department manages currency and interest rate hedges centrally for the Group. It tracks the financial markets on a daily basis, and periodically updates the positions to be hedged after netting similar types of exposures between Group entities. It submits hedging scenarios to the Finance Department for approval; once they have been approved, it executes and administers the relevant market transactions.

Interest rate risk

The TF1 Group is exposed to interest rate risk as a result of its financing needs. The objective of the interest rate risk management strategy is to lock in a fixed rate, or to a guarantee a maximum rate for cost of net debt over the short and medium term.

Exposure and sensitivity to interest rate risk

The tables below show the fixed / floating split of financial assets and financial liabilities, by maturity:

2009	Financial assets		Financial liabilities		Net pre-hedging exposure		Hedging instruments		Net post-hedging exposure	
(€m)	Fixed	Floating	Fixed	Floating	Fixed	Floating	Fixed	Floating	Fixed	Floating
Less than 1 year	1.4	578.0	(502.1)	(4.0)	(500.8)	574.0	100.0	(100.0)	(400.8)	474.0
1 to 5 years	-	-	(0.5)	-	(0.5)	-	-	-	(0.5)	-
TOTAL	**1.4**	**578.0**	**(502.6)**	**(4.0)**	**(501.2)**	**574.0**	**100.0**	**(100.0)**	**(401.2)**	**474.0**

At December 31, 2009, the net post-hedging exposure was a €401.2 million debt position at fixed rate, and a €474 million asset position at floating rate.

2008	Financial assets		Financial liabilities		Net pre-hedging exposure		Hedging instruments		Net post-hedging exposure	
(€m)	Fixed	Floating	Fixed	Floating	Fixed	Floating	Fixed	Floating	Fixed	Floating
Less than 1 year	2.1	17.2	(3.6)	(24.7)	(1.5)	(7.5)	(300.0)	300.0	(301.5)	292.5
1 to 5 years	-	-	(497.7)	(197.7)	(497.7)	(197.7)	200.0	(200.0)	(297.7)	(397.7)
TOTAL	**2.1**	**17.2**	**(501.3)**	**(222.4)**	**(499.2)**	**(205.2)**	**(100.0)**	**100.0**	**(599.2)**	**(105.2)**

The sensitivity shown below measures the theoretical impact on cost of net debt of an immediate and constant movement of 1% (100 basis points) across the entire yield curve, and represents the sum total of:

- the impact of applying this 1% movement to the net pre-hedging floating-rate position, assumed to be constant over 1 year,
- the change in the fair value of the portfolio of interest rate derivatives in place at the balance sheet date, applying the accounting treatments specified in IAS 39.

(€m)	2009 Pre-tax impact on profit or loss	2009 Pre-tax impact on equity	2008 Pre-tax impact on profit or loss	2008 Pre-tax impact on equity
Impact of a movement of +1% in interest rates	3.1	-	(5.1)	1.0
Impact of a movement of -1% in interest rates	(2.9)	-	5.0	(1.4)

The year-on-year change in the Group's sensitivity to interest rate risk was mainly due to changes in the net pre-hedging floating-rate position.

Details on the financial instruments of the interest rate derivatives as of the end of 2009, on the qualification and accounting treatments applied, and on the hedging of bond issues and bank loans, are available in notes 30 of the appendices to the consolidated financial statements.

Foreign exchange risk

The TF1 Group's exposure to foreign exchange risk is of an operational nature, and derives from (i) recurring cash flows under long-term broadcasting and sports transmission rights acquisition contracts (primarily in the U.S. dollar and pound sterling) and (ii) foreign-currency cash flows from sales of subscriptions to the Eurosport channel from countries outside the euro zone.

In 2009, more than 95% of total sales were in euros, and 2 percent were in dollars. 85% of total purchases (including purchases of audiovisual rights) were paid in euros, 12% in dollars, and 3% in pound sterling.

The objective of the Group's foreign exchange risk management strategy is to lock in or guarantee a minimum exchange rate on its net long position and a maximum exchange rate on its net short position in each of the currencies used, over a rolling time-frame of at least 12 months.

Exposure and sensitivity to foreign exchange risk

The table below shows the Group's exposure to foreign exchange risk at end 2009:

At 2009 closing exchange rates (€m)	USD(1)	GBP(2)	Other currencies(3)	Total
Assets	22.0	6.2	17.0	45.3
Liabilities	(40.9)	(9.2)	(10.4)	(60.5)
Off balance sheet commitments	(230.0)	(14.9)	(18.3)	(263.2)
Pre-hedging position	**(248.9)**	**(17.9)**	**(11.6)**	**(278.4)**
Forwards and futures	81.9	6.8	(14.9)	73.7
Currency swaps	(8.5)	(1.8)	(4.2)	(14.5)
Net post-hedging position	**(175.5)**	**(13.0)**	**(30.7)**	**(219.2)**

(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: Mainly relates to the acquisition of rights to the 2011 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 €219 million (versus €354 million at December 31, 2008).

At 2008 closing exchange rates (€m)	USD(1)	GBP(2)	Other currencies(3)	Total
Assets	22.1	4.3	17.8	44.3
Liabilities	(55.6)	(4.0)	(14.8)	(74.3)
Off balance sheet commitments	(356.0)	(19.9)	(14.8)	(390.7)
Pre-hedging position	**(389.4)**	**(19.5)**	**(11.7)**	**(420.7)**
Forwards and futures	42.0	12.6	(19.6)	35.0
Currency swaps	24.8	2.0	5.3	32.1
Net post-hedging position	**(322.6)**	**(4.9)**	**(26.0)**	**(353.5)**

(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: Mainly relates to the acquisition of rights to the 2011 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 sensitivity shown below measures the impact on profit or loss and equity of an immediate unfavourable uniform movement of 1% in the rate of the euro against all the other currencies involved, and represents the sum total of:

- the impact of applying this 1% movement to the net pre-hedging positions presented above,
- the change in the fair value of the portfolio of currency derivatives in place at the balance sheet date, applying the accounting treatments specified in IAS 39.

	2009				2008			
	Pre-tax impact on profit or loss		Pre-tax impact on equity		Pre-tax impact on profit or loss		Pre-tax impact on equity	
(€m)	+1%	-1%	+1%	-1%	+1%	-1%	+1%	-1%
USD	1.0	(1.1)	0.7	(0.7)	0.6	(1.0)	1.4	(2.3)
GBP	-	-	0.1	(0.1)	-	-	0.0	(0.0)
Other currencies	0.3	(0.2)	-	-	0.3	0.1	-	-
TOTAL	**1.3**	**(1.3)**	**0.8**	**(0.8)**	**0.9**	**(0.9)**	**1.4**	**(2.3)**

At end 2009, the sensitivity of the TF1 Group's equity (including net profit for the period) to changes in the net accounting position in currencies other than the euro arising from a uniform unfavourable movement of 1% in the rate of the euro against all the currencies would be -€2.2 million, before taking account of the effects of such a movement on the Group's future foreign-currency cash flows. The comparable figure at end 2008 was -€3.2 million.

Details on the financial instruments of the foreign exchange derivatives by currency, and on the qualifications and accounting treatment applied, are available in note 30 of the appendices to the consolidated financial statements.

POLICIES FOR MANAGING EQUITY

The Group's policy is to maintain the stability of its shareholders' equity. It does not envisage any special capital transactions, aside from those summarised in paragraph 3.3 of the Management Report.

For management purposes the Group uses the ratio of net financial debt to equity. This ratio provides a measure of the Group's debt in relation to its total capital. It is calculated from net financial debt, as defined in note 15 of the notes to the consolidated financial statements, and total capital, including the reserve for changes in the fair value of cash flow hedges and the reserve for changes in the fair value of available-for-sale securities.

At the end of 2009, due to a positive net cash balance of €73 million, this debt ratio was zero. At the end of 2008, it was 51.2%. The change is due mainly to the exercise of put options on shares in Canal + worth €744 million in December 2008.

POLICIES FOR MANAGING FINANCIAL RISKS

The Financing and Treasury Department manages financial risks – liquidity risk and market risk (interest rate risk, foreign exchange risk, and company shares risk) on a centralised basis.

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS AT THE COMBINED ANNUAL GENERAL MEETING ON APRIL 15, 2010 (ORDINARY PART)

3

Ladies and Gentlemen, Shareholders,

We are assembled here today at the Ordinary General Meeting, as required by French law and by our Articles of Incorporation, to report to you on our management during the past business year, submit the accounts for the 2009 business year for your approval, and review the situation and growth prospects of the company and the Group.

This report also includes information on the social and environmental management of your company.

As in previous years, the accounts for 2009 are presented for both the TF1 Group (consolidated accounts) and for the parent company, Télévision Française 1.

The consolidated accounts have been prepared in accordance with IFRS, as adopted by the European Union (EU), while the accounts for TF1 SA have been prepared according to accounting rules and principles applicable in France (French GAAP).

These financial statements have been approved by the Board of Directors of February 17, 2010.

Post balance-sheet events are disclosed in this chapter.

3.1 2009 MARKET TRENDS

3.1.1 Television

In 2009 television continued to attract many viewers, both on a daily basis and especially during major events. The development of new technologies opens up more possibilities, with new means of conveying television images, as well as increasingly high image quality on sets. In 2009, viewers could choose from an extensive range of over 100 channels via free-to-air, freeview or pay Digital Terrestrial Television (DTT), cable, satellite and ADSL.

HOUSEHOLD OWNERSHIP RATES PROMOTE TELEVISION CONSUMPTION (1)

There is now a TV in almost every French home: 98.5% of French households have at least one television set at home and 54% have two or more sets.

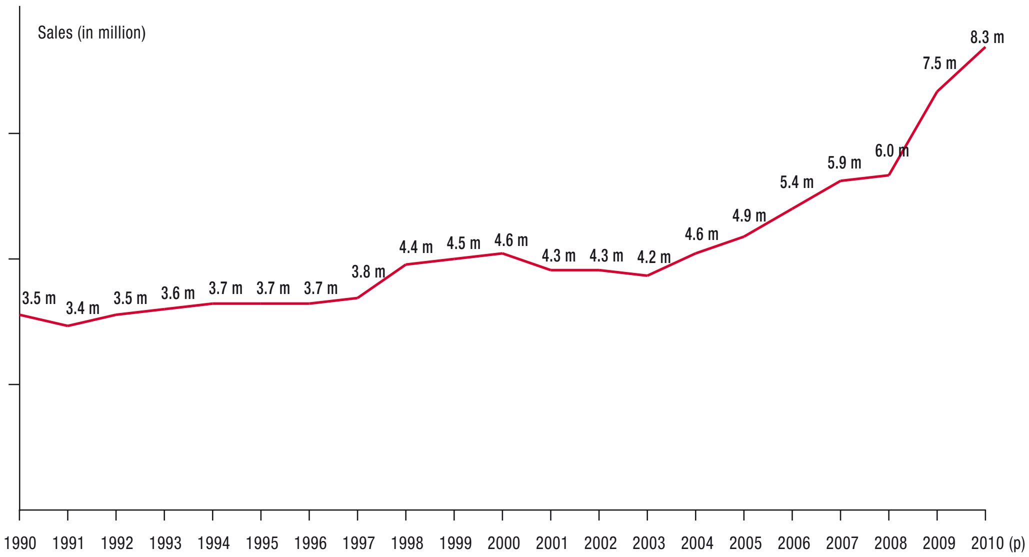
The growing presence of TV sets in the home is partly attributable to new screen formats. Today, 56% of households have a 16/9 television set and 46% have a high-definition (HD) set, and penetration rates for these types of sets are growing rapidly (12-point and 15-point year-on-year increases, respectively).

While TVs continue to attract more and more consumers, the appeal of home cinema has stabilised, with ownership settling at 14% of households (1-point increase over one year, 2 points over two years.)

Meanwhile, sales of television sets hit a new record high in 2009.

SALES OF TELEVISION SETS IN 2009, BY NUMBER OF UNITS

16/9: 98% of sales, HD TV (MPEG 4): 59% of sales



Source = GFK

MORE AND MORE PEOPLE CAN ACCESS OVER 18 CHANNELS(1)

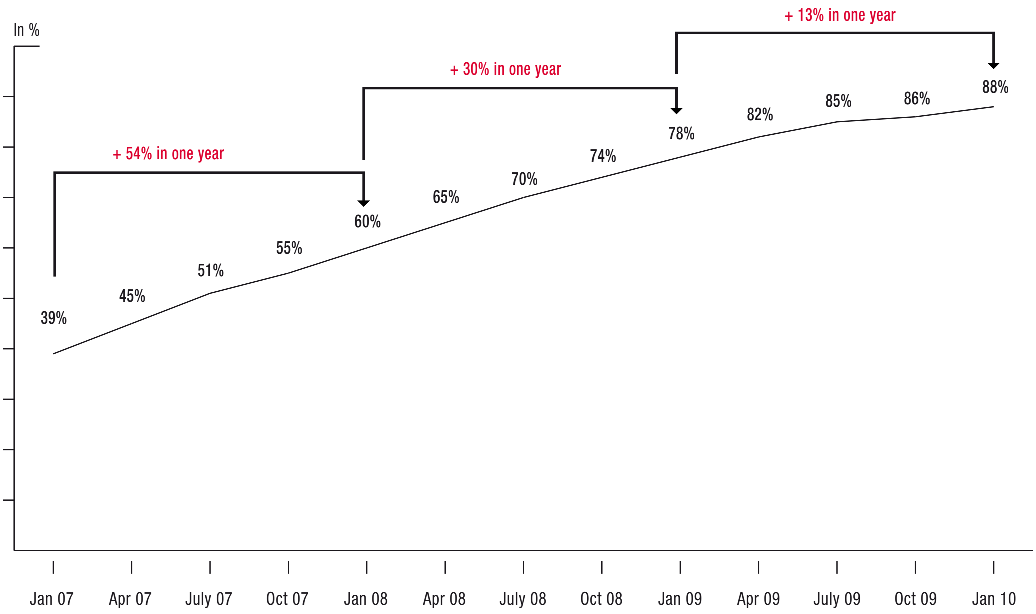
By end-December 2009, 88% of the French population could receive 18 channels or more. This huge shift in France's audiovisual landscape has taken place relatively swiftly and is now almost complete. At the end of 2006, just 39% of households with a TV set had access to 18 channels or more.

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

(1) Source: Médiamétrie / multimedia equipment references / October-December 2009.

PROPORTION OF INDIVIDUALS RECEIVING 18 CHANNELS OR MORE

Proportion of people with a TV set receiving 18 channels or more / people aged 4 and over



DTT is now the number-one means of receiving an expanded channel selection, with 50% of households connected, that is, equipped with a DTT adaptor (external or integrated in the set) and a Yagi aerial. DTT was launched in March 2005 and has experienced very high growth rates, making it the fastest-growing service available to French viewers (14-point increase between 2008 and 2009).

Television via ADSL has overtaken cable to become the second-ranked means of accessing multiple channels. A full 18% of households use ADSL, which is growing fast, although less quickly than DTT (4-point increase over one year).

Looking at the more conventional means of accessing a broader channel selection, the number of subscribers to satellite services was stable at 15% of subscriber households (down three-tenths of a point in one year), while the number of cable subscribers fell by 1.6 point to 8% of subscriber households.

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

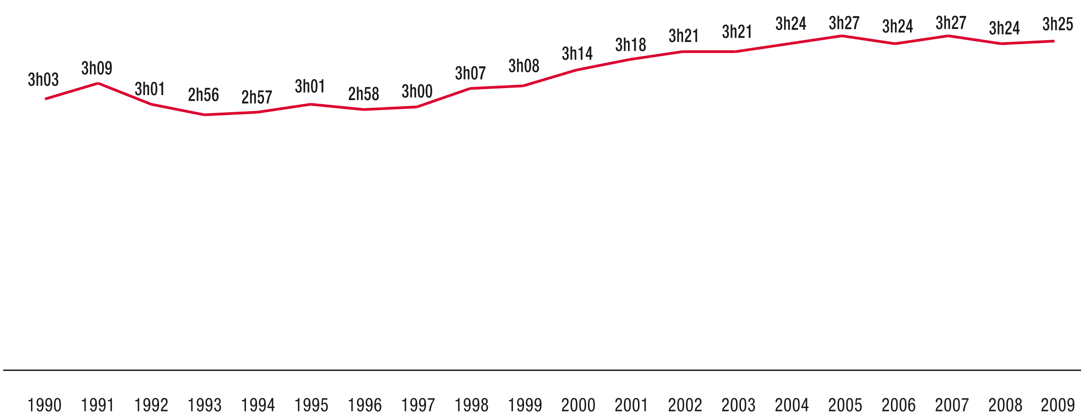
In all, 90% of French people have at least one contact per day with television, compared with 78% for radio, 76% for printed media and 48% for the internet. In other words, television leads all media in terms of coverage(2).

Concerning time spent(3), television was the top choice of the French population in terms of their 2009 media consumption. The average French person watches television for 3 hours 25 minutes per day, listens to the radio for 2 hours 14 minutes, and spends 34 minutes on the internet.

The media consumption rankings are the same among 15-24-year-olds.

TV CONSUMPTION

Viewing time, people aged 4 and over



(2) Source: Médiamétrie / Media in Life.YTD 2009

(3) Source: Médiamétrie.

HOW TV IS CONSUMED – SLOW CHANGE(4)

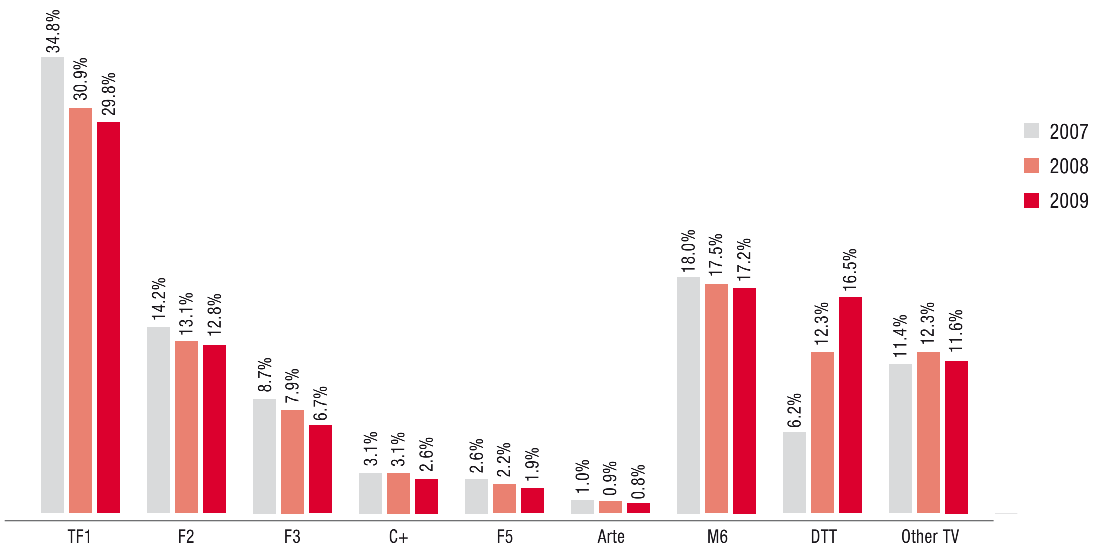
Television consumption is evolving as a result of new ways of watching TV, which however are still very much in the minority.

The average French person spends 3 hours and 25 minutes a day watching television at home.

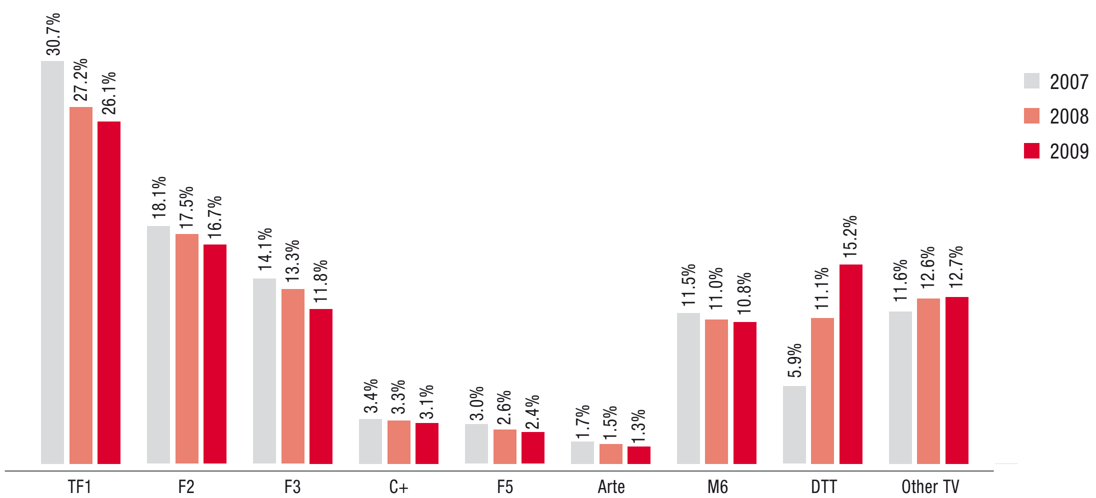
Time spent watching TV out of the home ("anywhere" viewing) amounted to one minute a day, or 0.5% of "traditional" television consumption. Time spent watching television on non-TV devices such as computers and phones ("any device" viewing) amounted to one minute a day, or 0.5% of measured TV consumption. Meanwhile, "anytime" viewing accounted for seven minutes of viewing time per day, or 3% of home TV consumption. Within the offline viewing category, recordings accounted for three minutes, and new kinds of consumption (catch-up, Video on Demand) accounted for four minutes.

The following charts show how the market shares of the main channels have changed in response to the increased selection on offer and the shifting audiovisual landscape.

AUDIENCE SHARE – WOMEN UNDER 50 PURCHASING DECISION-MAKERS

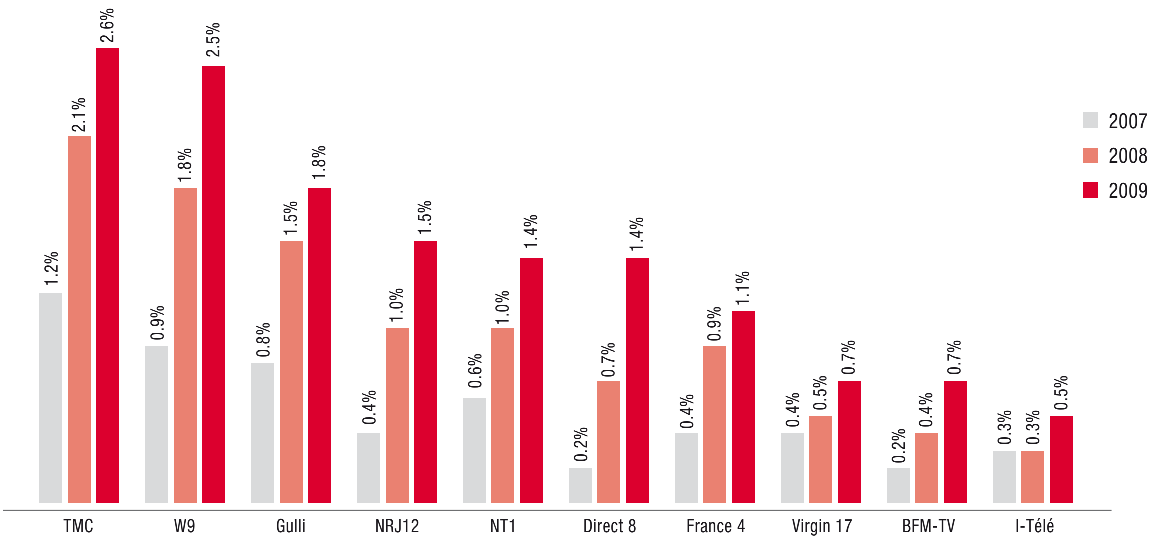


AUDIENCE SHARE – INDIVIDUALS AGED 4 AND OVER



(4) Source: Médiamétrie / Global TV. October - December 2009.

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



Following the entry of W9 in 2009, the Médiamétrie audience measuring system will include TMC, Gulli, France 4 and France 5 (from 7 p.m.) in 2010.

To ensure that its measurements reflect new approaches to TV consumption, Médiamétrie plans to deploy New Generation (NG) audience measurement techniques. The new indicators will capture the broader range on offer, as well as reception devices, formats, broadcasting platforms and viewer behaviour. Médiamétrie will also use watermarking techniques to measure audiences ATAWAD, i.e. anytime (off-line consumption), anywhere (out-of-the-house mobile consumption), and any device (consumption on all types of device).

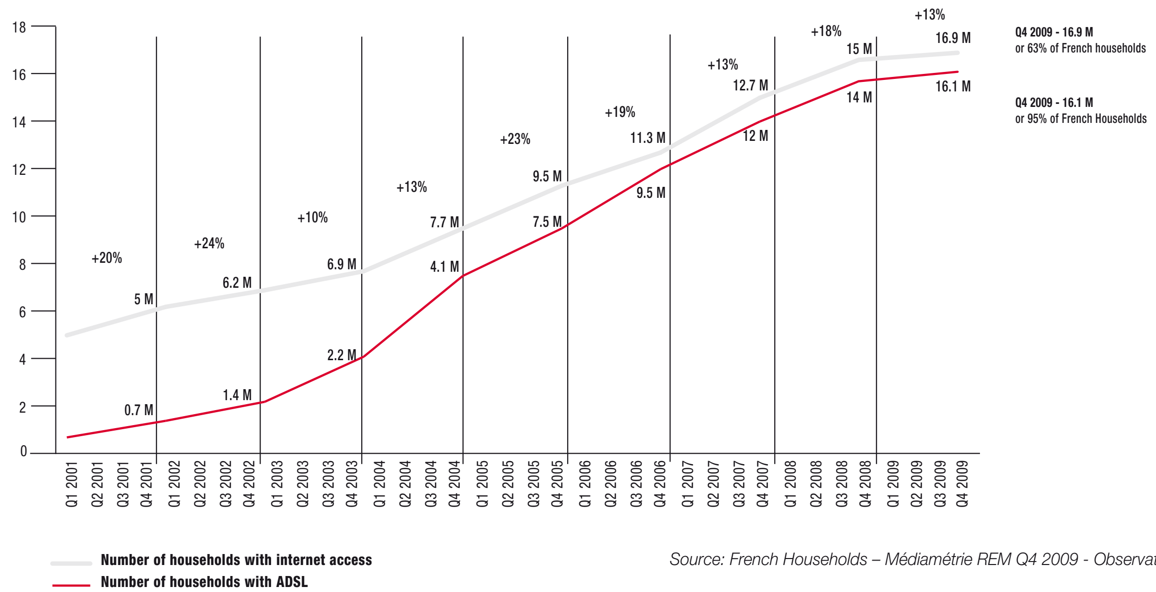
3.1.2 Internet

INTERNET MARKET

PENETRATION OF INTERNET ACCESS DEVICES AMONG FRENCH HOUSEHOLDS

French households are increasingly connected to the internet. In the fourth quarter of 2009, 16.9 million households (63% of all French households) were connected. High-speed has now become the preferred means of access: 95% of households (16.1 million) connected to the Web have high-speed connections.

ADSL AND INTERNET ACCESS – HISTORICAL DATA 2001-2009

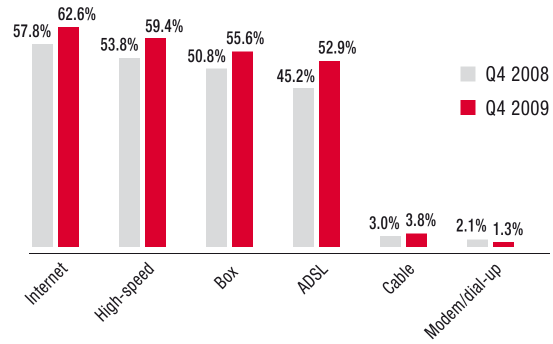


Source: French Households – Médiamétrie REM Q4 2009 - Observatoire Média.

The spread of internet access has been helped by the success of triple-play and, more recently, quadruple-play packages comprising internet, fixed phone, ADSL TV and mobile phone services. Cable-based access occupies a marginal place for the time being (4% of French households), as do fibre optic solutions. However, these high-speed services are set to grow.

INTERNET ACCESS SOLUTIONS

(base = French households in 2009: 27 million)

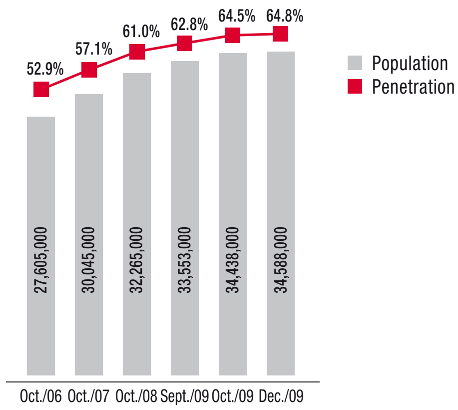


Source: Médiamétrie REM Q4 2009

INTERNET USE IN FRANCE

At end-2009, there were 34.4 million internet users in France (base = October 2009, 11 years and over), i.e. a penetration rate of 64.5%, up 3.5 percentage points in one year.

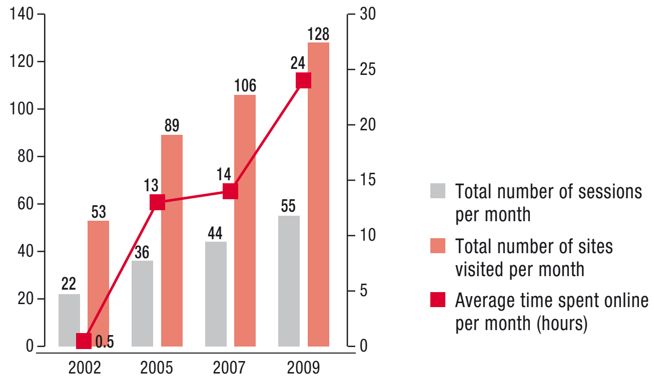
PROPORTION OF INTERNET USERS AMONG PEOPLE AGED 11 AND OVER.



Source: Médiamétrie OUI Q4 2009 - Observatoire Média

The number of internet users is increasing in France, as is internet usage. In October 2009, internet users went online on average 55 times in the month, compared with 44 times in 2007, and visited an average of 128 different sites, compared with 106 in 2007. On average, an internet user in October 2009 spent the equivalent of one entire day online per month, compared with 14 hours in 2007.

CHANGE IN MONTHLY USAGE TRENDS, BY UNIQUE VISITOR



Source: Panels NNR / Médiamétrie

2010 TRENDS IN SOCIAL WEBSITES

Facebook has seen huge growth in its audience, which has risen from 12 million to 21 million unique visitors in 12 months. The social network is now the fourth-ranked website in France.

The community is expected to reach 700 million members in 2010. Facebook has become a communication medium that brands simply cannot afford to ignore. For this reason, TF1 is putting together content proposals that include social networking applications.

TF1 was the first TV broadcaster in Europe to offer internet users the opportunity to watch and post live comments on a major event being shown on the channel (first leg of the Champions' League semi-final on April 28, 2009) while being simultaneously connected to their community.

Social gaming is also expected to take an growing share of Web usage in 2010, led by games such as *FarmVille*, which was designed by the company Zynga. *FarmVille* has more than 60 million players worldwide, of which 22 million connect once a day, according to the game's publisher. FarmVille has a "monetisation" model that allows impatient farmers to pay real cash to buy virtual money.

TF1 had a major success in social gaming in 2009 with a popular Facebook application based on the show *Le Plus Grand Quiz de France*. In less than one month, more than 1.5 million Facebook users used the application, which enabled *Le Plus Grand Quiz de France* to become one of the most popular applications in 2009.

A number of free and / or premium projects are being considered in 2010.

Although there is a lot of talk about Twitter (63% of internet users aged 18 and over had heard of it when prompted: source IFOP November 2009), the site "only" attracted 1.6 million unique visitors in December 2009. However, Twitter doubled its audience between May and December 2009 and is generating expectations (traffic generation model) and questions (cash generation model) in equal measure.

Furthermore, the growth of mobile usages and devices as geo-location solutions are rolled out should foster more use of social networking sites on mobile internet.

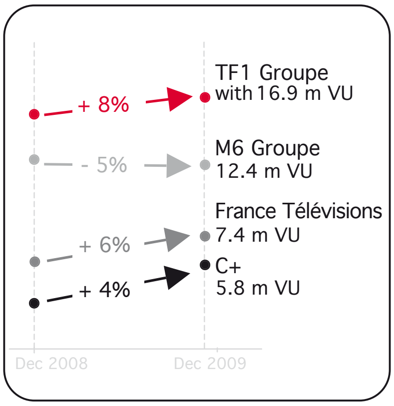
RANKING OF FRENCH INTERNET SITES

The TF1 Group is the eighth-ranked group and the leading TV media group on the French Web, thanks to a strong showing by sites associated with the TF1 channel (TF1.fr) and pure-player sites such as WAT, Overblog and plurielles.fr.

TF1 8th web group

1	Google	31.9 m VU
2	Microsoft	26.1 m VU
3	Orange	23.1 m VU
4	Facebook	20.7 m VU
5	PPR	19 m VU
6	Pages Jaunes	18.3 m VU
7	Vivendi Universal	17 m VU
8	TF1	16.9 m VU
9	Iliad	16.8 m VU
10	Yahoo!	16.5 m VU

TF1 1st French TV media group on the web



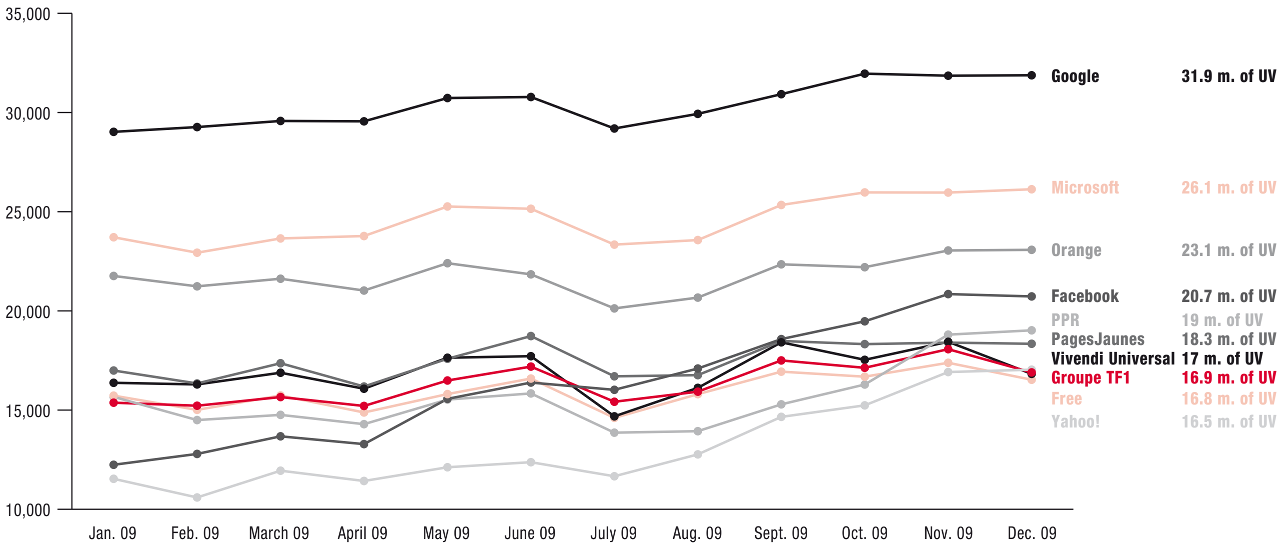
TF1 in the lead

Media	TF1.fr	1st at 6.9 m VU
Sports	Eurosport.fr	3rd at 2.2 m VU
Youth		2nd at 619 k VU
Videos	wat	4th at 4.7 m VU
Women	Plurielles.fr	3rd at 3.1 m VU
Blogs	overblog	1st at 10.2 m VU
News	TF1 NEWS	7th at 4.1 m VU new site Q4 2009

Source: Panels NNR / Médiamétrie

The sites that have seen the biggest audience increases include Facebook, which more than doubled its audience to 20.7 million unique visitors in 2009, making it the fourth-ranked site in France. More recently, Twitter recorded 1.6 million unique visitors at end-2009.

EVOLUTION OF THE BEST GROUPS DURING 2009



Source: Panel NNR / Médiamétrie, all connections, Internet applications excluded

NEW USES AND NEW TECHNOLOGIES

THE FUTURE OF TELEVISION: MORE FOCUS ON ENTERTAINMENT

Internet-connected TV sets

Just over 200,000 internet-connected TVs were sold in 2009, or 3% of flat-screen sales. 2010 will see the arrival of a new generation of affordable, internet-connected TVs that can be used to display interactive services and content. After flat-screen and HD televisions, this latest innovative push is being taken forward by the leading TV manufacturing, media and internet companies.

As an example, TF1 and Samsung have announced a three-year partnership to provide TF1 viewers with TF1 connected services. Under the terms of the agreement, third-party publishers are not allowed to overlay services on top of TF1 services.

3D TV

The entire audiovisual industry, from production studios to channel providers and TV manufacturers, is gearing up for 3D.

In 2009, a number of 3D films were released in 3D-capable cinemas. In 2010-2011, companies are positioning themselves to bring 3D technology to consumer electronics (beginning with TVs and game consoles, followed later by TVs and 3D TV flow programming).

MOBILITY-RELATED PROSPECTS: INCREASED MEDIA CONSUMPTION IN MOBILE SETTINGS

Digital Terrestrial Radio

Mobility uses are set to change in 2010 with the arrival of a new consumer technology, Digital Terrestrial Radio. Start-up is scheduled for end-2010. As part of this process, the CSA, France's audiovisual regulatory body, assigned the TF1 Group a frequency for LCI in May 2009.

Tablets and e-books

A growing number of manufacturers are positioning themselves on the market for touch-screen tablets and e-readers. In 2009, e-books took off in the USA. Amazon and Sony provided the momentum, selling around 3 million e-readers. This trend is expected to gradually take hold in Europe.

Smartphones and application stores

New generations of smartphones, such as iPhone and Android, are making mobile internet available to more people and are allowing media and Web publishers to boost audiences and revenues. In particular, online application stores for smartphones are proving highly successful. More than one billion applications have been downloaded from Apple Store since the iPhone was released in 2007.

TF1 is seeking to capture the value generated by these new uses and is positioning itself on mobile platforms, via the TF1 Player application on iPhone and the TF1News application on Android, for example.

New ways of measuring audiences

In addition to measuring traffic on its internet sites, in 2009 TF1 introduced Médiamétrie's Streaming TV tool, which is used to track the videos broadcast via the WAT video player and to keep a record of the videos shown on TF1.fr, WAT.tv and on sites to which the player is exported.

An indicator of mobile internet use, created by Médiamétrie, is being introduced and the first results are expected in late 2010.

3.1.3 Advertising

Complex conditions in 2009 put heavy pressure on prices across all media.

This situation explains the pronounced distortion between gross data (on which market statistics are based) and net data (amounts actually exchanged on the market), which showed a steep decline in 2009. According to estimates by France Pub, all media saw a decline in net advertising investment of 10.5% (Source IREP - excl. directories and classified ads) and 20%. Even online display advertising experienced the first-ever decline in investment (put at 6.5% in net terms) since statistics began to be compiled for this medium.

TRENDS IN MULTIPLE-MEDIA ADVERTISING INVESTMENT IN 2009

(Gross data – source Kantar Média / Net data - IREP).

Gross multiple-media advertising investment was up 1.4%. Excluding the internet, the media market was virtually unchanged, with growth of 0.4%.

The press remains first-ranked in France for advertising spending, with gross revenues of €7.2 billion, a decline of 5.2% (the biggest fall in gross terms). Market share shrank by 2.1 points to 28.9%, with magazines (-9%) accounting for over 70% of the decline. PQR 66, which represents regional daily newspapers, continued to gain ground, with growth of 15% (combined campaigns involving 61 regional papers). In 2009, the press recorded a 18.4% decline in net investment.

Television (incumbent and regional channels, DTT, cable and satellite) was second-ranked with gross revenues of €7.0 billion, reporting growth of 5.8% and a 1.2-point increase in market share to 28.4%.

The traditional TV market has shrunk by 1.7%, reflecting the end of advertising after 8 p.m. on France Télévisions and the rise of DTT. Freeview DTT channels showed growth of 60.6%. The cable / satellite market was down 3.7%.

At end-June 2009, net TV advertising investment was down by more than 19%. In 2009, net investments on TV (excluding sponsorship) were down 11.1%.

Gross advertising investment on the internet (display advertising) was €4.1 billion in 2009, up 7%, compared with 28.8% in 2008, increasing gross market share by nine-tenths of a point to 16.5%. However, the large disparity between gross and net investment, due to the level of discounts means that the internet is overweighted in the multiple-media market.

Radio was up 9.1% to €3.7 billion and added 1.1 point of market share to 14.9% on 16% growth in investment at non-specialised stations. Price pressure in 2009 led to a disparity between gross and net results. In net terms, radio was down 8.9% at end 2009.

Outdoor advertising was down 8.7% to €2.6 billion in gross terms, and market share fell by 1.2 point to 10.4%. On a net basis, the decline was even steeper, with advertising investment contracting by 10.9% in 2009.

Cinema put on 10.1% (although this amounted to an increase of just €20 million), and market share rose by one-tenth of a point to 0.9%. On a net basis, investment was up 2.3% at end 2009.

	Gross revenues	Revenue trend	Market share	Market share trend (in points)
Gross revenues and evolution	**Jan-Dec 2009**	**Jan-Dec 2009 / Jan-Dec 2008**	**Jan-Dec 2009**	**Jan-Dec 2009 / Jan-Dec 2008**
PRESSE	€7,154.0 million	-5.2%	28.9%	-2.1
RADIO	€3,682.4 million	+9.1%	14.9%	1.1
TELEVISION	€7,007.5 million	+5.8%	28.4%	1.2
■ NATIONAL TV	€4,957.1 million	-1.7%	24.0%	-0.5
■ THEMATIC CHANNELS	€2,050.4 million	+29.6%	9.9%	2.2
Of which CAB/SAT TV	*€734.5 million*	*-3.7%*	*3.6%*	*-0.1*
Of which free DTT	*€1,316.0 million*	*+60.6%*	*6.4%*	*2.4*
INTERNET	€4,079.7 million	+7.0%	16.5%	0.9
OUTDOOR	€2,574.5 million	-8.7%	10.4%	-1.2
CINEMA	€216,0 million	+10.1%	0.9%	0.1
TOTAL	**€24,714.1 million**	**+1.4%**	**100.0%**	

TELEVISION IN 2009

(Gross data – source Kantar Média)

In 2008, the pricing terms and conditions applied by France Télévisions Publicité (“net before schedule” basis) led to a decline in the gross value of France Télévisions revenues.

In 2009, France Télévisions Publicité returned to pricing on a gross basis. But since January 5, 2009, the national television service has no longer received advertising revenues after 8 p.m. (excluding sponsorship), which led to a decline in the revenues of the freeview television sector. These factors make it harder to read gross investment patterns.

In 2009, DTT channels took, on average, 15.2% of viewers aged four and over. At €1.3 billion, advertising investment in freeview DTT channels (BFM TV, Direct 8, France 4, Gulli, i-Télé, NRJ12, NT1, TMC, Virgin 17 and W9) grew again rapidly in 2009 (60.6%), and now accounts for around 18.8% of TV gross advertising investment.

Cable and satellite channels were down 3.7% to €735 million.

TF1 Publicité is the leading advertiser on cable / satellite channels, with a 29% market share.

It is not possible to compare the gross / net investment transition rate for DTT and cable / satellite, on the one hand, with incumbent television channels on the other, since the share of the first two categories is overstated in the overall TV results for gross investment.

MARKET SHARE OF TV CHANNELS (TOTAL MEDIA TELEVISION)

	2005	2006	2007	2008	2009
TOTAL MEDIA TELEVISION	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**
Historical TV	89,9%	87,0%	82,1%	76,1%	70,7%
TF1	48,9%	47,7%	45,1%	44,9%	43,2%
M6	20,8%	20,1%	19,8%	19,6%	19,4%
FRANCE 2	10,8%	10,3%	9,0%	5,7%	3,5%
CANAL +	1,9%	1,7%	1,7%	2,0%	2,2%
FRANCE 3	6,4%	6,3%	5,7%	3,6%	2,2%
FRANCE 5	1,0%	0,9%	0,9%	0,4%	0,4%
Free DTT	0,9%	3,0%	6,2%	12,5%	18,8%
Other channels	9,1%	10,0%	11,8%	11,4%	10,5%

INTERNET AND NEW MEDIA IN 2009

(Net data – source: Capgemini SRI indicator and IREP)

In net terms, the online display advertising market (excluding search, affiliation, directories, e-mailing and price comparers) was down 6.5% to €482 million in 2009, the first-ever decline in net advertising investment.

There were two key trends in 2009 :

- advertising in video streams emerged with an estimated volume of between €10 and 12 million,
- the share of performance display advertising (sales based on cost per click, lead or acquisition) continued to grow (20% of display investments, up 3 points on 2008)

In December 2009 the advertising range reached 17.7 million unique visitors, or more than one out of every two internet users.

For TF1 Publicité, video was the big online story of 2009. With the launch of the new TF1.fr and the extended video catalogue (over 65% of programming available in catch-up TV, more than 100 new videos a week, over 20,000 videos available all the time), TF1 Publicité strengthened its position on the growth market for video content advertising.

Mobile advertising investment grew by 30% in net terms to €23 million in 2009.

OUTLOOK FOR 2010

Conditions were challenging and complex in 2009, and included economic difficulties, the end of advertising after 8 p.m. on France Télévisions and changes to the TV regulatory framework.

In 2009, the advertising market, where supply now structurally exceeds demand, experienced a cyclical contraction in demand linked to economic conditions, leading to an unusual distortion in the balance between supply and demand.

The downturn affected all media: net investment was down sharply.

Advertisers held off in the first half of 2009, delaying investment decisions and postponing budgets until the second half, when volumes picked up again. The situation is not expected to reverse in early 2010, which will likely continue the same pattern as in late 2009, i.e. a period of stabilisation. Uncertainty about how advertisers will emerge from the crisis makes it impossible to predict the trend over the months ahead. However, everything suggests that price pressures will persist throughout 2010.

Seeking to make the most of their resources, advertisers are increasingly switching between media and devices, focussing on those that offer the best cost-efficiency trade-off in sales. For this reason, television continues to occupy a central place in their strategies.

Source: Kantar Média.

3.1.4 Regulation

TAX ON TV ADVERTISING

The 2009 Supplementary Budget Act of December 30, 2009 reduced the tax on television advertising (to compensate for France Télévisions' revenue loss) to 0.75% for 2009 in the event of a decline in advertising revenues. From 2010 the tax will be 3% and may vary between 1.5% to 3% (capped at 50% of annual advertising revenue growth). The tax is levied on advertising revenues in excess of €11 million of the private-sector channels.

REVIEW OF TASCA DECREES

Following the signature in 2008 by the private-sector channels, the professional production organisations and authors of agreements aimed at establishing new production obligations for channels in terms of audiovisual works, the Tasca Decrees were amended by decree on October 21, 2009. Under the terms of the decree, TF1 has to order "heritage" audiovisual products for a value of 12.5% of advertising revenue, including 9.25% from independent producers and 0.6% in cartoon products.

RIDER TO CSA AGREEMENTS FOR TF1 GROUP CHANNELS

TF1, Histoire, Odyssée, TV Breizh and Ushuaïa TV signed a rider to their agreements with the CSA.

These riders transpose the inter-professional agreements signed between TF1 and the unions of authors and producers and provide that the company should devote annually 12.5% of its annual net advertising revenues from the previous year to orders of European and French "heritage" audiovisual products.

For 2009, since TF1's advertising revenues fell by more than 10%, an agreement dated December 21, 2009 between the company and professional organisations provides that 6% of the FY 2009 requirement may be deferred to FY2010.

Now that TF1's inter-professional agreements have been extended to the Histoire, Odyssée, TV Breizh and Ushuaïa TV channels, all the channels covered by the agreement share the investment requirement.

At least two-thirds of the requirement should go towards spending devoted to the production of original audiovisual works. The Histoire, Odyssée, TV Breizh and Ushuaïa TV channels should broadcast a reasonable share of original works produced.

Furthermore, these riders bring the agreements of the affected channels into compliance with the new regulations, particularly in advertising.

PRODUCT PLACEMENT AUTHORISATION

On February 16, 2010 the CSA adopted a decision determining the conditions under which television programmes may contain product placements.

According to the decision, product placement will be authorised solely in cinematographic works, fictional audiovisual works and music videos. The content and programming of shows containing product placement must not under any circumstances be influenced and must not encourage viewers directly to buy or rent the products or services placed. An icon will appear at the beginning of the show, after each advertising break and during the end credits to inform viewers about the product placement.

Product placement is only considered as such if it is paid for.

The CSA stipulates that the economic relations between the advertiser, programme producer and television service must be defined by contract if the product placement features in a programme produced, coproduced or pre-bought by that service.

Further, the CSA's decision states that "products and services of the sponsor of a programme may not be placed in that programme".

BILL ON OPENING UP COMPETITION IN ONLINE GAMBLING AND BETTING

The National Assembly adopted a bill on regulating and opening up competition in the online gambling sector on the first reading on October 13, 2009. The Senate will examine the bill in the first half of 2010, and legislation should be adopted in the course of the year.

The bill states that advertising of gambling and betting operators should be forbidden in televised programmes that are "presented as being aimed at minors". The CSA will be responsible for determining exactly which programmes are covered by this provision.

3.2 2009 ACTIVITY AND RESULTS

3.2.1 The Group

CONSOLIDATED INCOME STATEMENT IN MANAGEMENT ACCOUNTING FORMAT

(€m)	2009	2008
TF1 Channel		
Advertising revenue	1,429.4	1,647.3
Advertising costs	(71.7)	(79.0)
NET BROADCASTING REVENUES	**1,357.7**	**1,568.3**
Royalties and contributions		
Royalties	(54.8)	(63.6)
CNC	(77.6)	(87.3)
Tax on broadcast advertising	(9.3)	(0.0)
Broadcasting costs		
TDF, satellites, transmission costs	(51.5)	(54.0)
Programming costs (excluding one-off sporting events)	**(926.9)**	**(978.2)**
Programming costs – one-off sporting events	**-**	**(53.9)**
GROSS PROFIT	**237.6**	**331.3**
Diversification revenue and other revenues from operations	933.2	946.0
Other operating expenses	(955.6)	(953.7)
Depreciation, amortisation and provisions, net	(113.9)	(147.1)
OPERATING PROFIT	**101.3**	**176.5**
Cost of net debt	(22.3)	(22.4)
Other financial income and expenses	36.2	40.9
Income tax expense	(15.3)	(40.8)
Share of profits / (losses) of associates	14.6	9.6
NET PROFIT FROM CONTINUING OPERATIONS	**114.5**	**163.8**
NET PROFIT	**114.5**	**163.8**
Net profit attributable to the Group	114.4	163.8
Net profit attributable to minority interests	0.1	0.0

Like all European media groups, TF1 was hit by the effects of the economic crisis in 2009, while at the same time coping with profound changes in the French media landscape. For TF1, this was a year marked not only by rigorous management in all areas but also by a host of initiatives, helping the Group adapt to change while continuing to deploy its medium-term strategy.

REVENUE

The TF1 Group generated consolidated revenue of €2,364.7 million in 2009, down 8.9% on the previous year.

Advertising revenue for the TF1 channel was 13.2% lower at €1,429.4 million.

Diversification revenue was down 1.3% at €935.3 million. This fall was also due to the effect of adverse economic conditions on advertising revenue, especially for pay-to-view theme channels, e-TF1 and Eurosport International.

Excluding advertising, diversification revenue held steady at €760.1 million, thanks largely to growth in subscription revenues for pay-to-view theme channels, especially Eurosport International.

The geographical split of revenues was: France 85.3%, rest of the European Union 10.7%, other countries 4.0%.

OPTIMISATION PLAN

PROGRAMMING COSTS

Throughout 2009, we have been working to optimise programming costs by renegotiating the unit cost of programmes, limiting our commitments, and making better use of programme stocks.

Despite these optimisation efforts, we nonetheless maintained highly satisfactory audience figures, vindicating our new scheduling management strategy. While the primary objective of our programme schedules is always to give satisfaction to our viewers and generate high audience ratings, we also need to strike the right balance between audience ratings, programming costs, advertising revenue, and seasonal trends.

Over 2009 as a whole, programming costs for the TF1 channel amounted to €926.9 million, representing year-on-year savings of €105.2 million. The comparative figure for 2008 was €1,032.1 million, which included €53.9 million for exceptional sporting events.

This reduction of €105 million, or 10%, can be explained by the following factors:

- €54 million was due to the absence of major sporting events in 2009,
- €51 million was due to schedule optimisation and programming cost reductions, and €35 million of these savings can be regarded as recurring.

OTHER COSTS

Looking beyond programming costs, the renegotiation of supplier contracts generated savings of €21 million.

Divesting Surinvitation.com and France 24 (both in February 2009) generated cost savings of €8 million, and a €4 million gain.

Other expenses were cut by €10 million.

Overall, we achieved €94 million of cost savings relative to 2008. Of these, only €74 million can be regarded as recurring, the rest was due to gains on disposals (€4 million) and deferrals of programming costs (€16 million), beating its initial full-year target of €60 million.

RESULTS OF OPERATIONS

Operating profit for 2009 was €101.3 million, compared with €176.5 million for the previous year. The €75.2 million fall in operating profit reflected a €230,0 million drop in revenue, partly offset by the hefty €154.8 million of cost savings.

Operating margin came to 4.3%, against 6.8% for the previous year.

Cost of net debt was virtually unchanged year-on-year at €22.3 million.

Other financial income and expenses showed a net gain of €36.2 million for 2009, compared with a net gain of €40.9 million in 2008. Most of this amount was due to the remeasurement at fair value of the put option over the 9.9% interest in Canal + France held by the TF1 Group until December 28, 2009 and an increase in the value of the currency hedging portfolio, minus an impairment provision charged against a financial asset.

Net profit for the year was €49.3 million lower, at €114.5 million.

BALANCE SHEET

As of December 31, 2009, shareholders’ equity was €1,396.6 million out of a balance sheet total of €3,682.8 million.

On December 28, 2009, TF1 sold its 9.9% interest in Canal + France to Vivendi for €744 million.

Strict cash flow management throughout the year, coupled with asset divestments, enabled us to report a positive net cash position of €72.8 million at December 31, 2009, compared with net debt of €704.5 million at December 31, 2008.

TF1’s current Standard and Poor’s credit rating is BBB / stable outlook / A-2, compared with BBB+ / negative outlook / A-2 at end 2008. The change in our rating reflects the financial and economic environment in 2008 and early 2009, in particular the marked deterioration in the advertising market.

INCOME STATEMENT CONTRIBUTIONS BY ACTIVITY

(€m)	Revenue		Current operating profit / (loss)	
	2009	2008	2009	2008
Broadcasting France	**1,893.0**	**2,103.5**	**87.8**	**164.3**
TF1 Channel(1)	1,443.9	1,655.0	44.0	151.1
Téléshopping	103.7	126.3	4.0	5.4
Theme Channels – France(2)	194.3	187.9	15.1	3.6
TF1 Entreprises and subsidiaries	39.1	36.0	(1.6)	(0.4)
Production(3)	22.1	31.1	1.8	2.7
e-TF1	72.8	60.4	(3.4)	(4.1)
Other(4)	17.1	6.8	27.9	6.0
Audiovisual Rights	**151.0**	**174.0**	**(22.5)**	**(10.8)**
Catalogue(5)	57.6	54.7	(9.4)	(12.9)
TF1 Vidéo(6)	93.4	119.3	(13.1)	2.1
Broadcasting International(7)	**319.2**	**316.2**	**41.3**	**26.6**
Eurosport International	319.2	311.9	39.3	26.6
France 24	0.0	4.3	2.0	0.0
Other Activities(8)	**1.5**	**1.0**	**(5.3)**	**(3.6)**
TOTAL – CONTINUING OPERATIONS	**2,364.7**	**2,594.7**	**101.3**	**176.5**

(1) Including SNC Aphélie.
(2) Comprises Eurosport France, LCI, TV Breizh, TMC, TF6, Série Club, Odyssée, Histoire, Ushuaïa TV, TFou, JET and TF1 Digital.
(3) In-house TV and cinema production entities.
(4) Mainly comprises TF1 Publicité, TF1 Expansion and GIE Aphélie.
(5) Mainly comprises TF1 Droits Audiovisuels, Telema and TCM.
(6) Including CIC and RCV.
(7) Eurosport International and France 24 (the interest in France 24 was sold to Audiovisuel Extérieur de la France (AEF) on February 12, 2009).
(8) Top Ticket.s (Pilipili). TF1 sold Top Ticket.s on November 17, 2009.

BROADCASTING FRANCE

The Broadcasting France Division generated 2009 full-year revenue of €1,893.0 million, a year-on-year fall of 10.0% or €210.5 million. Full-year operating profit was €87.8 million, down 46.6% or €76.5 million year-on-year, giving an operating margin of 4.6%.

TF1 channel advertising revenue shrank by 13.2%, while the division's other sources of revenues showed a 1.6% growth.

TF1 CHANNEL

The channel

Market leadership confirmed

At a time of profound structural changes in the French broadcasting landscape, in particular the ending of advertising after 8 p.m. on the public service channels and advances in DTT reception, 2009 saw TF1 confirm its status as the clear market leader for the overall viewing public, with 26.1% audience share. TF1 is also the no. 1 across all target audiences, including the key target group of "women aged under 50 purchasing decision-makers" with 29.8% audience share.

TF1 retained its status as the benchmark channel for social cohesion and major events, demonstrating its pulling power by attracting the top 50 viewing figures for the year, and 96 of the top 100.

The channel aims to deliver strong performances throughout the day, especially in the high audience potential time slots between 7 p.m. and 1 a.m. During these slots, TF1 has a higher audience share than over the full day (28.3% of individual viewers), and a wider lead over its nearest rival (12.5 points). The effect is even more marked for the "women aged under 50 purchasing decision-makers" group, with 33.0% audience share and a 13.7% lead over its closest rival.

Particularly strong pulling power in prime time

TF1 attracted 93% of the biggest prime time audiences (individual viewers) in 2009, against 88% in 2008[1]. An average prime time audience of 6.2 million gives TF1 a big lead of 2.5 million viewers over its nearest rival. TF1 is also the only French channel capable of attracting over 9 million viewers, which it did on 22 occasions in prime time during 2009.

Further proof of the dynamism of TF1's scheduling, with success across all genres.

In French-language drama, TF1 attracted 49 of the top 50 audiences, including the 8.1 million viewers who watched *Joséphine ange gardien* on April 6. New dramas proved a hit, including *Mes amis, mes Amours, mes Emmerdes* (7.2 million viewers on October 26), and new episodes of existing dramas also did well, including *Camping Paradis* (7.6 million viewers on November 23) and *Les Toqués* (7.1 million viewers on March 9).

(1) Leadership on TF1 prime time length.

TF1 also attracted the biggest audiences for films, thanks to big family comedies like *La Grande Vadrouille* (9.0 million viewers) and Hollywood blockbusters like *War of the Worlds* (*La Guerre des Mondes*, 8.3 million viewers).

TF1 has the most diverse and high-powered offering of American serials on French television, with five different imports that deliver some of the channel's highest ratings. These include *House* (*Dr House*, 10.2 million viewers on March 25); *CSI: NY* (*Les Experts Manhattan*, 10.1 million viewers on January 4), and *Criminal Minds* (*Esprits Criminels*, 9.0 million viewers on September 2).

On the light entertainment front, TF1 offers strong programmes such as *Koh Lanta* (9.2 million viewers on February 13, two seasons broadcast in 2009) and *Les enfants de la Télé* (7.0 million viewers on December 26).

TF1 is also the main channel for major events, ranging from the *Enfoirés font leur Cinéma* concert (which attracted the year's record audience of 12.3 million viewers on March 6) to the France vs. Ireland football match (11.7 million viewers).

Particularly high ratings in the late evening slot

With an average of 3.2 million viewers, TF1 is way ahead of the competition, attracting 1.6 million more viewers than its nearest rival. Ratings are especially high for advertisers' target audiences (37.0% of women aged under 50 purchasing decision-makers), thanks to American serials and magazine shows like *C'est quoi l'amour* and *Confessions intimes*.

Market leader in access prime time, with a refreshed schedule

In the other strategic slot, TF1 has widened its lead over its rivals, drawing an average audience of 3.4 million with powerful game-show brands such as *La Roue de la Fortune* and *Le Juste Prix*, magazines like *Sept à huit*, *50mn Inside* and *Tous Ensemble*, and reality TV shows (*Secret story*).

TF1 news: an institution

TF1's lunchtime (1 p.m.) and evening (8 p.m.) news bulletins attracted 6.2 million and 7.0 million viewers respectively in 2009, giving them audience shares of 46,1% and 31,5% respectively among individual viewers and confirming their status as the most-watched news programmes in Europe.

Source: Médiamétrie - Médiamat

Time slots: prime time 8.45 p.m.-10.30 p.m.; late evening 10.30 p.m.-0.30 a.m.; access prime time 6.00 p.m.-7.45 p.m.

Advertising

The TV advertising market grew by 5.8% in 2009 to €7.0 billion. Gross advertising revenue for the TF1 channel rose by 1.7% year-on-year, while its share of the TV market (all channels) was 43.2%, 1.5 points lower than in 2008.

TF1's advertising sales efforts were affected by a number of factors during 2009:

- troubled economic conditions, resulting in very poor visibility and requiring TF1 to offer exceptional support to its main advertising clients,
- increased competition from new entrants, especially in DTT, which led to a fall in spend on established channels as advertisers preferred lower unit costs over quality of exposure,
- changes to the regulatory framework, causing the supply of daytime slots to exceed demand for most of the year,
- a structural readjustment to rates, designed to reposition TF1's advertising sales efforts in response to the natural shifts in audiences in a new competitive framework.

In the first quarter, the partial ending of advertising on France Télévisions and the regulatory changes introduced at end 2008 created confusion and a wait-and-see attitude among advertisers, and no opportunities for TF1. On top of this, the tough economic conditions meant that advertisers were looking to reduce their advertising budgets. Moreover they were tempted to save money even at the expense of less exposure, leading to a reduction in advertising volumes for the established channels and for TF1.

With demand falling but supply increasing, and to support advertisers through economic hard times, the rate cuts already planned by TF1 for the start of 2009 (designed to align rates more closely with viewing figures) were deepened.

TF1 developed a differential pricing strategy:

- on daytime TV, where competition is intense and differentiation less marked, and where both the audiences and the revenue potential are lower, TF1 cut its rates,
- in prime time, TF1 maintained the value of its slots, refusing to sell them off cheaply.

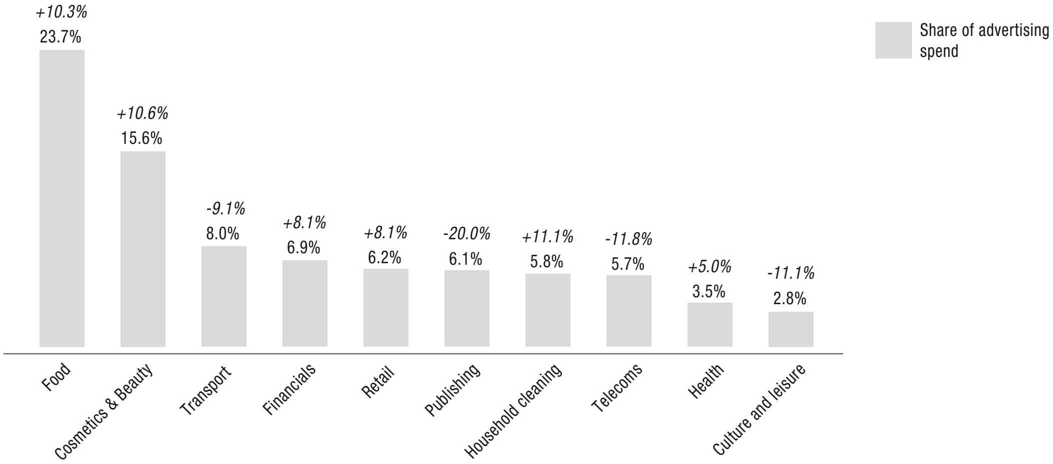
During the second quarter, TF1 advertising volumes increased, demonstrating a degree of elasticity in response to the rate cuts made in the first quarter. The third quarter saw a relative improvement in advertising market trends as some sectors, especially consumer goods, returned to higher volumes of spending.

However, price pressure remained intense at the end of the year:

- in some slots, media buying choices were still being driven by short-term profitability criteria, with advertisers favouring a short-termist tactical approach rather than long-term investment strategies,
- the policy of supporting clients had to be maintained, given the lack of visibility on any significant economic recovery in the near term.

In a tough competitive market-place and a radically altered broadcasting landscape, TF1's airtime sales teams have continued to apply their strategy of maintaining the value of slots with high revenue potential, while persuading advertisers that a TF1 campaign can be effective not only in delivering a short-term boost to sales but also in building brand recognition and image over the longer term.

The chart below shows year-on-year trends by sector (2009 compared with 2008):



Source : Kantar Média

TÉLÉSHOPPING

With the French economy slowing and household consumption in decline, the traditional distance selling market shrank by 3.4% in 2009. The worst-hit sectors were DIY (down 39.9%) and household goods like furniture and decorating products (down 9.7%)

In addition, shopper behaviour continued to evolve during 2009, as the shift from traditional distance selling to e-commerce accelerated. Over the full year, e-commerce activities achieved strong growth (26%) driven by new sites (which provided 35% of this growth), new cyber-shoppers (9%).

In this new structural and economic environment, Téléshopping reported a 17.9% drop in revenue to €103.7 million. Téléshopping was hit by the slowdown in consumer spending, leading to a lower level of customer orders on all platforms (broadcast, catalogue and internet). The Infomercials business, comprising American téléshopping formats dubbed into French and lasting 15 or 30 minutes, saw revenues fall by 8.0%, for the same reasons. Despite recording a fall in the number of lists booked in 2009, 1001 Listes held revenues steady as the average spend per newly-wed couple increased.

In November 2009, the 50% held by Téléshopping in Dogan Télshopping were sold.

Téléshopping posted a full-year operating profit of €4.0 million in 2009, 25.9% lower than the 2008 figure of €5.4 million. Overhead cuts and the gain generated by the sale of the Surinvitation.com business at the start of the year sustained a profit figure that was hit hard by the decline in revenues.

Source: FEVAD

THEME CHANNELS – FRANCE

At end December 2009, 88% of the French population were able to receive at least 18 channels, 13% more than at the end of the previous year (when the figure was 78%). Over the past two years, the figure has risen by 47%. Free-to-air Digital Terrestrial Television channels had total audience share of 15.2% in 2009, against 11.1% in 2008 and 5.8% in 2007.

Also at end December 2009, 29% of the French population were subscribers to cable, ADSL or satellite, the same proportion as in 2008 and 2007. The audience share for other channels of individuals aged 4 and over was 12.7% in 2009, versus 12.6% in 2008.

Channel	Number of households receiving the channel at December 31, 2009 *(millions)*	Number of households receiving the channel at December 31, 2008 *(millions)*	Change	Audience share In 2009[1]
Eurosport France	7.5	7.3	+2.7%	1.2%
TV Breizh	5.6	5.9	-5.1%	1.2%
LCI	7.2	7.1	+1.4%	0.8%
Ushuaïa TV	2.3	2.2	+4.5%	0.1%
Histoire	4.3	4.4	-2.3%	0.2%
Odyssée	2.8	2.5	+12.0%	<0.1%
Série Club	4.7	4.9	-4.1%	0.6%
TF6	5.9	5.9	-	0.7%

(1) Source: Médiamat and MédiaCabSat Vague 17 for the Group's other channels – Extended offering, initialised base – Ind 4+.
Source: Operator returns.

The consultation exercise involving satellite, xDSL and DTT operators launched by the Group's theme channels (Eurosport, Eurosport 2, LCI, TV Breizh, Histoire, Ushuaïa TV) in mainland France and the overseas departments and territories demonstrated that the main distributors (Canal + Group, Orange, Free, SFR, TV Numéric, TNS, Parabole Réunion and Médiaserv) were interested in these channels, but the proposals were not sufficiently attractive in financial terms, mainly due to the crisis in the advertising sector. The consultation confirmed that the exclusive distribution business model adopted by the theme channels was the right one.

The TF1 Group's theme channels generated revenue of €194.3 million in 2009, 3.4% up on the previous year, thanks to the revenue boost from subscribers attracted by High Definition, catch-up television and the development of internet sites. With economic conditions remaining tough, theme channel advertising revenue was down slightly at €78.9 million.

Theme channel operating profit for 2009 was sharply up at €15.1 million, increasing by €11.5 million, driven by reorganisation at LCI, tight cost control at the pay-TV channels, and a good performance from TMC.

TMC

At end December 2009, TMC had 2.9% audience share of individuals aged 4 and over, versus 2.3% a year previously. Over the full year, the channel's average audience share was 2.6%, making TMC France's no. 1 DTT channel in 2009 and confirming its ranking as the no. 7 channel in France overall, a position it has held since February 2008.

Since the start of 2009, TMC has been building up its image as a general-interest, entertainment and family programming channel via its new visual identity and logo, and by expanding its programming. Programmes such as *Law and Order* (*New York Police Judiciaire*), *90' Enquêtes* and *Robin Hood*, *Prince of Thieves* (*Robin des Bois*, *Prince des voleurs*) struck a chord with the public, enabling TMC to attract over 1 million viewers on 27 occasions during 2009.

TMC, like all French free-to-air DTT channels, enjoyed growth in advertising revenue during 2009 thanks to:

- good growth in audiences, reflecting the quality of programming schedules,
- regulatory changes, which resulted in a shift of advertising from public service channels to DTT,
- the economic situation, which prompted advertisers to switch some of their spend from the established TV channels to DTT as they looked for significant cuts in their budgets.

In 2009, TMC is held by Principauté de Monaco (20%), via MCP by Groupe AB (40%) and TF1 (40%). TF1 and Groupe AB signed an agreement on June 11, 2009 with a view for TF1 to buy back the 40% of TMC held by Groupe AB.

Source: Médiamétrie

Eurosport France

In 2009, Eurosport France celebrated its 20th anniversary. With a 1.2% share of the initialised audience base, the channel is regarded as the benchmark multimedia sports platform. As of December 31, 2009, the channel had 7.5 million paying subscribers, representing year-on-year growth of 2.7%.

Eurosport France's mission is to offer its viewers premium sporting events in High Definition. Eurosport HD, launched on CanalSatellite in December 2008 and available on Noos and Numéricable since July 2009, has been a great success in France, demonstrating the subsidiary's grasp of leading-edge technology.

The Eurosport.fr website is also building a following, with 434,000 average unique visitors per day, 23% more than in 2008. Eurosport France is ranked no. 3 in its market, with 2.2 million unique visitors in December 2009.

A catch-up TV service was launched in 2009, in association with CanalSatellite.

In a particularly harsh economic climate that saw advertising budgets slashed and in the absence of any of the high-profile events prized by advertisers (such as the Africa Cup of Nations or Euro 2008), advertising revenue at Eurosport France was 29.1% lower in 2009 than in 2008. However, higher subscription revenues offset the adverse impact of the economy on total revenues. Eurosport HD and Eurosport 2 helped keep revenues steady, largely thanks to an increase in subscriber numbers (especially in French-speaking Belgium).

During 2009, Eurosport France responded to the decline in advertising spend by launching an optimisation plan, based on savings in programme budgets and overheads.

Source: Médiamétrie MédiaCabSat survey, theme channel audiences from December 29, 2008 to June 14, 2009, NNR Médiamétrie Panel, Nedstat.

TV Breizh

During 2009, TV Breizh achieved record audiences among individuals aged 4 and over and in the target advertising market of "women aged under 50 purchasing decision-makers". The main growth was in daytime audiences, thanks to family and viewing like *MacGyver*, *Arabesque*, *Monk*, *Close to Home* and *Terminator*: testimony to the channel's ability to refresh its brand image.

Over the full year, the channel took 1.2% of the initialised base audience of individuals aged 4 and over, against 1.0% in 2008, and posted an increase of 29% of its audience. Among "women aged under 50 purchasing decision-makers", the channel's share was 1.7%, versus 1.4% in 2008, and posted an increase of 17% in its audience.

These ratings successes helped the channel compensate for the decline in advertising spend and increase its subscription revenue, despite the poor economic climate and more intense competition.

Source: Médiamétrie

LCI

2009 was a year of change for LCI, in terms of both its competitive environment and its organisational structure. In market terms, LCI took 0.8% of the audience among individuals aged 4 and over able to receive the channel, against 0.9% in the previous year. In competitive terms, LCI is up against the new free-to-air DTT news channels BFM TV and i<Télé.

Reorganisation of the News Division continued in 2009. The TF1 and LCI Web content teams merged, and shared structures were created to build synergies and reduce costs without affecting the quality of news output.

LCI is positioning itself on new distribution channels. In January, the subsidiary launched LCI Radio, the first French radio news channel available free on the Web. LCI also set up an alliance with Aéroports de Paris and JC Decaux to supply news programming for broadcast on the first-ever dedicated airport terminal TV service, and was selected to be broadcast on digital terrestrial radio in three French cities: Paris, Marseille and Nice.

LCI.fr is being rebranded as TF1News, a distinctive brand that aims to become the benchmark site for news – just as TF1 has done with TV news – and to regain market leadership on the Web in terms of pulling power and visitor loyalty.

Against this backdrop, and with advertising revenues falling, total revenue was slightly lower year-on-year. However, cost optimisation measures led to a significant improvement in the subsidiary's operating margin.

Source: Médiamétrie

Découverte Division

The Découverte Division, comprising the Ushuaïa TV, Histoire and Odyssée channels, offers high-quality, targeted offerings at the cutting edge of new technology. The April 2009 launch by the three channels of a catch-up TV service on CanalSatellite and Numéricable increased their brand awareness.

With its new HD offering, **Ushuaïa TV** enhanced its programming around the major theme of sustainable development and protecting the planet, with programmes like Passage au vert and *Ushuaïa Nature*. The channel was being received in 2.3 million subscriber households at end December 2009, and took 0.1% of the audience of individuals aged 4 and over able to receive the channel.

Histoire continued to maximise its brand and update its visual identity, and switched to 16/9 format during 2009. The channel also reinforced its editorial line, for example by stimulating debate with *Historiquement Show* and commemorating major historical events, while at the same time cutting costs. Histoire was being received in 4.3 million subscriber households at end December 2009, and took 0.2% of the audience of individuals aged 4 and over able to receive the channel.

Odyssée reoriented its editorial positioning in 2009 to focus on health and design programmes like *Du Beau, du Bon, du Bien-être* and *Design by Sarah Lavoine*. Broadcast on a non-exclusive basis, the channel continued to achieve growth with internet service providers and in French-speaking Europe. The channel was being received in 2.8 million subscriber households at end December 2009, and had audience share of less than 0.1% among individuals aged 4 and over able to receive the channel.

Source: MédiaCabSat, 1st half of 2009

Série Club

Série Club, 50% owned by M6, had 0.9% audience share in 2009 in the target "women aged under 50 purchasing decision-makers" category. Série Club has 4.7 million subscriber households. Cable and satellite channels are facing tougher competition with the rise of Digital Terrestrial Television, but Série Club nonetheless showed good resilience in terms of both audiences and advertising revenue.

During 2009, Série Club – the drama serials channel – continued to modernise, with content now 100% digital and in 16/9. The channel offers a full range of previously unbroadcast serials such as *Life is Wild*, flagship serials like Lost and *Prison Break,* must-see serials like *Stargate SG-14*, and classic serials with *Commissaire Valence*.

Source: Médiamétrie

TF6

At end December 2009, TF6 (50% owned by M6) was being received in 5.9 million households. Over the full year, the channel took an average 1.0% of the target audience of 15 to 34 year-olds able to receive the channel.

During the year, TF6 continued to refocus on the 15-34 year-old target advertising market by showing more high-profile entertainment shows, younger-generation serials like *Dawson* and *One Tree Hill (Les Frères Scott*), previously unbroadcast serials like *Legend of the Seeker*, sitcoms such as *Scrubs* and *How I Met your Mother*, and must-see serials like *The Pretender* (*Le Caméléon*). TF6 also shows the best general-release and made-for-TV action movies.

In a tougher competitive environment and with gross advertising revenues in decline across the market, TF6 reported a drop in advertising revenue that was not fully offset by higher subscription revenue. However, TF6 managed to maintain operating margins by cutting operating costs.

Source: Médiamétrie

TF1 ENTREPRISES

TF1 Entreprises brings together a range of activities directly or indirectly related to the TF1 channel, including games, music, licensing, live shows and publishing.

TF1 Games

To end 2009, the French games market (excluding jigsaw puzzles) was bearing up well despite the economic crisis, with year-on-year growth of 2%. In this buoyant market, TF1 Games-Dujardin raised its market share by 1.9 points to 6.9% to end 2009 on a year-to-date basis. TF1 Games-Dujardin is ranked no. 4 in its market, equal to Mattel.

Although TF1 Games is a highly seasonal business, with sales mainly concentrated at the end of the year, it nonetheless performed well throughout the year, selling:

- 450,000 sets from the *1000 Bornes* range, including 125,000 sets of the new *1000 Bornes Cars*,
- 378,000 sets of TV tie-in games, including:
  - 233,000 sets from the *Roue de la Fortune* range,
  - 39,500 units of the *À Prendre ou à Laisser* game,
  - 33,700 sets of the *Une Famille en Or* game,
- 141,275 units of *Cranium*, and
- 72,370 sets of games from the *Hello Kitty* range.

On October 30, 2009, Dujardin completed the acquisition of the *Cochon qui rit* game for commercial exploitation. This deal will extend the TF1 Games range in 2010, confirming its position as France's leading producer of board games. Despite significant revenue growth, operating profit at TF1 Games was dented by substantial advertising spend.

Source: NPD

TF1 Licences

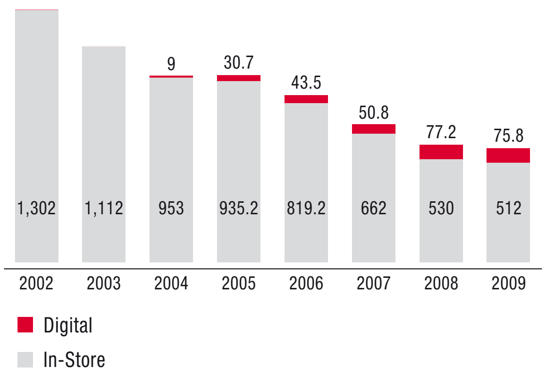
With over fifty brands under management spanning every genre, TF1 Licences is one of the biggest licensing agencies in France. The business enjoyed many successes in 2009 with brands like *Barbapapa*, *Ushuaïa* and *Hello Kitty*, even though the slowdown in the advertising market created tough conditions for promotional licensing.

A number of new licensing deals were obtained in 2009, including *Babar*, *The Ice Age* (*l'Age de Glace*) and the All Blacks, while the year also saw the launch of the *Jojo's* playground game and the *Series Inside* magazine. Here too, operating profits were eroded by advertising spend.

TF1 Musique

The music and CD market experienced another year of decline. In-store sales fell by 3.4% and digital sales by 1.9%, in a market still affected by value erosion (down 3.2%).

MUSIC MARKET IN FRANCE *(€M)*



Source: SNEP

The contraction in the market was concentrated in the first half of 2009, with a 17.8% fall versus the first half of 2009; in the second half of 2009, the market recovered and grew by 9.2%.

In this challenging environment, TF1 Musique scored some notable successes through its association with high-profile artists including Seal (345,000 albums), Black Eyed Peas (190,000 albums), Calogero (275,000 albums) and Florent Pagny (212,000 albums). The *Cléopâtre* and *Mozart rock operas* attracted 520,000 and 253,000 spectators respectively in 2009, excellent performances that made up for the discontinuation of the *Star Academy* tour. These shows are continuing to be staged in 2010. Music tie-ins based on live shows like *Cléopâtre* (110,000 albums) and *Mozart* (380,000 albums) helped TF1 Musique to weather a difficult year.

TF1 Edition

In 2009, for the book market in France, sales grew by 1.5%, to be compared to +1% in 2008. Sales for online books increased by 20%

The TF1 Entreprises publishing arm performed well in Art Books (*Musée Invisible*, *Ushuaïa*), offsetting the loss of revenue caused by the discontinuation of *Star Academy* magazine and lower advertising revenue for the *Ushuaïa* magazine. In 2009, TF1 Edition acquired the French literary rights of Lisa Scottoline, who headed the *New York Times* fiction bestseller list in May 2009.

Over the full year, TF1 Entreprises reported an 8.6% rise in revenue to €39.1 million. The full year operating loss of €1.6 million (versus €0.4 million in 2008) reflected heavy advertising spend during the year, for which the payoff is expected in 2010.

Source: Livre Hebdo

PRODUCTION

The Production Division (comprising two entities, TF1 Films Production and TF1 Production) generated revenue of €22.1 million (down €9.0 million year-on-year) and operating profit of €1.8 million (down €0.9 million year-on-year).

TF1 Films Production

Total cinema footfall in France for 2009 is estimated at 200.8 million, 5.7% higher than in 2008, above the annual average for the past ten years (184 million), and a record high since the 202 million achieved in 1982.

French films had an estimated market share of 37%, compared with 45% in 2008, when the unprecedented success of *Bienvenue chez les Ch'tis* boosted the share taken by French films. The market share of American films returned to nearly 50% in 2009, against 43% in 2008.

The 20 films released by TF1 Films Production in 2009 performed well: 7 of them (including *LOL* and *Le Code a changé*) were among the 18 French films to attract audiences of over a million during the year.

Films co-produced by TF1 Films Production released in 2009	Release date in 2009	Cinema audience figures to December 31, 2009
LOL	February 4	3,647,573
ARTHUR ET LA VENGEANCE DE MALTAZARD*	December 2	3,108,716
COCO	March 18	3,008,677
SAFARI	April 1	1,958,334
DE L'AUTRE CÔTE DU LIT	January 7	1,795,453
LE CODE A CHANGÉ	February 18	1,626,406
BANLIEUE 13 ULTIMATUM	February 18	1,101,377
RTT*	December 9	882,803
TELLEMENT PROCHES	June 17	796,702
CYPRIEN	February 25	686,393
TRÉSOR	November 11	655,437
ERREUR DE LA BANQUE EN VOTRE FAVEUR	April 8	622,980
QUELQUE CHOSE À TE DIRE	May 27	407,716
CINEMAN	October 28	299,210
LE PREMIER CERCLE	March 4	280,571
LE SYNDROME DU TITANIC	October 7	261,085
LE MISSIONNAIRE	April 29	209,573
OSCAR ET LA DAME ROSE*	December 9	181,245
LA GUERRE DES MISS	January 14	169,165
JUSQU'À TOI	July 29	76,723

Source: Ecran Total – December 30, 2009.
(*) Still being screened in January 2010.

TF1 Films Production invested a total of €47.7 million in 2009. This figure takes account of uplifts in broadcasting rights, and of the funding (partially recognised in the 2008 accounts) for the new Luc Besson film *Adèle Blanc-Sec* scheduled for release in 2010.

The main impact on TF1 Films Production revenues for 2009 was the tough comparative created by the success of 2008 cinema releases, especially *Bienvenue chez les Ch'tis*. There were fewer cinema releases in 2009 than 2008, which led to a drop in revenues from the sale of TV rights.

Source: CNC

TF1 Production

Since January 1, 2009, Alma, Glem, Quai Sud, TAP, TPP and Yagan have been brought together within a single legal entity: TF1 Production. This merger has led to the amalgamation of teams and the development of synergies, while at the same time pooling administrative functions.

Over 2009 as a whole, TF1 Production delivered 554 hours of programmes to TF1, 123 hours more than in 2008.

The drop in revenue for TF1 Production was due mainly to a decline in output from the Drama Department, but also to the non-recurrence of the *Star Academy* show and the Blue Man Group tour. Revenues were also dented by a decline in short formats, which are dependent on the advertising market. However, operating profit was strongly supported by cuts in production costs and process industrialisation.

E-TF1

The TF1 Group's New Media subsidiary introduced many innovative developments during 2009, helping TF1 retain its position as France's leading media TV group on the Web and its no. 8 position in the overall French internet rankings at end December 2009 (behind Google, Microsoft, France Telecom, Facebook, PPR, Pages Jaunes and Vivendi) with an average of 17 million unique visitors per month and 1.5 billion video clips over the year (half of which were TF1 content).

A key factor in this performance has been the new-look TF1.fr site, which has attracted many new internet users since it went online in April 2009.

The new website dedicated to news, TF1News.fr, was unveiled on November 4, 2009. The site offers more user-friendly access to news, with the TF1 and LCI editorial teams now pooling their news expertise.

Social networking sites also enjoyed great success in 2009. Overblog passed the 10 million unique visitor mark in December 2009, and has been the top-ranking French social networking site since June. WAT confirmed its success in the online video market: the 750 million videos viewed on the site placed it 4th in France behind YouTube, DailyMotion and Google Videos. In the women's segment, Plurielles proved to be a strong performer, attracting 3 million readers a month.

In November 2009, TF1 carried out a makeover of its ground-breaking offering started 10 years ago via the DVDrama.com and Excessif.com sites. The makeover involved the launch of a new Excessif.com as a single unified brand offering access to a comprehensive range of screen entertainment news and guides, covering cinema, serials, DVDs and video games.

In July 2009, the mobiles arm launched TF1 Player, an application that enables users to access the channel 24 hours a day via their iPhones. This application had already been downloaded more than 36,000 times by December 31, 2009.

Finally, 2009 saw TF1 launch two major innovations in interactive TV. On November 23, TF1 unveiled MyTF1, a portal that offers viewers access to enhanced services and content around TF1 programmes. The service can be accessed from TV sets without navigating away from the channel's live output. Viewers can use MyTF1 to watch again (free of charge) a broad range of programmes, and to access the TF1 video-on-demand offering. A host of other services are available, from news and sport to games. This service is interactive and free; it is currently available to everyone with a Bbox (the Bouygues Telecom TV decoder), and will ultimately be offered via other TV operators' services as well.

In December, TF1 and Samsung Electronics France, the French no. 1 in consumer electronics, announced a three-year strategic alliance designed to offer viewers an unprecedented entertainment experience. Thanks to Samsung technology and the editorial expertise of TF1, the manufacturer's internet-enabled TVs will from March 2010 incorporate novel interactive services linked to TF1's flagship brands and content, with applications dedicated to news, weather, sport, programme information, etc.

Revenues at e-TF1 advanced by 20.5% in 2009 to €72.8 million, driven by increased interactivity and despite a very depressed internet advertising market. The operating loss for the year was €3.4 million, against €4.1 million in 2008. The increase in operating costs was mainly due to variable interactivity charges, though costs associated with the services launched in 2009 were also a factor.

OTHER BUSINESSES

Radio: Les Indépendants

In 2009, TF1 Publicité made a successful entry into the radio market, selling advertising airtime on 122 local independent stations. This leading national offering (18.1% commercial audience share for individuals aged 25-49)[(1)], which also includes Sud Radio and Wit FM, provides a mix of pulling power and local coverage ideal for delivering more effective advertising.

While gross advertising spend on radio generally rose by 9.1% in 2009, the airtime sold by TF1 Publicité reported growth of over 39%. With market share of 9.1%, TF1 Publicité is becoming an important player in radio advertising. Net revenues amounted to €9.9 million.

Third-party advertising airtime sales

TF1 Publicité sells advertising space on a dozen theme channels (including the Disney and Cartoon channels).

The contribution to TF1 consolidated revenues, which takes the form of airtime sales commission, was virtually unchanged year-on-year.

AUDIOVISUAL RIGHTS

Full-year revenue from the Audiovisual Rights Division fell by 13.2% (or €23.0 million) to €151.0 million. The division reported a €22.5 million operating loss, €11.7 million more than in the previous year.

TF1's audiovisual rights strategy in 2009 was to strengthen the Group's position in cinema and video, via partnerships with UGC Images and Sony Pictures Home Entertainment. These partnerships also aim to improve the profitability of the business in the longer term.

CATALOGUE

The Catalogue business was reorganised in 2009, following the partnership agreement with UGC Images signed on July 1, 2009 and approved by the competent authorities on September 28, 2009. Under the agreement, TF1 International and UGC Images will jointly invest in production, and co-operate in the distribution of films in cinemas and international rights sales. The new split of operations is as follows:

- TF1 International has changed its name to TF1 Droits Audiovisuels. A 100%-owned subsidiary of TF1, this company will continue its current business of acquiring film co-production stakes, especially as a joint investor with UGC.
- Cinema distribution in France will be handled by UGC Distribution, a new company set up by UGC Images (66%) and TF1 Droits Audiovisuels (34%).
- The company name "TF1 International" will be reallocated to a second company jointly owned by the two parties (TF1 Droits Audiovisuels 66%, UGC Images 34%), which will handle international audiovisual rights sales and Video on Demand rights sales in France.

International rights sales scored some successes during 2009, in particular with *Dans la Brume Electrique* and *Micmacs à Tire-larigot*.

The Catalogue business generated revenue of €57.6 million in 2009 (5.3% higher than in the previous year), and a loss of €9.4 million (an improvement of €3.5 million on the previous year).

Total cinema footfall in France for 2009 is estimated at 200.8 million, 5.7% higher than in 2008, above the annual average for the past ten years (184 million), and a record high since the 202 million achieved in 1982.

French films had an estimated market share of 37%, compared with 45% in 2008, when the unprecedented success of *Bienvenue chez les Ch'tis* boosted the share taken by French films. The market share of American films returned to nearly 50% in 2009, against 43% in 2008.

(1) Source : Médiamétrie 126,000 Radios - Cumul Jan-Dec 2009 (excl. summer) – Monday-Friday – 5 a.m. / 12 a.m. -Target 25-49 year old – cumulated audience share (TF1 Publicité Radios, Lagardère Publicité, NRJ Global, IP Radio, Skyrégie, RMC & Radio Classique).

Revenues from New Films increased despite unfavourable seasonal effects in terms of cinema releases (12 films in 2009, versus 25 in 2008), thanks to this year's two summer releases *Neuilly sa Mère!* and *Une Semaine sur 2*, which attracted audiences of 2.5 million and 500,000 respectively. Other factors included poorer performances by films screened in 2009 *(Walkyrie*, *Bellamy*, *Le Premier Cercle*) and losses to completion recognised during 2009, which had a negative impact on the Catalogue business at operating level.

Source: CNC

TF1 VIDÉO

TF1 Vidéo is selling into a DVD and Blu-ray market which while stable overall, reveals contrasting trends.

- in volume terms, the market expanded by 9.7%,
- in value terms, annual growth is a modest 0.5%. The market is being sustained by the new format Blu-ray disc, which reported 109.5% growth in value terms. The DVD market contracted by 3.7%, as the commercial squeeze on margins intensified in 2009.

Blu-ray discs represent 4% of the market by volume and 8% by value.

This new market is being supported by media time-lines: a movie can be released on DVD Blu-ray just four months after the cinema release.

CONSUMPTION OF VIDEO DISCS IN 2009

	Units *(millions)*	% Change	Revenues *(€m)*	% change
DVD	135.35	+7.4%	1,282.01	-3.7%
Blu-ray	5.30	+145.5%	107.79	+109.5%
TOTAL	**140.65**	**+9.7%**	**1,389.80**	**+0.5%**

The Video on Demand (VoD) market expanded from €53 million in 2008 to €90 million in 2009.

Against this backdrop, TF1 Vidéo reported:

- stable year-on-year volumes, with no major DVD or Blu-ray releases to boost the quantities sold,
- a decline in value terms due to special offers on DVDs as part of the TF1 Vidéo "20th anniversary" promotion and adverse market trends, which together had a negative effect on revenues.

By end December 31, 2009, 77 TF1 productions were available on Blu-ray.

During 2009, TF1 Vidéo and Sony Pictures Home Entertainment (SPHE) agreed a major partnership deal, announcing the formation of an economic interest grouping to distribute video products in the French market. The aim of the grouping, which began trading on September 1, 2009, is to pool resources to sell DVDs and Blu-ray discs from the TF1 Vidéo and SPHE catalogues.

TF1 Vision revenues progressed during the year, boosted by new distribution deals with internet service providers.

On July 30, 2009, Orange and TF1 Vidéo announced that they had signed an agreement, reflecting their shared strategic vision, under which content supplied by TF1 Vision, the TF1 Group's VoD service, will be made available on Orange's VoD platform, thereby extending the distribution range of TF1 Vidéo content. By end 2009, the service was available through all the main internet service providers, offering over 6,500 programmes.

TF1 Vidéo also continued its expansion into new distribution channels, launching an application on iTunes Store that enables iPhone users to download trailers and extracts from the latest content posted on the TF1 Vision website.

TF1 Vidéo revenues fell by 21.7% to €93.4 million, giving a 2009 operating loss of €13.1 million (compared with an operating profit of €2.1 million in 2008). Of the deterioration at operating level, €9.1 million was due to weaker revenues from operations; the remainder was due to the fact that the comparative figure included the reversal (in the first half of 2008) of an exceptional provision.

Sources: Le Syndicat de l'Edition Vidéo Numérique (SEVN), GFK, CNC

BROADCASTING INTERNATIONAL

EUROSPORT INTERNATIONAL

Eurosport celebrated its 20th anniversary in 2009. At the end of the year, the channel was being received in 118.1 million households, including 7.1 million in France.

Eurosport is available in 59 countries and 20 languages, and is distributed via all types of pay-TV platform (cable, satellite, digital terrestrial and ADSL). The Eurosport Group had 77.1 million paying subscribers at December 31, 2009, representing a year-on-year increase of 3.4 million or 4.6%. Nearly two-thirds of these new subscribers were in Central and Eastern Europe. Eurosport is recognised as the premier multimedia sport platform in Europe.

Eurosport 2, broadcast in 46 countries and 14 languages, is continuing to develop its complementary offering alongside Eurosport, and is being received by nearly 40.1 million households, a year-on-year increase of 16.7%.

The Eurosportnews channel, which is well established outside Europe (South Africa, Malaysia, Australia and New Zealand) is also distributed in Europe to 6.2 million households, virtually all of them paying subscribers.

Eurosport Asia / Pacific, launched at end 2006, stepped up its expansion by signing new distribution partnership deals with two Australian platforms, and is now received by 4.3 million subscribers in 13 countries.

The speed of the technical deployment and commercial launch of Eurosport's High Definition offering, via the Eurosport HD channel, illustrates the Eurosport Group's expertise, capacity for innovation and exceptional responsiveness. Launched in May 2008, Eurosport HD has proved a big success, attracting more than 5.2 subscribers by end 2009 and generating substantial spin-off benefits commercially. This success has been echoed since August 2009 by the launch of the Eurosport 2 HD channel, aimed mainly at Eastern Europe. These HD offerings have considerably strengthened the Eurosport Group's market positioning, and are a major selling point in negotiations with satellite platforms and cable operators.

The joint Eurosport / Yahoo! site, launched in mid-2007, continues to operate in the British, German, Spanish and Italian markets. This collaboration is line with the market conquest strategy adopted by Eurosport, pooling its editorial quality with the commercial power and technical expertise of Yahoo! to consolidate its position as the no. 1 sport site in Europe.

Following the launch of Eurosport.pl at the start of the year and Arabia.eurosport.com in December 2009, Eurosport now has 10 local versions of its website. The sites are continuing to perform well, with an average of 1.6 million cookie visitors a day at end December 2009, a year-on-year increase of 29%.

Since March 2007, Eurosport has been capitalising on its strong internet audiences to broadcast its content directly to Web users via the Player. Initially restricted to certain countries, this distribution method has now been extended to the whole of Europe (apart from Italy and Russia).

At end December 2009, internet distribution had a monthly average of 38,000 customers, more than double the 2008 level.

Since July 2009, iPhone users have been able to access Eurosport's websites, via an application available in 9 languages. By end December 2009, over 1.6 million users had downloaded this application.

The average audience for the Eurosport channel was 564,000 per average quarter hour for the year ended December 31, 2009, just 2% down on the previous year (574,000), even though 2008 was a bumper year for sport. The absence of major events like the Olympic Games and Africa Cup of Nations was almost entirely offset by strong performances from established Eurosport brands like the French open tennis championships at Roland Garros (22% audience growth), the Tour de France, and the World Athletics Championships in Berlin (audiences 29% higher than for the previous championships).

Revenues for the year ended December 31, 2009 were €319.2 million, a slight increase on the previous year.

Subscription revenues at Eurosport International rose by 9.0% in 2009, driven mainly by the Eurosport HD and Eurosport 2 channels, vindicating a strategy based on localisation and the market's appetite for the latest technology.

Advertising revenues were 16.2% lower than in 2008, reflecting substantial cuts in advertisers' budgets in response to the international economic crisis and the low number of major sporting events, which made sport channels less attractive than in 2008.

Operating profit for the year ended December 31, 2009 was €39.3 million, a hefty 47.7% increase on the 2008 figure of €26.6 million. This performance was mainly due to comparative effects caused by the non-recurrence of the Olympic Games in 2009, but also reflected tight control over overheads and the optimisation of programming and foreign-language versions.

SPS

In 2009, Eurosport – via SPS, a company owned 50/50 with Serendipity – diversified into the online gaming and sports betting market. The timetable for the phased rollout of the business across Europe takes account of the attractiveness of national markets and of local regulatory developments. Having received the go-ahead from the European Commission, on June 1, 2009 SPS launched its first commercial site in the United Kingdom after being awarded a full e-gaming licence for UK territory by the Alderney Gambling Control Commission on January 28, 2009. The next phase will involve applications for online gaming licences for the French and Italian markets.

At December 31, 2009, after seven months' trading, the revenue generated by this business – comprising gross gaming revenue (bets placed minus winnings paid out), less licence and bonus costs – is immaterial. The TF1 Group's share of the costs of SPS for the year ended December 31, 2009 was €3.0 million, corresponding to payroll costs and amortisation charged against the cost of developing the technical platform.

TF1, which already held (via its Eurosport subsidiary) a 50% interest in SPS, raised its interest to 100% on March 8, 2010 by buying out the 50% held by the Serendipity investment fund.

In France, the draft bill on free competition and regulation in the online gaming sector was adopted on first reading by the National Assembly on October 13, 2009. It was examined by the Senate in early 2010, and is likely to become law in 2010. One of the key features of the draft bill is that gaming promoters will not be allowed to advertise during periods when programmes aimed at minors are being broadcast on radio or television.

FRANCE 24

On February 12, 2009, TF1 SA sold its interest in France 24 (50% of the capital and voting rights) to Audiovisuel Extérieur de la France (AEF). The sale generated a net gain of some €2 million.

OTHER ACTIVITIES

PILIPILI - TOP TICKET.S

In November 2009, TF1, Artémis (Pinault Group) and Recruit (the Japanese no. 1 in advertising freesheets) sold their entire stake in Top Ticket.s, publisher of the Pilipili freesheet, to Vente Ciblée.

Over the full year, Top Ticket.s generated revenue of €1.5 million and an operating loss of €5.3 million for the TF1 Group.

ASSOCIATES

MÉTRO FRANCE

Publications Métro France, in which TF1 has a 34% stake, distributed an average of 660,000 copies of its freesheets a day in 10 French cities during 2009. Publications Métro France made a zero contribution to TF1's 2009 financial statements.

GROUPE AB

The AB Group produces and broadcasts 18 TV channels including RTL9 (65%), AB1, NT1, TMC (40%) with TF1 in France, and AB3 and AB4 in Belgium. The Group also owns one of the biggest catalogues of French-language audiovisual rights, with over 1,500 titles representing 44,000 hours of programming (including episodes of serials like *Navarro* and *Femme d'Honneur*); these rights are distributed in France and internationally.

The AB Group turned in an excellent performance in 2009, increasing the share of its profits recognised in the TF1 consolidated financial statements to €15.0 million.

On May 28, 2009, TF1 and Claude Berda (the majority shareholder in the AB Group) began exclusive negotiations with a view to the acquisition by TF1 of the 100% interest in NT1 and the 40% interest in TMC held by the AB Group for €192 million in cash, taking TF1's interest in TMC to 80%. The management of AB Group was granted a call option allowing it to buy out TF1's minority interest in the AB Group for €155 million within a maximum of two years.

In addition, the other activities of the AB Group would be held by a newly-formed company. TF1 would retain the same interest in this new company as it currently holds in the AB Group (33.5%). Finally, the TF1 Group would raise its stake in WB Télévision, a holding company owned by Claude Berda which controls the Belgian francophone channels AB3, AB4 and Videoclick, from 33.5% to 49%.

On January 26, 2010, the French Competition Authority announced its decision to allow the TF1 Group to acquire control of TMC and NT1, subject to "undertakings as to future conduct". The broadcasting authority, CSA, gave its go-ahead on March 23, 2010.

The €192 million investment is expected to be met from the Group's available cash resources once the CSA has issued its ruling.

3.2.2 Research and development expenditure

Our research and development (R&D) activities are mainly in the field of experimental development. Most R&D expenditure is incurred with a view to the marketing of a new product or service, or the broadcasting of a new programme.

We also develop software and systems designed to achieve efficiencies.

The TF1 Group incurred €20.8 million of research and development expenditure in 2009.

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

R&D EXPENDITURE ON PROGRAMMES

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

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

Consequently, R&D expenditure on programmes includes:

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

R&D EXPENDITURE ON TECHNOLOGICAL INNOVATION

We have a dedicated unit working on the design and development of technological innovation, whose role is to:

- monitor developments in and use of consumer technology,
- suggest ideas for new products to exploit emerging technologies,
- develop prototypes and run operating tests,
- carry out economic, marketing and consumer surveys.

The main projects on which this unit worked in 2009 were:

- interactive services for triple-play set-top-boxes (Web / TV / phone), in particular the launch of MyTF1 on Bouygues Telecom's BBox set-top box,
- Web-enabled television,
- new internet video advertising formats,
- Web-based distribution of video content (streaming, Web players and content delivery networks),
- content protection and anti-piracy measures,
- digitisation of cinemas.

In 2009, the TF1 Group sealed a three-year alliance with Samsung Electronics France with the aim of launching Web-enabled TV sets combining Samsung technology with TF1's editorial expertise. The new sets will incorporate novel interactive services linked to our flagship brands and content.

R&D EXPENDITURE ON IN-HOUSE SOFTWARE DEVELOPMENT

During 2009, our Technical and Information Systems Department continued to work on the deployment of the Process News & Sports 2 (PNS2) software, which aims to modernise the production of TV news bulletins and sports magazine programmes. The new software will replace the existing PNS1 (introduced in 1999), and is due to go live in the first half of 2010.

Another solution developed in-house is Jade, intended to improve human and technical production resource planning.

Our team has also developed Ts Pro, which automates the distribution of programmes in various modes (catch-up, VoD) and via various networks (ADSL, mobiles), and set up a high-quality IP distribution platform for our channels.

Finally, the department's R&D unit has been working on the further expansion of HD and SD digital terrestrial television, on mobile personal TV, and on the analogue signal switch-off (scheduled for the end of 2011).

3.2.3 Outlook

In a market where visibility remains poor, TF1 expects 2010 to be another year of economic uncertainty. Against this backdrop, we have set a target of 2% revenue growth.

During 2010, we will continue to adapt our business model and develop new activities, in particular:

- reinforcing our core TV business by:
  - keeping tight control over programming costs, while maintaining unrivalled viewing and audience share figures,
  - integrating TMC and NT1,
  - developing new formats conceived and produced in-house,
  - continuing with our policy of bringing content production back in-house, via the Studiomax project,
  - deploying PNS2 in order to deliver high-quality, reactive and in-depth news coverage at lower cost.
- extending our multi-channel strategy, by capitalising on synergies with new media and developing transverse, complementary and reciprocal use of content across all media channels, with a sharp focus on the relationship with viewers:
  - in 2010, our teams will be hugely involved in the Football World Cup, a genuine 360° event,
  - we will also place the development and monetisation of an approved customer base at the heart of our future development,
- pursuing our policy of strategic alliances, in particular with Française des Jeux, UGC and Sony in audiovisual rights and with Samsung in Web-enabled television,
- continuing with our corporate social responsibility initiatives, including:
  - rolling out carbon audit to all of our activities,
  - strengthening our commitment to diversity,
  - working towards "Diversity label" certification,
- keeping up the momentum achieved over the last two years in adapting our business model to the new market conditions and unlocking synergies, in a general climate of uncertainty. The challenge is to maintain profitability by finding the right balance between spending on programme rights (a key factor for our audience figures and brand image) and generating revenues from advertising and subscriptions.

Our ultimate goal is to return to profitability levels in line with the average for European independent television channels, and to stabilise programming costs for the TF1 channel.

So 2010 will see us rising to the challenge with a range of projects to build for the future. Refreshed, energised and united, with highly-motivated teams, top-quality partners and the backing of our reference shareholder, the TF1 Group is poised for recovery across the board.

3.2.4 Post balance-sheet events

INCREASE IN THE EQUITY INTEREST IN SPS

In 2008, Eurosport took an equity interest in SPS, which it owned 50/50 with Serendipity. SPS is involved in the online gaming and betting market.

TF1, which already held (via its Eurosport subsidiary) a 50% interest in SPS, raised its interest to 100% on March 8, 2010 by buying out the 50% held by the Serendipity investment fund.

CLEARANCE FROM THE FRENCH COMPETITION AUTHORITY FOR THE ACQUISITION OF THE AB GROUP

On January 26, 2010, the French Competition Authority gave the TF1 Group clearance to proceed with the acquisition of the AB Group.

Clearance from the CSA, the French audiovisual regulator, was obtained on March 23, 2010.

The undertakings given by the TF1 Group to the two regulators do not undermine the economic and industrial logic of the deal, which places TF1 at the forefront of free-to-air digital terrestrial television.

A final agreement between TF1 and the AB Group is expected to be signed during the next few weeks.

3.2.5 The role of TF1 vis-à-vis its subsidiaries and relations with the parent company

(For details of the positions held by TF1 executive Directors in the principal subsidiaries, see pages 6 and 21).

The TF1 Group comprises about 50 directly or indirectly owned operational subsidiaries (see the organisation chart on page 7), most of them located in France.

The role of TF1 is to define the overall strategic priorities of the Group, and to provide leadership in areas such as identifying synergies and standardising procedures.

From a financial standpoint, TF1 oversees the level of capitalisation of its subsidiaries. The TF1 Group Treasury Department manages and pools the cash positions of all Group subsidiaries except for TMC, TCM and Metro France, which handle their own treasury and financing.

The related-party agreements between TF1 and its subsidiaries, described in the Statutory Auditors' report on such agreements, relate to:

- permanent access by the subsidiaries to TF1 support functions (General Counsel's office, Corporate Affairs, Legal, Internal Communication, Research & Statistics, Financial Control, etc.). Access to these functions is invoiced to each subsidiary in proportion to its headcount and individual-company revenues. The total amount invoiced for the year ended December 31, 2009 was €11.7 million. Additional services provided on request are invoiced on an arm's length basis,
- under an agreement dated October 12, 2005, LCI may in the event of a major breaking news story switch its output to the TF1 channel so as to provide immediate news coverage. In 2009, LCI received an annual fixed fee of €5 million,
- the other agreements (mainly business management leases) are described in the Statutory Auditors' report.

The related-party agreements between TF1 and Bouygues, described in the Statutory Auditors' report on such agreements, relate to:

- permanent access by TF1 to Bouygues support functions (Human Resources, Finance, Information Systems, Communication, Social Development, etc.). Access to these functions is invoiced to TF1 using a formula based on the ratio of TF1's headcount, permanent capital and consolidated revenues to those of the Bouygues Group. The total amount invoiced for the year ended December 31, 2009 was €3.4 million. Additional services provided on request are invoiced on an arm's length basis,
- the other agreements with Bouygues (institutional communication campaign, use of aircraft, and top-up executive retirement benefit plan) are described in the Statutory Auditors' report.

3.2.6 The TF1 parent company

In 2009, TF1 SA generated revenue of €1,376.6 million, comprising €1,357.7 million of advertising revenue and €18.9 million of other revenue. The operating profit for the year was €40.7 million, 73.0% lower than for the previous year.

Net financial income was €149.7 million.

Net profit for the year was €198.4 million, an increase of 42.8% on the previous year.

Expenses falling within the scope of Article 223 *quater* of the French General Tax Code, which are non-deductible expenses for corporate income tax purposes, amounted to €245,051 in the year ended December 31, 2009. TF1 did not incur any expenses falling within the scope of Articles 39-4 and 39-5 of the French General Tax Code.

APPROPRIATION OF PROFITS

In the resolutions submitted for your approval, we are asking you to approve the parent company financial statements and the consolidated financial statements for the year ended December 31, 2009, and (having noted the existence of distributable profits of €342,439,459.84, comprising net profit for the period of €198,396,033.56 and retained earnings of €144,043,426.28) to appropriate this sum as follows, as proposed by the Board of Directors:

- distribution of a cash dividend of €91,766,511.56 (i.e. a dividend of €0.43 per €0.20 per value share),
- the balance of €250,672,948.28 to be carried forward as retained earnings.

The ex-date of the dividend on the Euronext Paris market will be April 28, 2010. The date of record (i.e. the day at the end of which the post-settlement positions entitled to the dividend are determined) will be April 30, 2010. The payment date of the dividend will be May 3, 2010.

In accordance with sub-section 2 of section 3 of Article 158 of the French General Tax Code, this dividend is fully eligible for the 40% relief available to individuals tax-resident in France.

We would remind you that individuals tax-resident in France whose dividend income is eligible for this relief may elect to have these revenues taxed at a flat rate of 18%. This election must be made each time a dividend is received, is irrevocable, and cannot be made retrospectively.

We are also asking for your authority to transfer to retained earnings the amount of dividend accruing to any of its own shares that TF1 may hold, in accordance with Article L. 225-210 of the French Commercial Code.

The amount of dividend distributed in respect of the three previous financial years was as follows:

Year ended	Net dividend per share	Tax relief*
December 31, 2006	€0.85	yes
December 31, 2007	€0.85	yes
December 31, 2008	€0.47	yes

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

ANALYSIS OF TRADE CREDITORS BY DUE DATE

Total creditors at December 31, 2009:	€368.9 million
Total creditors included in the analysis*:	€294.8 million
of which non past due:	€284.1 million
of which past due:	€10.7 million
of which past due by less than 30 days:	*€2.9 million*
of which past due by between 30 and 90 days:	*€3.1 million*
of which past due by more than 90 days	*€4.7 million*

*As of the date of publication of our Management Report, in the absence of clarification as to the disclosures required in that report under Decree no. 2008-1492 of December 30, 2008 (implementing Article L. 441-6-1 of the French Commercial Code), we have excluded the following trade creditor balances from our analysis of trade creditors as of the balance sheet date:

- intra-group trade creditors,
- foreign trade creditors,
- trade bills payable.

The total trade creditors balance (amounts due to suppliers of goods and services) at December 31, 2009 was €368.9 million, which in addition to the €294.8 million analysed above included €32.9 million of intra-group trade creditors, €7.8 million of foreign trade creditors, and €33.4 million of trade bills payable.

3.2.7 Principal acquisitions and divestments

These elements are also disclosed pages 137, 138, 188.

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

OVERBLOG

On March 26, 2009, TF1 increased its interest in JFG Networks, publisher of the overblog.com website, from 35% to 40% via a rights issue, at a cost of €0.01 million.

WB TÉLÉVISION

During the third quarter of 2009 the TF1 Group raised its interest in WBTV, which owns the Belgian activities of the AB Group, from 33.5% to 49% at a cost of €1.5 million.

TF1 INTERNATIONAL AND UGC DISTRIBUTION

On September 28, 2009, TF1 and UGC completed a deal to pool their expertise in the acquisition of film rights, the distribution of films in cinemas, and the foreign sale of audiovisual rights. Under the terms of the deal, the new split of operations is as follows:

- TF1 International has changed its name to TF1 Droits Audiovisuels. A 100%-owned subsidiary of TF1, this company is continuing its current business of acquiring film co-production shares,
- cinema distribution in France is handled by UGC Distribution, a new company set up by UGC Images (66%) and TF1 Droits Audiovisuels (34%). This entity is accounted for as an associate by the equity method in the TF1 Group consolidated financial statements as at December 31, 2009,
- the company name “TF1 International” has been reallocated to another second company jointly set up and owned by the two parties (TF1 Droits Audiovisuels 66%, UGC Images 34%), which handles international audiovisual rights sales and Video on Demand rights sales in France. This entity is accounted for by the full consolidation method in the TF1 Group consolidated financial statements as at December 31, 2009.

GIE SONY PICTURES HOME ENTERTAINMENT - TF1 VIDÉO

The Sony – TF1 Vidéo economic interest grouping, formed by TF1 Vidéo and Sony Pictures Home Entertainment (SPHE) on May 29, 2009, has been consolidated by the proportionate consolidation method since September 30, 2009.

SPS

SPS, a company formed and jointly owned by Eurosport and Serendipity, has been consolidated by the proportionate consolidation method by TF1 since September 30, 2009. SPS aims to develop a European-scale online sports betting and gaming business.

On March 8, 2010, TF1 raised its interest to 100% by buying out the 50% interest held by the Serendipity investment fund.

AB GROUP

On June 11, 2009, the TF1 Group and the AB Group signed an agreement with a view to the purchase by TF1 of 100% of NT1 and 40% of TMC, currently held by the AB Group, for a cash consideration of €192 million.

TF1 would retain the same equity interest in the other activities of the AB Group as it currently holds (33.5%).

The current AB Group management team would be granted a call option to acquire this TF1 minority stake for €155 million within a maximum of 2 years.

On January 26, 2010, the deal received clearance from the French Competition Authority subject to compliance by the TF1 Group with “undertakings as to its future conduct” (see 2.2.3, “Risk Factors”).

Clearance for the transaction from the CSA, the French audiovisual regulator, was obtained on March 23, 2010.

DIVESTMENTS OF EQUITY INTERESTS

DOGAN TÉLÉSHOPPING

In November 2009, the TF1 Group sold its 50% interest in its Dogan Téléshopping subsidiary. The resulting gain of €1.1 million was recognised as a component of consolidated operating profit.

TOP TICKET.S

On November 18, 2009, the TF1 Group sold its interest in Top Ticket.s, the publisher of the Pilipili freesheet. The €2.6 million loss arising on this sale was recognised as a component of operating profit in the consolidated financial statements for the year ended December 31, 2009.

FRANCE 24

On February 12, 2009, TF1 SA sold its interest in France 24, representing 50% of the share capital and voting rights, to Audiovisuel Extérieur de la France (AEF). The €2 million net gain arising on this sale was recognised as a component of operating profit in the consolidated financial statements for the year ended December 31, 2009.

SHOPPING À LA UNE

On February 12, 2009, Téléshopping SAS sold all its shares in its Shopping à la Une subsidiary to Initiatives et Développements (I&D), in exchange for bonds redeemable in shares of its own subsidiary Global Technologies, for a nominal amount of €2 million.

INTRA-GROUP TRANSFERS OF SHARES

In December 2009, TF1 SA transferred the companies TV Breizh and Ushuaïa TV to TF1 Digital for €38.2 million.

As part of the reorganisation of the Group's News Division, TF1 SA acquired LCI from TF1 Digital and Ouest Info from TV Breizh, for a total amount of €2.7 million.

INTERNAL REORGANISATION

As part of the ongoing rationalisation of the legal structure of the TF1 Group, the following transactions were carried out:

- 2009: mergers of Téléma into TF1 International; CIC into TF1 Vidéo; and Sacas and TF1 Satellite into TF1 Expansion,
- 2008: mergers of RCV into TF1 Vidéo; Dujardin International into Dujardin; Ciby DA into TF1 International; TF1 VOD into TF1 Vidéo; TF1 Hors Média into TF1 Publicité; and Alma, TF1 Publicité Production, Tout Audiovisuel Productions, Quai Sud and Yagan into TF1 Production.

3.2.8 Other commitments

None.

3.3 CAPITAL AND STOCK OWNERSHIP

Ref. Article. 6 of the Articles of Incorporation.

3.3.1 Change in capital over the last five years

Shares issued represent 100% of existing capital and voting rights.

There are no founder shares, beneficiary shares, convertible / exchangeable bonds, voting right certificates, or double voting rights.

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 on the identification of holders of shares granting the right to vote in its own Shareholder Meetings immediately or at a later date. To know the geographical location of holders of its capital, TF1 periodically reviews its registered and bearer shareholder base, identified through Euroclear

	Operation	Amount of capital change		Number of shares		Total share capital after increase
		Nominal	Premium	Cancelled	Total	
15/02/2005	Cancellation of shares bought by the company	€0.20		700,000	214,059,729	€42,811,946

	Operation	Issue price per share		Number of shares		Total share capital after increase
		Nominal	Premium	Issued	Total	
From 16/02/2005 to 27/05/2005 certified on 27/05/2005	Exercise of share options in plan no. 2	€0.20	€7.77	30,000	214,722,129	€42,944,426
	Exercise of share options in plan no. 3	€0.20	€9.82	632,400		

	Operation	Amount of capital change		Number of shares		Total share capital after reduction
		Nominal	Premium	Cancelled	Total	
27/05/2005	Cancellation of shares bought by the company	€0.20		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 22/02/2006 to 19/05/2006 certified on 22/05/2006	Exercise of share options in plan no. 4	€0.20	€23.07	382,000	214,449,129	€42,889,826
	Exercise of share options in plan no. 7	€0.20	€20.00	15,000		

	Operation	Amount of capital change		Number of shares		Total share capital after reduction
		Nominal	Premium	Cancelled	Total	
22/05/2006	Cancellation of shares bought by the company	€0.20		200,000	214,249,129	€42,849,826

	Operation	Issue price per share		Number of shares		Total share capital after increase
		Nominal	Premium	Issued	Total	
From 05/07/2006 to 20/09/2006 certified on 21/11/2006	Exercise of share options in plan no. 4	€0.20	€23.07	1,731,000	215,980,129	€43,196,026

	Operation	Amount of capital change		Number of shares		Total share capital after reduction
		Nominal	Premium	Cancelled	Total	
21/11/2006	Cancellation of shares bought by the company	€0.20		1,928,000	214,052,129	€42,810,426

	Operation	Issue price per share		Number of shares		Total share capital after increase
		Nominal	Premium	Issued	Total	
From 22/11/2006 to 31/12/2006	Exercise of share options in plan no. 7	€0.20	€20.00	70,000	214,122,129	€42,824,426

	Operation	Amount of capital change		Number of shares		Total share capital after reduction
		Nominal	Premium	Cancelled	Total	
20/02/2007	Cancellation of treasury shares	€0.20		251,537	213,870,592	€42,774,118

	Operation	Issue price per share		Number of shares		Total share capital after increase
		Nominal	Premium	Issued	Total	
From 24/01/07 to 16/07/2007	Exercise of share options in plan no. 7	€0.20	€20.00	339,900		
			€21.06	100,000	214,310,492	€42,862,098

	Operation	Amount of capital change		Number of shares		Total share capital after reduction
		Nominal	Premium	Cancelled	Total	
12/11/2007	Cancellation of treasury shares	€0.20		900,000	213,410,492	€42,682,098

3.3.2 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.
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.

3.3.3 Share Amount / Category

Since November 12, 2007, TF1 has had capital of €42,682,098.40, divided into 213,410,492 shares.

There are no investment certificates, preference shares nor shares with double voting rights.

3.3.4 Purchase on the Stock Market

The Combined General Meetings of April 17, 2009 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 share capital on the date of exercise of the share buyback programme. These authorisations permit the Board of Directors to buy shares in the company to cancel them.

TF1 did not purchase TF1 shares under these authorisations in 2009. Following the exercise of a forward purchase to cover the 2006 attribution of free shares, and the delivery of shares to their beneficiaries, TF1 owns 14,625 TF1 shares.

3.3.5 Description of share buyback programme submitted for the approval of the Combined General Meeting of April 15, 2010

Pursuant to Articles 241-1 and 241-3 of the AMF General Regulation, and in accordance with European Regulation 2273/2003 of December 22, 2003, the company hereby provides a description of the share buyback programme that will be submitted for the approval of the Combined General Meeting of April 15, 2010.

MAXIMUM PERCENTAGE OF CAPITAL – MAXIMUM NUMBER AND CHARACTERISTICS OF THE SHARES THAT THE COMPANY IS PROPOSING TO ACQUIRE, MAXIMUM PURCHASE PRICE

TF1 will be empowered to acquire 10% of the total number of shares making up its share capital at the buyback date. As an illustration, based on the share capital at February 17, 2010, and deducting the 14,625 shares held at that time, this would amount to 21,326,424 shares.

TF1 has set the maximum amount allocated to the programme at €300 million.

Since the programme's main goal is the cancellation of shares, this maximum amount is unlikely to be reached. However, TF1 reserves the option of using the entire allocation.

GOALS OF THE BUYBACK PROGRAMME

Shares bought back under the programme may be used for the following purposes:

- cancel shares under the conditions provided for by law, subject to authorisation from the Extraordinary General Meeting,
- allocate shares to employees or corporate officers of the company or of related companies, in accordance with the requirements and procedures provided for by law, and particularly in connection with profit-sharing or stock option plans, or via company or intercompany savings schemes, or via the free allocation of shares,
- ensure liquidity and make a market in the company's shares, through an investment services provider operating within the framework of a liquidity agreement that complies with an AMF-recognised Code of Conduct,
- hold shares and, as the case may be, use them as a means of payment or exchange in acquisitions,
- hold shares and, as the case may be, allocate them following the exercise of rights attached to securities giving access to the company's capital,
- implement any market practice authorised by the AMF and, more generally, conduct any transaction that complies with current regulations.

Shares may be acquired, sold, transferred or exchanged by any means allowed by the current regulations, i.e. on- or off-exchange, including over the counter and by means of derivative financial instruments, and at any time, except during a public purchase, exchange or standing market offer. The proportion of the programme that may be executed through block trades is not limited and may account for the entire programme.

The purchase price may not exceed €20 per share and the sale price may not be less than €5 per share, subject to adjustments relating to transactions involving the company's capital.

The total number of shares held at given date may not exceed 10% of the share capital at that same date.

DURATION OF THE BUYBACK PROGRAMME

Eighteen months starting from the Combined General Meeting of April 15, 2010.

3.3.6 Potential capital

If all the options granted were to be exercised, the share capital of TF1 would increase by 4,681,897 shares to comprise 218,092,389 shares after this gross dilution.

There is no other form of potential capital.

Options remaining valid appears in chapter 4, note 31.

3.3.7 Registrar and paying agent services

TF1, as issuing company, manages its own registrar and paying agent services.

3.3.8 Shareholders and ownership structure

EVOLUTION OF SHARE OWNERSHIP STRUCTURE

To the best knowledge of the Board of Directors, the Company's share ownership is broken down as follows:

	Situation at December 31, 2009			Situation at December 31, 2008			Situation at December 31, 2007		
	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%	91,806,565	43.0%	43.0%
Treasury shares	14,625	0.01%	-	14,625	0.01%	-	0	-	-
TF1 Employees	11,466,260	5.4%	5.4%	9,174,435	4.3%	4.3%	7,645,335	3.6%	4.3%
of which FCPE(1)	*11,341,320*	*5.3%*	*5.3%*	*9,045,380*	*4.2%*	*4.2%*	*7,401,780*	*3.5%*	*4.2%*
of which employees nominative shareholders	*124,940*	*0.1%*	*0.1%*	*129,055*	*0.1%*	*0.1%*	*243,555*	*0.1%*	*0.1%*
Floating France(2) (3)	37,348,254	17.5%	17.5%	44,763,959	21.0%	21.0%	43,417,545	20.3%	23.9%
Floating abroad(3)	72,774,788	34.1%	34.1%	67,650,908	31.7%	31.7%	70,541,047	33.1%	16.6%
TOTAL	**213,410,492**	**100.0%**	**100.0%**	**213,410,492**	**100.0%**	**100.0%**	**213,410,492**	**100.0%**	**100.0%**

(1) Employee shareholders members of the company savings scheme. The FCPE TF1 Shares Supervisory Board exercises the voting rights attached to the securities in the portfolio and decides how many securities to include in the case of a public share issue.
(2) Including non-identified holders.
(3) Estimates by Euroclear.

The number of shareholders is estimated at more than 100,000.

There are no double voting rights.

To the best knowledge of the company, there are no TF1 shares pledged and TF1 has pledged none of its subsidiaries' shares.

To the best knowledge of the company, there has been no material change in the ownership structure since December 31, 2009.

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.

The control structure of the company is described above. However, the company considers that there is no risk of abuse of control.

The company refers to the recommendations of the Code of Corporate Governance published in December 2008 by AFEP and MEDEF. These recommendations have been incorporated into the Board's rules of procedure.

MAJOR HOLDING NOTIFICATIONS

Major holding notifications made by listed intermediaries or fund managers brought to the notice of the AMF in 2009 were as follows:

Date of notification	Date of operation	Listed intermediary or fund manager	Statutory or legal threshold	Change in shareholding	Number of shares	% of capital	Total number of votes	% of total votes
15/01/2009	14/01/2009	Harris Associates L.P.	10%	Up	21,409,000	10.03%	21,409,000	10.03%
12/05/2009	05/05/2009	Morgan Stanley & Co. International Plc	5%	Up	12,731,117	5.96%	12,731,117	5.96%
13/05/2009	11/05/2009	Société Générale Asset Management	5%	Up	10,852,380	5.09%	10,852,380	5.09%
15/05/2009	11/05/2009	Morgan Stanley & Co. International Plc	5%	Down	4,886,952	2.29%	4,886,952	2.29%
24/06/2009	24/06/2009	Artisan Partners	3%	Up	6,436,763	3.02%	6,436,763	3.02%
07/08/2009	05/08/2009	UBS Investment Bank	1%	Up	2,237,584	1.05%	2,237,584	1.05%
04/02/2010	06/08/2009	UBS Investment Bank	1%	Down	2,025,459	0.95%	2,025,459	0.95%
21/09/2009	16/09/2009	DNCA Finance / Leonardo Asset Management	3%	Down	6,299,000	2.95%	6,299,000	2.95%
05/11/2009	04/11/2009	Artisan Partners	3%	Down	6,254,565	2.93%	6,254,565	2.93%
04/12/2009	04/12/2009	Caisse des Dépôts	1%	Down	2,065,080	0.96%	2,065,080	0.96%
03/03/2010	17/12/2009	Orbis Investment Management	3%	Down	6,224,161	2,91%	6,224,161	2,91%

To the best knowledge of the company, there are no shareholders other than Bouygues, Société Générale Asset Management (FCPE TF1) and Harris Associates L.P. holding more than 5% of the capital or voting rights.

Harris Associates L.P., which acts on behalf of funds and customers to which it provides management services, has declared that “its intentions with respect to TF1 are solely to pursue investment objectives. Harris acts alone and may acquire more shares in the future. Currently, Harris has no plans to acquire a controlling stake in TF1 and has no plans to request directorships for itself or for one or more persons or seats on the Board of Directors or the Supervisory Board of the company”.

Société Générale Asset Management held 5.3% of the capital at December 31, 2009; it manages the FCPE TF1 scheme.

TRADING IN TF1 SHARES IN 2009 BY SENIOR MANAGERS OR BY THE PERSONS REFERRED TO IN ARTICLE L. 621-18-2 OF THE MONETARY AND FINANCIAL CODE

On July 30, Patrick Le Lay sold a 40,000-share call option for €21,600. On September 18 he delivered 40,000 shares for €400,000 as part of that sale.

3.3.9 Shareholders' agreements

SHAREHOLDERS' AGREEMENT BETWEEN VIVENDI, TF1 AND M6

On November 23, 2009, TF1 and Vivendi signed an agreement on the sale by TF1 of its entire 9.9% stake in Canal + France for €744 million. Once the requirements of the agreement were met, TF1 sold its interest on December 28, 2009.

In accordance with the provisions of Article 13 of the Shareholders' Agreement of January 4, 2007, after TF1 sold all of its shares in Canal + France, the agreement automatically terminated with respect to TF1 on December 28, 2009.

AB GROUP

MEMORANDUM OF UNDERSTANDING OF DECEMBER 4, 2006

Under the Memorandum of Understanding (MoU) signed on December 4, 2006, TF1 has the right to appoint one-third of the members of the Boards of Directors of AB Group companies.

Until April 2, 2009, AB Group securities were non-transferable and TF1 had right of veto concerning all transfers of assets included in interests held by the AB Group and that the AB Group might sell. After this date, TF1 has direct pre-emptive rights regarding the assets sold.

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 AB Group's interest in Télé Monte Carlo SA (TMC).

MEMORANDUM OF UNDERSTANDING OF JUNE11, 2009

On June 11, 2009 TF1 and Claude Berda, majority shareholder in the AB Group, signed an MoU on the €192 million cash purchase by TF1 from AB Group of 100% of NT1 and 40% of TMC. The deal would bring TF1's interest in TMC to 80%. This acquisition should be done for €192 million in cash.

The AB Group's other activities, consisting of a catalogue, a suite of pay-to-view channels and a satellite platform, would be hived off and owned by a new company. TF1 would maintain the same stake as it currently holds in the AB Group, i.e. 33.5%. The current management team of AB Group would have a 66.5% stake in the new entity and an option to purchase TF1's minority interest for €155 million within two years.

The deal was submitted for review to the competition authority, which approved it, provided that TF1 made certain commitments [see paragraph 2.2.3 page 52].

The CSA issued its authorisation on March 23, 2010.

3.3.10 Action in concert

There is no concerted action to report relative to TF1.

3.4 THE SHARE

3.4.1 Description of TF1 shares

TF1 shares are quoted on Euronext Paris, compartment A.

ISIN Code: FR0000054900, CFI: ESVUFB, ICB: 5553 – Audiovisual and entertainment.

At December 31, 2009, TF1 shares were included in the following stock market indices: SBF 80, Dow Jones EURO STOXX®, CAC Média and Euronext 100.

TF1 shares are also included in the following Environmental, Social and Governance (ESG) indices: Dow Jones EURO STOXX® Sustainability, ASPI Eurozone®, FTSE4Good, Ethibel PIONEER, Ethibel EXCELLENCE Investment Registers and Euronext FAS IAS.

There is currently no request for admission to another stock exchange.

3.4.2 Price and volumes

At December 31, 2009, TF1 closed at €12.89, a year-on-year gain of 24%, compared with a 22% increase for the CAC 40 index and 33% for the SBF80. Media indices were stable over 2009, with the DJ Eurostoxx® Media putting on 1.8% and the CAC Média edging down by 0.4%.

In 2009 daily turnover of TF1 shares amounted to an average of 875,516 shares, or 55% lower than 2008. On January 13, 2009, 2,352,131 shares were exchanged, which was the highest level reached during the period in question.

The stock market capitalisation of the TF1 Group was €2.8 billion on December 31, 2009. PER (based on 2009 net income) was 24 compared with 14 at December 31, 2008.

TF1 share price and transaction volumes over the last four years:

Year	Month	Highest[1] Euros	Lowest[1] Euros	Last Euros	Number of shares exchanged[2]	Capitalisation[3] *(€ million)*
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

Year	Month	Highest[(1)] Euros	Lowest[(1)] Euros	Last Euros	Number of shares exchanged[(2)]	Capitalisation[(3)] *(€ million)*
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
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
2009	January	11.1	7.8	8.4	22,295,454	1,801.2
	February	9.1	6.2	6.4	22,540,271	1,365.8
	March	6.5	5.1	5.9	22,386,969	1,259.3
	April	8.0	5.8	7.1	21,377,969	1,523.8
	May	8.4	6.5	8.2	23,797,702	1,758.7
	June	9.1	7.7	8.0	19,088,159	1,705.8
	July	10.9	7.2	10.9	20,138,036	2,319.8
	August	11.7	10.6	11.3	13,612,607	2,409.4
	September	13.1	10.5	12.0	15,236,631	2,563.1
	October	12.7	10.6	10.7	17,002,533	2,284.6
	November	12.9	10.6	11.9	15,546,409	2,531.0
	December	13.1	11.9	12.9	11,109,467	2,750.9

Source: NYSE Euronext.

(1) The highest and lowest prices quoted refer to extreme values achieved during the session.

(2) Volumes exchanged refer to transactions taking place 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.

3.4.3. Dividends and returns

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.

	Dividends(1) paid in euros in the business year			Stock market price(1) in euros (closing price)			
Year	Net	Tax credit	Overall amount	Highest	Lowest	Last	Gross return based on last price
1997	0.24	0.12	0.36	9.4	7.4	9.4	3.9%
1998	0.34	0.17	0.51	17.1	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	-	0.47	19.2	9.1	10.4	4.5%
2009	0.43(2)	-	0.43(2)	12.9	5.2	12.9	3.3%

(1) Re-calculated taking into Account Division of nominal by 10.
(2) Dividends submitted to General Meeting for approval.

3.5 HUMAN RESOURCES AND ENVIRONMENT UPDATE

3.5.1. Human resources

WORKFORCE

The breakdown of the TF1 Group workforce was as follows at December 31, 2009:

CDI (PERMANENT CONTRACTS)

Employees	Supervisory staff	Managers	Journalists	Total
71	685	2,300	581	3,638*

* *o/w 204 people who work abroad and one person at Eurosport Média.*

CDD (FIXED-TERM CONTRACTS)

Number of staff on fixed-term contracts	182
Number of staff on qualification contracts	56
Number of staff on apprenticeship contracts	36

SHORT-TERM CONTRACT WORKERS

Branch negotiations, concerning the establishment of a national professional agreement to give collective status to short-term contract 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 de facto CDDs (fixed-term contracts) by TF1, LCI and Eurosport were concluded with the trade unions during 2007.

Throughout 2009, TF1 pursued its consistent, proactive policy of integrating temporary workers. This policy was introduced in 2002 to try and reduce job insecurity for those employed on standard and de facto CDDs, and other temporary contracts. Since 2002, this policy has resulted in the hiring of 617 non-permanent workers (technical temporary workers, honorarium artists, freelancers and Directors). Non-permanent workers make up 7.3% of the workforce of TF1 Group, and less than 2% at TF1 SA.

TF1 has also set up a proper social benefits policy for this category of staff:

- employee saving schemes: non-permanent workers can take part in TF1 or Bouygues capital increases and have access to profit-sharing and incentive plans, according to the conditions described in the agreement,
- health: non-permanent associates can, under certain conditions, be part of 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 Group contracts for this category of workers.
- other: annual re-evaluation of wage scales, access to social and cultural events organised by the Works Council.

Thus, for the Group as a whole, full-time equivalent workers over 12 months represented by non-permanent employees were as follows:

Short-term contract workers	Freelancers	Honorarium artists	Directors
188.2	51.2	89.1	10.1

HIRING AND DEPARTURES IN 2009

Number of staff hired on permanent contracts	551
Number of retirement departures	1
Number of retirements	5
Number of redundancies	16
Number of negotiated departures	102

Amid the economic recession, the TF1 Group paid special attention to its recruitment policy in 2009. As part of this, Group senior management decided in March 2009 to cap hiring (excluding cyclical or production-related businesses) to exert tighter control over new hiring requests and make sure that only essential requests were put forward. This decision paved the way for synergies between departments, helped by a proactive job mobility policy.

Recruitment has two ongoing goals: to integrate a steady flow of talented young people and equip them for the jobs of tomorrow; and to seek seasoned professionals to bolster existing teams or launch new lines of business.

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

Number of overtime hours	Total cost
62,508.27	€1,873,344.41

Very little use was made of workers from outside the TF1 Group (temporary workers) in 2009, as they amounted to only 14.01 full-time equivalents, or 0.38% 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.

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.

Two years on from the introduction of Annex 7 to the 2006 agreement on adapting and reducing working hours, which applies to Technical staff working in services that operate 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, employees can convert supplementary workdays off into personal development time. This is not considered to be part of the company training plan.

As has been the case since 2005, TF1 Group companies decided to keep Whit Monday as a paid holiday in 2009, 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
Non-management in constant hours and cycles (employees and supervisory staff)	1,569 hours - 1,576 hours
Managers operating in cycles	1,584 hours - 1,591 hours
Managers with a fixed number of annual days	213 days - 216 days
Executives	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)	3.96
Total days of absence	42,921
Number of days absent without pay	559
Number of days absent for sickness	22,882
Number of days absent for occupational or work-related travel accidents	1,436
Number of days absent on maternity / paternity leave	14,860
Number of days absent for special leave	3,561

As at December 31, 2009, 225 permanent staff were employed part time – 81.3% of them women and 18.7% men. The decision to work part-time in the TF1 Group is a personal choice in practically all cases

COMPENSATION

Compensation is reviewed each year through a system of increases based on individual performance. The system includes recommendations on special increases for employees at the lowest end of the TF1 Group pay scale.

As part of TF1's privatisation 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 5.4% of the capital.

In 1988 TF1 set up a company savings scheme for all Group employees.

As at December 31, 2009, 2,784 employees were members of the TF1 savings scheme, representing 81.07% of eligible employees of those companies of the TF1 Group belonging to the scheme. Since May 1, 2008, the company contribution has been increased from 100% to 200% for the first €300 deposited, in a bid to provide assistance to the lowest wage-earners. The maximum company contribution is €3,750 gross per employee per year, making a net total contribution for 2009 of €7.4 million.

To help employees prepare to fund their retirement, the Bouygues Group has set up a retirement savings fund, providing for a company contribution of between 20% and 100% of the sums deposited, depending on the amount paid in by the employee. In all, 12.6% of eligible employees were members of the scheme on December 31, 2009.

Bouygues held a capital increase (Bouygues Partage 2) for Group employees in November 2009. The issue was a leveraged transaction offering a choice of two options with a discount of 20% or 30% and a company contribution. In all, 74.06% of employees took part.

Profit-sharing has been paid out to all employees since 1989. In 2009, the gross profit-sharing reserve (relating to 2008) amounted to €5.3 million, or an average net amount per employee of €944.

Under the Consumer Purchasing Power Act of February 8, 2008, 2,772 Group employees were able to redeem in advance share certificates held since before December 31, 2008, worth a total of €2.7 million.

To get employees involved in efforts to meet financial commitments and improve personal and collective performance, management has set up a Group-wide incentive agreement, which has been signed for 2008, 2009 and 2010, with targets to be negotiated annually.

AVERAGE GROSS MONTHLY COMPENSATION FOR PERMANENT EMPLOYEES PER PROFESSIONAL CATEGORY IN THE TF1 GROUP IN 2009 *(IN €)*

Employees	Supervisory staff	Managers	Journalists	All categories
1,811	3,195	5,287	5,910	4,940

In 2009, the average annual salary increase was 2.5% for the TF1 Group. This figure is obtained by comparing the salaries of employees who were in service on both December 31, 2008 and December 31, 2009. Over the same period, social charges expenditure remained stable.

Employee contributions	Employer contributions	Total
€69.39 million	€142.07 million	€211.46 million

EQUAL OPPORTUNITIES FOR MEN AND WOMEN

2009 STATISTICS FOR THE WHOLE TF1 GROUP

Average gross monthly starting salary *(in €)**	Employees	Supervisory staff	Managers	Journalists
Women	1,514	2,175	2,423	2,675
Men	1,618	1,963	2,747	2,300

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

New hires	Total
Women	247
Men	304
TOTAL	**551**

Promotions*	Total
Women	206
Men	208
TOTAL	**414**

* *With or without change of professional category.*

Number of trainees in 2009*	Total
Women	1,324
Men	1,478
TOTAL	**2,802**

* *In occupational training.*

Number of training hours in 2009	Total
Women	61,165
Men	67,731
TOTAL	**128,896**

TF1 continues to pursue its policy of not discriminating between men and women and respecting equality between the sexes in accordance with the law, particularly in 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 according to various criteria (numbers, holidays, training, compensation). Any differences noted that are based on precise indicators are corrected.

Thus, in a sector where there are 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 47.2% women and 52.8% men. The same can be said of the supervisory staff, 47.4% of whom are women.

A similarly balanced picture is seen in 2009 promotions (12% of women, 11% of men) and training courses attended (77.1% of women and 76.9% of men).

The differences in compensation noted between men and women are primarily due to the fact that men predominate in the technical professions needed by the TF1 Group. 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.

The proportion of women in management positions continued to increase, rising from 28% in 2008 to around 29% in 2009 (33% at TF1 SA).

Moreover, the company and the trade unions have decided to allocate the negotiated rates of wage increases to all TF1 female employees who took maternity leave during the preceding year. Thus, any women who took maternity leave in 2009 will receive a wage increase of at least 2% in March 2010, or 3% if their wage is €2,600 or less.

In 2009, 38% of women whose maternity leave began in 2008 received a wage increase that was above the rates negotiated with 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, 32 bargaining Meetings took place in the TF1 Group in 2009, and 27 collective 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), thus providing the trade union organisations with a more suitable, up-to-date means of communication.

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

UNION LANDSCAPE WITHIN THE GROUP IN 2009 (PERMANENT MEMBERS)

	Works Council	Personnel delegates	Individual delegates	Board of Directors	Total
CFTC	13	23	27	21	84
FO	2	2	0	1	5
CGC	1	0	0	0	1
CFTC / FO	3	2	0	1	6
CGT	1	7	1	0	9
CFDT	5	6	3	1	15
Independent	0	1	0	0	1
TOTAL	**25**	**41**	**31**	**24**	**121**

Number of Meetings with employee representatives (Works Council + Personnel delegates + Health & Safety Committee + Board of Directors)	302
Number of bargaining Meetings with union delegates	32
Number of collective agreements during the year	27

	2009
Number of occupational accidents with time off	53
Number of fatal occupational accidents (work or work-related travel)	0
Number of health and safety Meetings	55
Employees trained in health and safety	373

HEALTH AND SAFETY

As in previous years, in 2009 TF1 continued its policy of preventing occupational hazards, by raising the awareness of all parties.

Health and safety training courses were run for 372 employees from different staff categories in 2009. 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.

Job-specific risk management courses are also provided, including first aid courses and instruction on driving in difficult situations (for News and Technical staff on assignment).

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, including:

- “Managing personal equilibrium in a professional context”, which is about understanding stress mechanisms and identifying the causes of stress in order to control it more effectively, and
- “Eye relaxation”, which helps employees to get into the right habits to avoid visual and physical fatigue.

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

For TF1, the 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 7,353 occasions, and the doctors examined 3,150 employees in 2009) and specific care for employees with jobs involving particular risks (they vaccinated 833 employees and prepared 113 first-aid kits for staff bound for high-risk zones in 2009).

This service also covers freelancers working for the Group, as the professional bodies representing this staff category do not have a medical centre.

In 2008, a stress-monitoring unit was launched at the initiative of senior management and the company doctors. As part of this, employees are asked to complete a questionnaire when visiting the doctor. The aim is to identify sources of stress or worry and set up collective actions according to the results obtained. In all, 1,700 employees completed the questionnaire. The Works Councils and Health and Safety Committees will be informed of the results, and preventive measures may be considered within the framework of an agreement.

The crisis management unit, which is made up of representatives of all departments aided by the company’s medical staff, met several times to determine appropriate measures to combat the spread of H1N1.

The two medical teams run major preventive campaigns that go well beyond the legal requirements, including anti-influenza vaccination, prevention of cardio-vascular disease, monitoring of avian flu with the creation of specific protocols, and an awareness-raising programme regarding respiratory disease.

The master occupational-hazard documents have been updated with the aid of the company doctors and the members of the Health and Safety Committees. These documents list all the hazards in each of the companies' work units and monitor preventive measures that have been established for each of the risks listed (instructions, training courses, etc.).

INTEGRATING NEW HIRES, PROFESSIONAL DEVELOPMENT AND MOBILITY

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 discuss how the past year has gone, their objectives for the coming year, their professional development plans and any training needs.

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.

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. Areas covered include the role of management lines and how to maintain a personal balance in the professional environment.

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

Mention should also be made of the "Professional skills" courses, which enable 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 2009, a budget of €8.8 million was dedicated to training within the TF1 Group, i.e. 3.78% of total wage costs.

In all, 2,777 TF1 Group employees received training in 2009, 24% more than in 2008, as a major training push was conducted in connection with a number of major projects, including the Process News and Sport 2 software for technical staff and journalists and SAP implementation for administrative personnel.

The training plan involved a total of 62,483 hours of training in the TF1 Group in 2009. Moreover, 34,453 hours of additional training were given to 87 TF1 Group employees through sandwich courses and individual training leave.

A total of 278,980 hours were released by the TF1 Group under Individual Training Entitlements (DIF).

In 2009, 1,221 DIF training requests were accepted, sharply up from 289 in 2008. These entitlements amounted to 31,960 hours consumed by 1,039 employees, making an average of 30.7 hours per employee.

The Group's apprenticeship tax for 2009 amounted to €1,663,487.

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 Group, but also establishing high-quality relationships with schools and universities. This framework enabled the TF1 Group to offer placements to 487 individuals in 2009 (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 proactive career path management. 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

In 2008, TF1 strengthened its procedures for taking on and integrating disabled staff and further increased its use of services provided by the supported sector, by signing a three-year (2008-2010) Group agreement with social partners on hiring and keeping disabled workers. The Actions Handicap Committee, created in December 2007, is responsible for coordinating these activities.

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 three years),
- professional training,
- management of disabled employees,

- accessibility and adaptability of tools,
- use of supported-sector services,
- information and communication.

In 2009, the group hired 17 disabled workers on different kinds of contract (permanent / temporary / work-school) as well as 17 people on short-term contracts (trainees, short-term contract workers, temps), mostly in the Audiovisual Technical, Production, Computer Graphics, Secretarial Services, Accounts and Management Departments. The target of hiring 30 workers in three years has already been achieved, because 48 people have been taken on since the agreement came into effect.

To meet its objective of hiring at least 30 disabled workers, the TF1 Group has developed its sourcing activities and works with specialist recruiting firms, temp agencies and associations that promote employment for young people with disabilities, such as Tremplin, Afij and Adapt.

It has also signed partnerships with a number of target schools to take on students during their time at university (Sciences Po Accessible agreement, partnerships with Epitech, EM Grenoble and Euromed Marseille).

To raise awareness at teaching establishments, the Actions Handicap Committee has signed a partnership with Hanploi, an online recruitment platform for people with disabilities, to carry out initiatives in ten target schools a year.

The TF1 Group is also partnering ARPEJEH, an association that works to support students as they pursue professional development plans.

Under the terms of its agreement (€190,000 in pre-tax turnover with the sheltered sector in 2008, €220,000 in 2009 and €250,000 in 2010), the TF1 Group has established long-term service arrangements with the supported sector. The Purchasing Department is lending impetus this approach as part of its responsible purchasing policy, by contacting businesses and institutions from the supported / sheltered sector that are likely to respond to Group calls for bids (in areas such as green space management).

Number of disabled workers employed by	
TF1 SA (all contract types)	29
Group (all contract types)	70
Pre-tax amount paid to sheltered workshops	
TF1 SA	€350,000
Group	€419,000

As a result, the target set in the agreement (€660,000 in three years) has already been reached because the TF1 Group had spent €241,000 on long-term services from the sheltered sector by 2008, or €660,000 over two years of the agreement.

The TF1 Group launched a communication campaign devoted to the issue of disabilities with the aid of Publicis Consultants, an advertising agency. This campaign had three objectives:

- enhance attractiveness to make it easier to hire disabled workers,
- bring out in-house qualities by building a sense of belonging,
- take the stigma away from disabilities by removing taboos.

The campaign included documentation (information brochure, fact sheets and guide for the medical team) as well as a website, www.toutsimplement.com.

It was also carried out on external specialised websites, such as Hanploi, Handicap.fr, Handiquesta, Job In Live, the press (*Métro*, *Le Parisien*) and a number of specialised magazines (*Revue Être*, *Réadaptation*, *Déclic*, *Faire Face*).

As regards the management of disabled workers, the Actions Handicap Committee studies employees' requests and makes the necessary adjustments (co-financing of equipment, transportation agreements, TadeoBox (sign language) equipment for the hard of hearing, table service, modifications to the working environment, etc.).

In addition to professional training, the Actions Handicap Committee can also offer bespoke training to people with disabilities (employees of the Group and service providers from companies in the supported sector who do work for the Group).

Disability awareness training sessions have been set up for managers and recruiters (two day courses) as well as for staffmembers likely to work alongside a disabled person (one-day courses).

In terms of accessibility, all buildings used by the TF1 Group meet the legal standards for establishments open to the public and are adapted to suit the disabled. In the second half of 2009 work was done 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 2009, over 83% of its programmes were sub-titled and many were available with audio description.

Urbilog, a company specialising in online accessibility issues, carried out a digital accessibility audit in 2009. Based on the results for audited applications, a number of accessibility projects are being considered for 2010.

EMPLOYEE BENEFITS

The Group has a highly developed family-friendly policy (€915 bonuses for staff when they marry or have children, places reserved in a crèche). The Works Councils, at their own request, have been given responsibility for the payment of child care benefits since January 1, 2005. These benefits are 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 fewer hours per week. Moreover, they can also take a further four weeks' nursing leave. Following the statutory annual bargaining round, it was decided with the unions to grant three extra days' paid leave to employees who enter into a PACS agreement in 2010. Most Group companies have introduced arrangements for parents to take time off to look after sick children.

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 second company restaurant has been created in the new Atrium building.

The five trade union organisations represented in the TF1 Group have signed a collective group agreement on holiday savings accounts. Set up in 2007, the holiday savings account contains 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. And following the negotiation of a rider to the agreement at end-2009, from 2010 onwards, employees who wish will be able to deposit up to 10 days from their holiday savings account, per period, to the Bouygues retirement savings fund and thus receive the related company contributions.

Employees benefit from excellent health insurance (particularly for dental prostheses and eyecare expenses), half of the premiums being paid by the company. The TF1 Group's Insurance Committee, which includes representatives from all the unions that signed the agreement, lowered health insurance premiums and reduced the payouts for certain areas of coverage. Human Resources was asked to carry out a call for bids in this area in 2010. Several different kinds of death and disability packages are available to Group employees. For example, there is a special policy for all employees who travel to high-risk zones (war, earthquake, etc.).

TF1 is keen to give its employees a pleasant working environment and to this end has provided workers with on-site services such as a machine for buying public transport passes, a travel agency, a cash machine and a hairdresser. A health insurance representative and social worker are also regularly available for consultation. Because the company takes investing in its employees' health and fitness very seriously, employees have access to a gym (€12 per month), which has been completely refurbished and moved to the Atrium building. Classes are held on Saturday mornings as well as on weekday mornings, lunchtimes and evenings.

In the context of the "1% Logement" housing assistance programme, TF1 offers housing solutions to employees in need of emergency help. Over the past 20 years, the Group has provided just over 570 such homes to members of its workforce. In 2009, 18 employees were housed, a figure that remains stable despite the national housing shortage and stricter allocation conditions. In addition, a new mechanism was set up in 2008 to provide temporary accommodation in a residence in Boulogne. In the space of two years, four people aged under 30 with a professional development plan have been housed under these arrangements. Moreover, the Group offers its employees the whole range of schemes provided for in the "1% Logement" programme, distributing 38 Loca-pass loans (to pay rental deposits, etc.), 34 first-home loans and 9 Mobili-Pass support packages for employees whose career takes them 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 all, 174 employees benefited from "1% Logement" schemes in 2009.

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

ACTIVITIES OF THE TF1 CORPORATE FOUNDATION

Established in 2007, the Corporate Foundation is focussed on promoting diversity, professional integration and dialogue.

A second round of recruits for the Corporate Foundation

In 2009, the TF1 Corporate Foundation took on a second round of new recruits, bringing to 17 the number of young people from disadvantaged areas to join the programme set up by the company. Judged on a video presentation of their reasons for wanting to work in the audiovisual industry, the candidates are selected by a jury consisting of members of the profession, and then offered the chance to join the TF1 Group on two-year apprenticeships, which also include training and individual tutoring. The trainees work as journalists, directors, graphic artists, editing technicians, sound technicians, traffic managers and communication officers. Each is supported by a mentor, who gives him or her the benefit of their own network and experience. The scheme is repeated each year.

In 2010, when the first round of trainees complete their apprenticeships, 50% will remain with the company, while the others will be aided by their sponsors and the company in efforts to find work.

Sponsoring schoolchildren in difficult areas

The Corporate Foundation offers employees the opportunity to make a three-year commitment to sponsor children from schools in difficult areas. The children in question are in their fourth year of secondary school. The initiative is led by Actenses, a non-profit group, which helps sponsors and children with its experience in sponsorship programmes, logistical support and network. So far, 60 employees have volunteered to take part in this programme.

Work placements for children in their third year of secondary school

With the support of the company's functional and operational departments, the Foundation provides work placements for children in their third year of secondary school. In all, 56 students took part in placements in 2009.

Signature of an agreement with the General Council of Seine Saint Denis

In 2009, the Corporate Foundation signed an agreement with the authorities of the Seine-Saint-Denis department. This partnership will be used to develop and provide shared support for professional integration initiatives. The agreement covers placements and visits by local third-year children to the news studios, promotion of the "Professional Integration" initiative within the department, organisation of a competition to work with the Group's fiction team to create a fictional scenario, and participation in the business competition held by the Seine-Saint-Denis authorities and Chamber of Commerce.

Outreach

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 works to promote dialogue by accompanying members of the editorial staff on visits to schools. Journalists, presenters, editors-in-chief, etc. explain the work of the various teams and answer questions at secondary schools in Paris and around the country. In 2009, representatives went to 12 schools, meeting 1,530 children.

Other Meetings are held around France with Group senior management and programme presenters. Debates are held in schools, with readers of local regional papers, and more broadly as part of advance film screenings (25 events in 2009).

Diversity award from the National Assembly

The first ever "Enterprise and Diversity" awards were held at the National Assembly on December 9, 2009. The jury's special prize went to TF1 for the work of its corporate foundation, and was presented to Nonce Paolini by Bernard Accoyer, President of the National Assembly. The operation, organised by Nora Barsali, a communication and diversity consultant, and Claude Suquet, founder and former Chairman of the pollster CSA, "promotes concrete action taken by companies in all diversity criteria". It is supported by the National Agency for Social Cohesion and Equal Opportunity (Acsé). www.lacse.fr

This was the Foundation's second award in 2009, after the Diversity Trophy awarded by Maghreb Ressources Humaines (MRH) with the backing of L'Acsé in February 2009.

SUPPORT FOR NON-PROFITS

TF1 is a major supporter of non-profit organisations, providing the equivalent of €18.5 million in advertising space in 2009 through free space, preparation of trailers, donation of game-show earnings, and in-kind gifts from the Group's philanthropy committee. Some 80 non-profits benefited from these gifts and services.

TF1 also provides direct assistance through its partnership with jeveuxaider.com, which identifies organisations for donations of equipment and tickets to events. In 2009 14 rounds of donations were organised. Gifts included broadcast equipment (TVs), as well as DVDs and games, which went to 20 associations.

Each year Group employees take part in Noël Solidaire, a Christmas collection also organised in collaboration with Jeveuxaider.com. In 2009 a total of 383 parcels were prepared, and 11,498 items (warm clothes, toys, small gifts for adults and children) were sorted and given to non-profit organisations that help people in difficulty.

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 and catering. Under these partnerships, the TF1 Group asks each of its service providers to contractually adhere to the social, environmental and other regulations in force.

The central Purchasing Department introduced a responsible purchasing policy in 2008, aimed at including suppliers as part of the company in the broad sense. Applying the policy means complying with the Code of Conduct and taking account of social and environmental issues. The policy also encourages suppliers to create and propose more responsible products and services and to introduce plans to foster progress.

The Group-wide action plan includes the following.

- major push to use companies from the supported sector (€417,000 in turnover with sheltered workshops in 2009, or a threefold increase in three years). Example: an association that provides work for the mentally disabled has been entrusted with looking after the plants in Group buildings,
- questionnaire sent to the 250 main suppliers on their sustainable development and responsibility practices,
- Ecovadis, an independent firm, was asked to assess the CSR policies of the Group's 45 main suppliers. Already a major undertaking, this initiative will be extended to 30 other suppliers in 2010,
- a sustainable development clause has been included in contracts,
- environmentally-responsible products, such as recycled paper and environmentally-friendly office suppliers and cleaning products, are being promoted within the company,
- vehicles that emit more than 170 g/km of CO_2 are banned from the corporate fleet while vehicles that emit less than 160 g/km are preferred. Increased use of "green" taxis,
- a guide to responsible purchasing is currently being drafted.

3.5.2 Report on the environment

TF1 GROUP AWARENESS OF ENVIRONMENTAL ISSUES

A media group can have a major impact through its ability to make people more aware of key issues. Throughout the year, the Group's channels and websites inform viewers and internet users about respecting the environment through a variety of programmes, including daily weather forecasts, which provide practical information concerning the environment, news items (over 600 on the environment in 2009), major prime-time programmes like *Ushuaïa Nature*, thematic channels such as Ushuaïa TV, websites (Ushuaïa.com), and an awareness campaign targeting children (*Bouge-toi pour ta planète!* – Get moving for your planet - on TFou.fr).

In 2009, the News Department introduced the Eco2 Climat indicator of France's greenhouse gas consumption. Reported in the 8 p.m. newscast, the indicator is updated and issued monthly. It is presented in a way that highlights the link between consumption habits (home, transport, food) and the contribution to climate change.

TF1, through TF1 Entreprises, is a partner of the Planète Mode d'emploi sustainable development fair, whose inaugural event in 2009 attracted 38,000 people.

The media are thought to have a smaller environmental footprint than other sectors, but they have a similar impact in terms of greenhouse gas emissions. The sector consumes transport services, purchases electronic products and uses power. Companies in the media sector owe it to their stakeholders to set an example. For this reason, the TF1 Group has introduced a policy of reducing greenhouse gas emissions in connection with its activity.

With the assistance and expertise of the Bouygues Group, the TF1 Group has been taking steps to reduce its carbon footprint. In 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. The Carbon Assessment will be updated and extended to all the Group's activities in 2010.

With respect to other environmental issues, the Group implements a proactive policy in all the areas under its control. In all Group buildings, action and continuous improvement plans are applied to consumption of energy, liquids and raw materials (e.g. paper) and to waste management. The measures introduced by the Group always go well beyond legal requirements and echo management's determination to implement best practices, which include getting suppliers involved and raising employee awareness.

Increasingly, energy consumption and waste management are factored in at an early stage of projects involving the technical solutions used by the Reporting Department, studios, and IT operations.

Employees are made more aware of the issues via a collaborative website, MygreenTV, where they can find out about best practices, equipment testing and profiles of employees who are making a difference.

TF1 is also partnering the Ecoprod campaign to make audiovisual producers more aware of the environmental impact of their activities.

ENVIRONMENTAL MANAGEMENT SYSTEM (SME)

The Environmental Management System draws on quality processes and in particular the "plan / do / check / act" cycle of ISO 9001-type systems. The Environment roadmap is scrutinised quarterly by a dedicated committee that approves objectives, ensures implementation of actions, measures their efficiency and provides feedback.

The SME applies to all buildings that are managed directly by the Group.

In 2009, TF1 entities (excluding Eurosport and Téléshopping) were combined in three neighbouring buildings in Boulogne Billancourt. The SME will be updated in the first quarter of 2010 to reflect this.

SCOPE AND NATURE OF MEASURES

The SME, targets and consumption measurements will be introduced from 2010 onwards at the three buildings in Boulogne Billancourt (Tour, Atrium and Delta) and the Eurosport building in Issy-les-Moulineaux. The buildings occupy a total surface area of around 71,000 m2, not including car parks. The move to Boulogne Billancourt will not only bring organisational benefits, it will also reduce travel between sites to a minimum and enable improved management of the buildings

Consumption analyses were affected in 2009 by all the work being done and the staff transfers. It will be possible to get a proper reading once conditions are more stable towards the end of 2010.

Method of obtaining indicators:

- electricity and water consumption measures are based on invoices prepared by remote reading,
- waste is measured by the service provider (invoicing by weight).

To better target in-house consumer profiles, TF1 will continue upgrading its building management system in 2010 by installing more meters throughout the supply networks (electricity, water, etc.) and as a result control consumption by more accurate management of lighting and air conditioning equipment.

In particular, the installation of meters will be used to isolate consumption linked to offices and processes:

- offices: lighting for workstations and circulation / office equipment / air conditioning,
- processes: IT server and broadcasting rooms / special locations such as studios / A/C process.

DATA REQUIRED UNDER THE NEW ECONOMIC REGULATIONS ACT

WATER CONSUMPTION

In 2009, water consumption (primarily used in the air-conditioning system, washrooms and kitchens) was 51,900 m3, down around 16% on 2008. The main reasons for the decrease included the following:

- the braided system on the 40 pumps of the heat pumping system was replaced with a metal lining (the new system does not need water to be constantly fed in to cool down),
- the faulty pumping system in the warm water network was replaced.

Automatic detectors and electrically operated flow control valves have been installed on the washroom basins to reduce consumption.

In 2006, service providers using water (cleaners, kitchen) were made aware of the importance of reducing consumption through a contract modification.

To reduce water usage in vehicle maintenance, the mobile video units use a waterless “ecowash” solution.

CONSUMPTION OF RAW MATERIALS

For an audiovisual sector group like TF1, the main raw material consumed is paper. In 2009, reprographics services were outsourced to an Imprim’vert-certified external provider.

Various means of reducing the remaining 87 tons of consumption have been implemented, including shifting to electronic in-house publications and using the two-side printing facility of the multifunction copiers and printers.

The paper used is now recycled or from certified forests. Its weight has been reduced (from 90 g per sheet to 75 g).

ENERGY CONSUMPTION

The TF1 Group uses electricity for the company’s everyday activities, building air conditioning systems and broadcasting business (studio lighting, machine rooms, final production, etc.).

Electricity consumption showed a strong but cyclical 6.5% increase in 2009, (31,733 MW compared with 29,791 MW), owing to three factors:

- use of old and new buildings during the moving period,
- introduction of new technical platforms alongside the old ones, which were kept in place until the processes were completely secure (replacement of Process News and Sport software, introduction of HD technology in final control room),
- increased scope after previously outsourced post-production services were taken back (post-production centre in the Delta building).

The cold winter also led to increased use of heat pumps.

MEASURES FOR IMPROVING ENERGY EFFICIENCY

Looking beyond the routine factors mentioned above, many different steps have been taken within the framework of the Environment roadmap to keep up the work achieved so far:

Building management

In 2009

- Central Facilities Management improved building management by making staff more aware about matching consumption with needs (particularly in terms of air-conditioning and lighting), and by eliminating the intake of unheated outside air into systems during cold spells,
- tests to limit air-conditioning with window-mounted filters on one floor,
- installation of chilled beams during Atrium renovation.

Plus existing measures

- reduction of car park lighting, shortened lighting periods,
- programmed studio lighting and air-conditioning switch-off,
- presence detectors installed in washrooms,
- 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.,
- replacement of dichroic bulbs with LED bulbs, which will reduce unit consumption from 35 W to 8 W, whilst at the same time significantly lengthening bulb life expectancy (from one to five years).

In 2010

- relamping by replacing dichroic bulbs with LED lamps that do not require a transformer and draw just 4 W of power (1,800 replacements planned),
- application of the AFNOR EN 16001 standard is being considered.

IT management

In 2009

- introduction of the Econoposte process, which switches IT workstations off after four hours of inactivity (session closed) and switches them on again at 6 a.m. so that online distribution tasks can be performed without hindering employees. A communication plan was executed along with this project, including a gauge on the HR portal showing how many machines were switched off each morning (approximately half the 4,000 stations every day),
- the server virtualisation process, which is ongoing since 2007 and which generates significant energy savings by consolidating multiple servers with a single physical server. Since 2007, server virtualisation has resulted in savings of 100 physical servers (out of a total of just over 600):
  - a virtual server brings annual savings of 4 TCO2E, €101 annual in saved energy and €868 in saved investments. Thus, 150 servers generate annual savings of around €145,000 (data: VM Ware),

- equipment selections (workstations, servers, storage) factor in sustainable development requirements (consumption, life cycle analysis and supplier's sustainable development commitment).

In 2010

- the virtualisation drive will be continued to include at least 50 more servers. The installation of future servers running on Windows Server 2008 will enable additional energy savings.

USE OF RENEWABLE ENERGY SOURCES

The survey into turning the studio roofs into a green roof-garden and installing photovoltaic panels was not completed in 2009 and will be continued in 2010.

CONDITIONS RELATING TO SOIL USE

Not applicable.

EMISSIONS INTO AIR, WATER AND SOIL

Greenhouse gases

A first carbon assessment of TF1 broadcasting was carried out with the assistance of ADEME in 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 190,000 tons of carbon equivalent. Bought-in programmes (purchases excluding capital assets) generate around 30,000 tons of carbon equivalent.

Annual greenhouse gas emissions from internal sources, from programme production through to broadcast, have been estimated at the equivalent of around 22,000 tons of carbon.

Action plan for in-house greenhouse gas emissions, with the assistance of the Bouygues Group

- purchasing and liquidation policy for IT equipment incorporating environmental criteria,
- corporate fleet: emissions limit of 170 g/km of CO_2 set for fleet cars and incentives to use vehicles that emit less than 160 g/km. Incentives to use public transport, reimbursement of public transport passes and VIB subscriptions raised to 60%,
- efforts to reduce recurring sources of electricity consumption (see above).

Carbon footprint of programme production

The carbon assessment revealed programme production, whether internal or external, to be the second-largest source of greenhouse gas emissions. But the sector still pays little attention to its carbon footprint or to reducing its impact. TF1 has taken innovative measures in the area of broadcasting technology:

Reporting Department: adding new equipment to mobile video units and curbing consumption

The three new mobile video units are lighter, more modern and completely independent. They also fitted with batteries that recharge as the vehicle moves, which reduces energy consumption. All the units meet the Euro 4 standard. Each one has a six-speed gearbox to cut fuel consumption.

A small generator, connected to a Vitron system, provides energy when it is needed. Equipment is switched on individually and only as needed.

Technicians no longer use standard batteries for the mobile equipment. The old batteries were replaced by rechargeable ones in 2007.

LED lighting for studios

Eurosport and LCI have designed their new studies with lighting provided entirely by LED bulbs, which last longer, consume less energy and do not heat up. The new lighting arrangements at LCI have cut the studio's total consumption (lighting and A/C) to 7 kW on average – a tenth of the consumption of an ordinary studio.

Ecoprod: making audiovisual production more environmentally friendly

TF1 and five partners (ADEME, AUDIENS, Commission du Film d'Ile de France, DRIRE, France Télévisions) have officially launched an online information campaign targeting producers. Briefing sheets on best practices for a range of areas have been created and a free carbon footprint calculator will be made available online in 2010. The different tools on offer will be presented to companies from the sector during awareness-building sessions. www.ecoprod.com

Other gases

In anticipation 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 various air-conditioning system components (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 complete building overhaul.

Gas used in cooling equipment is one of the fluids covered by the regulations. Every precaution is taken when purging worn-out equipment 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.

During renovation of the headquarters generators, a "Venturi" ventilation system was installed on the generator exhausts to improve the air mixture and consequently reduce the impact of exhaust gases.

WASTE HANDLING

Waste increased from 1,147 tons in 2008 to 1,280 tons in 2009, as several buildings came into use and a new canteen was opened in the Atrium.

Office waste

Taking into consideration the specifics of Group sites, waste sorting has been developed wherever feasible. Eurosport has installed dual-container waste bins (paper / other waste). At TF1 Headquarters, the volume of waste to be removed and the associated logistics prompted General Services to install a waste compressor that has been in operation since August 2003. Sorting is managed by a service company (CRR), which re-sells the waste collected for recycling. The service provided includes detailed sorting by hand, and 80% of the content is recycled. Only plastics are excluded.

Waste from the Atrium building is collected and sorted by municipal services.

As part of the "Cleaning Day" initiative, 141 tons of papers, tapes, CDs and DVDs – the equivalent of 6,640 moving boxes – were recovered during the process of moving personnel and operations in 2009. The initiative made staff more sensitive to waste handling issues and will be repeated for all future moves.

Neon light bulbs and toners

The Exprimm company (responsible for on-site electrical maintenance) collects used neon light bulbs. All changed neon light bulbs are recovered 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 the cafeterias. Employees are encouraged to use them for both professional and personal battery collection. The weight of batteries collected remains stable, at 1 ton. In 2007, the Reporting Department replaced the 50,000 batteries used each year with 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 the equipment 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.

DVDs

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.

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
Printer toners	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	Incinerated
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

Internal resources are used to measure greenhouse gas emissions and their reduction. This type of activity does not generate any other specific environmental impact.

TF1 is contributing €23,000 to the Ecoprod initiative, which seeks to develop tools to measure and reduce the environmental footprint of audiovisual producers.

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 health, safety and security. A cross-functional group has been set up for this purpose, involving the Legal Department, Social Affairs, General Services and Security.

TF1 continues to regularly update the technical / regulatory documents concerning Listed Installations for the Protection of the Environment (ICPE).

The installations governed 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.

ENVIRONMENTAL ASSESSMENT AND CERTIFICATION

Above and beyond its legal obligations, TF1 has air quality (dust content, hygrometry) and water quality (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 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 broadcasting aerials located on the roof of the main TF1 building in Boulogne were the subject of monitoring in 2007. The resulting measurements, which were passed on to the Health & Safety Committee, showed that authorised levels in the approach area around the aerials were not exceeded. Entrance to this area is reserved for a few technicians only, and the danger zone is clearly indicated: no-one is allowed within this zone.

Mobile aerials (broadcasting vehicles, air-transportable aerials) were assessed by APAVE, which 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 operational 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 coordinator is responsible for ensuring that task force members have complementary skills, and for supervising and reviewing progress.

STAFF TRAINING AND COMMUNICATION

An internal communications plan covering sustainable development issues has been launched. Related subjects appear regularly in in-house publications (such as the monthly *Coups d'Œil* and the triannual *Regards*) 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.

3.6 AVAILABLE INFORMATION IN THE REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE CORPORATE GOVERNANCE AND THE INTERNAL CONTROL PROCEDURES

3.6.1 Risks factors

With regard to risk factors, see page 48.

3.6.2 Directors' compensation

With regard to Directors' compensation, see page 32.

3.7 FINANCIAL AUTHORISATIONS SUBMITTED FOR APPROVAL TO THE COMBINED GENERAL MEETING OF APRIL 15, 2010

3.7.1 Delegations and financial authorisations still in effect

In accordance with Article L. 225-100 of the Commercial Code, the following table summarises the delegations and authorisations still in effect and granted by the General Meeting to the Board of Directors and the use made of such delegations and authorisations in FY 2009.

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 debt instruments that may be issued by virtue of authorisations granted is fixed at €900 million.

Authorisation	Maximum nominal amount of capital increases	Maximum nominal amount of debt instruments	Validity of authorisation	Time remaining(2)	General Meeting	Resolution nº	Use made of the authorisation during the year
Issuance of securities							
Capital increase with PSR(3) through issuance of shares or securities	€15 million	€900 million	26 months	14 months	AGM 17/04/2009	17	N/A
Capital increase through incorporation of issuance premiums, profits or reserves	€400 million		26 months	14 months	AGM 17/04/2009	18	N/A
Increase in the number of securities to be issued in the event of a capital increase with PSR(3)	15% of initial issue		26 months	14 months	AGM 17/04/2009	20	N/A
Capital increase intended to remunerate in-kind contributions made up of the securities of a company or securities giving access to capital	10% of capital(1)	10% of capital(1)	26 months	14 months	AGM 17/04/2009	22	N/A
Issuance of securities giving the right to receive debt instruments (delegation of powers)	-	€900 million	26 months	14 months	AGM 17/04/2009	24	N/A
Issues reserved for employees and senior managers							
Capital increase reserved for employees or corporate officers participating in a company savings scheme (PEE)	10% of capital	10% of capital	26 months	14 months	AGM 17/04/2009	25	N/A
Free allocation of existing shares or shares to be issued in the future	10% of capital	10% of capital	38 months	14 months	AGM 17/04/2008	15	N/A
Share buybacks and reduction of share capital							
Purchase by the company of its own shares	10% of capital		18 months	6 months	AGM 17/04/2009	15	N/A
Capital reduction through cancellation of shares	10% of capital per 24-month period		18 months	6 months	AGM 17/04/2009	16	N/A

(1) It is specified that:
- *the total nominal amount of capital increases authorised (resolution Nos. 17 and 22 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 debt instruments (resolution no. 17 of the AGM of April 17, 2009) may not exceed €900 million.*

(2) As at the vote of the AGM of April 15, 2010.
(3) PSR: Preferential Subscription Rights.

Use of delegations and financial authorisations previously granted

In 2009

- a share option plan (plan no. 11) was launched on March 20, 2009, enabling 140 beneficiaries to subscribe for 1,880,897 shares. The exercise price of €5.98 includes no discount and is equal to the average opening price during the 20 stock market sessions preceding the date of March 20, 2009 - resolution no. 29 of the General Meeting of April 17, 2007,
- the company did not buy back any of its own shares,
- the company did not use prior authorisations to issue securities.

3.7.2 Delegations and financial authorisations submitted to the Combined General Meeting of April 15, 2010

The table below sets out the delegations and financial authorisations to be entrusted to the Board of Directors by the Combined General Meeting of April 15, 2010.

These various delegations and authorisations will replace, as at the date of their approval by the General Meeting, the unused portion, if any, of delegations and authorisations granted previously for the same purpose.

The Board took note of shareholder voting at the Combined General Meeting of April 17, 2009 and decided as a result to adjust the percentages of capital relating to capital increases covered by the delegations and financial authorisations and potentially undertaken by the company, if the General Meeting so decides, based on the recommendations of institutional investors and their representatives. Thus, in the event of a capital increase without preferential subscription rights, the maximum nominal amount of immediate and / or deferred capital increases that can be made by virtue of authorisations granted was reduced to €4.3 million. Furthermore, note that the company is not allowed to buy back its own shares during a public purchase, exchange or standing market offer.

Authorisation	Maximum nominal amount of capital increases	Maximum nominal amount of debt instruments	Validity of authorisation	Time remaining[2]	General Meeting	Resolution no.
Issuance of securities						
Capital increase without PSR[3] through issuance of shares or securities	€4.3 million	€900 million	14 months	14 months	AGM 15/04/2010	10
Increase in number of securities to be issued in the event of a capital increase without PSR[3]	15% of initial issue		14 months	14 months	AGM 15/04/2010	11
Setting of issue price, without PSR[3], of shares or securities	10% of capital[1]	10% of capital[1]	14 months	14 months	AGM 15/04/2010	12
Capital increase without PSR[3] to remunerate securities tendered as part of a public exchange offer	€4.3 million[1]	€900 million[1]	14 months	14 months	AGM 15/04/2010	13
Capital increase without PSR[3] through issuance of shares or securities in connection with a private placement	€4.3 million[1]	€900 million[1]	14 months	14 months	AGM 15/04/2010	14
Share buyback and reduction of share capital						
Purchase by the company of its own shares	10% of capital		18 months	18 months	AGM 15/04/2010	8
Capital reduction through cancellation of shares	10% of capital per 24-month period		18 months	18 months	AGM 15/04/2010	9

(1) It is specified that:
- *the total nominal amount of capital increases authorised (resolution Nos. 17 and 22 of the AGM of April 17, 2009 and resolution Nos. 10, 13 and 14 of the AGM of April 15, 2010) 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 and 11th resolution of the AGM of April 15, 2010 – 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 capital increases authorised (resolution Nos. 10 and 14 of the AGM of April 15, 2010) may not exceed €4.3 million even if the Board of Directors decides to increase the number of shares to be issued (11th resolution of the AGM of April 15, 2010 – 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 debt instruments (resolution no. 17 of the AGM of April 17, 2009, and resolution Nos. 10 and 14 of the AGM of April 15, 2010) may not exceed €900 million.*

(2) As at the vote of the AGM of April 15, 2010.
(3) PSR: Preferential Subscription Rights.

3.8 RESOLUTIONS PRESENTED BY THE BOARD TO THE GENERAL MEETING

Your Statutory Auditors will provide you with their reports on the accounts for the year 2009 and on agreements and commitments 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 2009, the appropriation and distribution of earnings and the agreements and commitments 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 Claude Berda to the Board of Directors, executed by the Board of Directors at its Meeting on February 17, 2010,
- renew for two years the term of office of Director Alain Pouyat, which expires at the end of the present Meeting,
- take note of the election of Directors appointed to represent employees,
- authorise implementation of a share buyback programme allowing your company to buy its own shares on the stock market. The purpose of the buyback programme is either appropriation to employees or cancellation, subject to adoption of the 9th 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 €20 and the minimum sale price per share would be €5. The maximum amount of funds destined for the execution of this share purchase scheme will be €300 million.

You are kindly requested to cast your vote on the resolutions proposed.

The Board of Directors

3.9 STATEMENT OF COMPANY OPERATIONS OVER THE LAST FIVE BUSINESS YEARS

Nature of indicators *(in €)*	2005	2006	2007	2008	2009
I - End of year financial position					
a) Company capital	42,810,426	42,824,426	42,682,098	42,682,098	42,682,098
b) Number of shares issued	214,052,129	214,122,129	213,410,492	213,410,492	213,410,492
c) Number of convertible bonds					
II - Overall operational results					
a) Turnover excluding taxes	1,579,618,085	1,649,601,932	1,651,380,074	1,578,094,919	1,376,578,316
b) Profits before tax, employee participation, liquidations and provisions	410,573,959	355,728,097	331,000,742	231,461,449	201,671,020
c) Tax on profits	104,129,231	76,931,481	71,971,099	23,176,898	(17,671,273)
d) Employee participation	10,146,927	8,185,797	7,978,095	3,605,647	256,981
e) Profits after tax, employee participation, liquidations and provisions	182,330,515	250,816,043	203,747,738	138,921,498	198,396,034
f) Amount of profits distributed	138,970,385	181,790,003	181,386,487	100,302,931(1)	91,766,512 (1)
III - Operational results per share					
a) Profits after tax and employee participation but before liquidations and provisions	1.38	1.26	1.18	0.96	1.03
b) Aggregate employment earnings	0.85	1.17	0.95	0.65	0.93
c) Expenditure on benefits	0.65	0.85	0.85	0.47 (1)	0.43 (1)
IV - Employees					
a) Number of employees	1,508	1,540	1,573	1,536	1,597
b) Total payroll costs	105,746,613	111,770,510	116,739,407	121,186,526	118,312,622
c) Total of employee benefit costs	51,454,510	52,182,591	57,127,130	54,153,178	69,307,854

(1) Dividend submitted to the General Meeting for approval.

4

FINANCIAL STATEMENTS

Year ended December 31, 2009

The consolidated financial statements of the TF1 Group for the year ended December 31, 2009 should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2008 and the year ended December 31, 2007, prepared in accordance with International Financial Reporting Standards, as presented in the 2008 French-language Document de référence filed with the Autorité des Marchés Financiers (AMF) on March 26, 2008 as number D.09-0159, an English-language version of which (the 2008 registration document) is available on the TF1 corporate website via the link http://www.tf1finance.fr/en/publications-rapports_annuels.php.

These financial statements have been approved by the board of Directors on February 17, 2010.

Post balance-sheet events are disclosed chapter 3, page 85 (note 3.2.4).

4.1 CONSOLIDATED FINANCIAL STATEMENTS

4.1.1 Consolidated balance sheet

Assets *(€m)*	**Note**	**12/2009**	**12/2008**
Goodwill	7	506.9	506.1
Intangible assets		137.7	168.0
Audiovisual rights	8.1	*98.6*	*132.8*
Other intangible assets	8.2	*39.1*	*35.2*
Property, plant and equipment	9	191.4	178.0
Investments in associates	10	275.4	259.3
Non-current financial assets	12.1	20.2	741.0
Non-current tax assets		11.5	17.2
Total non-current assets		**1,143.1**	**1,869.6**
Inventories		600.6	558.4
Programmes and broadcasting rights	11	*589.3*	*542.0*
Other inventories		*11.3*	*16.4*
Trade and other debtors	12.2	1,350.2	1,226.8
Current tax assets		9.5	46.8
Other current financial assets	12	8.9	14.0
Cash and cash equivalents	12.3	570.5	9.8
Total current assets		**2,539.7**	**1,855.8**
Held-for-sale assets	4	-	14.8
TOTAL ASSETS		**3,682.8**	**3,740.2**
Net cash (+) / Net debt (-)	15	72.8	(704.5)

Shareholders' equity and liabilities *(€m)*	Note	12/2009	12/2008
Share capital	13.1	42.7	42.7
Share premium and reserves		1,239.3	1,170.4
Net profit for the period attributable to the Group		114.4	163.8
Shareholders' equity attributable to the Group	13	**1,396.4**	**1,376.9**
Minority interests		0.2	-
Total shareholders' equity		**1,396.6**	**1,376.9**
Non-current debt	14, 15	0.5	695.5
Non-current provisions	16.1	44.0	57.2
Non-current tax liabilities		1.3	2.9
Total non-current liabilities		**45.8**	**755.6**
Current debt	15	505.5	22.9
Trade and other creditors	14	1,696.0	1,514.9
Current provisions	16.2	36.4	43.5
Current tax liabilities		1.1	1.2
Other current financial liabilities	14	1.4	10.2
Total current liabilities		**2,240.4**	**1,592.7**
Liabilities relating to held-for-sale assets	4	**-**	**15.0**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3,682.8**	**3,740.2**

4.1.2 Consolidated income statement

(€m)	Note	2009	2008
Net advertising revenue	17	1,604.6	1,833.6
TF1 channel		*1,429.4*	*1,647.3*
Other channels		*175.2*	*186.3*
Diversification revenue		760.1	761.1
Revenue	17	**2,364.7**	**2,594.7**
Other operating revenue		-	0.2
External production costs	18	(645.5)	(641.2)
Other purchases and changes in inventory	19	(436.1)	(524.6)
Staff costs	20	(445.2)	(445.3)
External expenses	21	(487.7)	(527.4)
Taxes other than income taxes	22	(136.2)	(138.4)
Depreciation and amortisation, net		(99.9)	(94.5)
Provisions and impairment, net		(14.0)	(52.6)
Other operating income	23	109.3	123.3
Other operating expenses	23	(108.1)	(117.7)
Current operating profit		**101.3**	**176.5**
Other non-current operating income		-	-
Other non-current operating expenses		-	-
Operating profit		**101.3**	**176.5**
Income associated with net debt	24	13.1	13.4
Expenses associated with net debt	24	(35.4)	(35.8)
Cost of net debt	24	**(22.3)**	**(22.4)**
Other financial income	25	51.2	50.3
Other financial expenses	25	(15.0)	(9.4)
Income tax expense	27.1	(15.3)	(40.8)
Share of profits / (losses) of associates	10	14.6	9.6
Net profit from continuing operations		**114.5**	**163.8**
Net profit from discontinued or held-for-sale operations		**-**	**-**
NET PROFIT		**114.5**	**163.8**
attributable to the Group		**114.4**	**163.8**
attributable to minority interests		*0.1*	-
Weighted average number of shares outstanding *(in thousands)*	28	213,396	213,400
Basic earnings per share *(in euros)*	28	0.54	0.77
Diluted earnings per share *(in euros)*	28	0.53	0.77

STATEMENT OF RECOGNISED INCOME AND EXPENSE

(€m)	2009	2008
Consolidated net profit for the period	**114.5**	**163.8**
Remeasurement of derivative hedging instruments	2.7	1.0
Remeasurement of available-for-sale financial assets	-	-
Remeasurement of non-current assets	-	-
Change in cumulative translation difference	0.2	(0.6)
Actuarial gains / (losses) on employee benefits	3.2	0.3
Taxes on items credited or debited directly to equity	(2.1)	(0.9)
Share of income and expenses of associates recognised directly in equity	-	-
Other movements, net	-	-
Income and expense recognised directly in equity	**4.0**	**(0.2)**
TOTAL RECOGNISED INCOME AND EXPENSE	**118.5**	**163.6**
attributable to the Group	**118.4**	**163.6**
attributable to minority interests	*0.1*	-

4.1.3 Consolidated statement of changes in equity

(€m)	Share capital	Share premium	Treasury shares	Reserves	Income and expense recognised directly in equity	Share-holders' equity attributable to the Group	Minority interests	Total share-holders' equity
Balance at December 31, 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 profit 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**
Capital increase	-	-	-	-	-	-	-	-
Share-based payment	-	-		1.4	-	1.4	-	1.4
Purchase of treasury shares	-	-	-	-	-	-	-	-
Cancellation of treasury shares	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	(100.3)	-	(100.3)	-	(100.3)
Other transactions with shareholders	-	-	-	-	-	-	-	-
Net profit attributable to the Group	**-**	**-**	**-**	**114.4**	**-**	**114.4**	**0.1**	**114.5**
Income and expense recognised directly in equity	**-**	**-**	**-**		**4.0**	**4.0**	**0.1**	**4.0**
BALANCE AT DECEMBER 31, 2009	**42.7**	**2.8**	**(0.4)**	**1,352.3**	**(1.0)**	**1,396.4**	**0.2**	**1,396.6**

4.1.4 Consolidated cash flow statement

(€m)	Note	2009	2008
Consolidated net profit (including minority interests)		114.5	163.8
Depreciation, amortisation, provisions and impairment (excluding current assets)		103.1	110.0
Intangible assets and goodwill		*79.2*	*76.7*
Property, plant and equipment		*26.7*	*24.4*
Financial assets		*6.8*	*5.7*
Non-current provisions		*(9.6)*	*3.2*
Other non-cash income and expenses		(18.5)	(18.7)
Effect of fair value remeasurement		(36.6)	(43.7)
Share-based payment		1.4	0.7
Net (gain) / loss on asset disposals		0.3	1.3
Share of (profits) / losses and dividends of associates		(14.6)	(4.7)
Dividend income from non-consolidated companies		(1.4)	(2.0)
Sub-total		**148.2**	**206.7**
Cost of net debt		22.3	22.4
Income tax expense (including deferred taxes)		15.3	40.8
Operating cash flow		**185.8**	**269.9**
Income taxes (paid) / reimbursed		32.3	(68.0)
Change in operating working capital needs		23.8	5.8
Net cash generated by / (used in) operating activities		**241.9**	**207.7**
Cash outflows on acquisitions of property, plant and equipment and intangible assets		(98.3)	(87.7)
Cash inflows from disposals of property, plant and equipment and intangible assets		4.0	1.3
Cash outflows on acquisitions of financial assets		(5.7)	(4.6)
Cash inflows from disposals of financial assets	29.2	747.9	0.3
Effect of changes in scope of consolidation	29.3	(7.0)	(3.4)
Dividends received		1.4	2.0
Change in loans and advances receivable		12.5	(12.3)
Net cash generated by / (used in) investing activities		**654.8**	**(104.4)**
Cash received on exercise of share options		-	-
Purchases and sales of treasury shares		-	-
Dividends paid during the year		(100.3)	(181.4)
Cash inflows from new debt contracted		-	197.0
Repayment of debt (including finance leases)	29.4	(198.5)	(126.0)
Net interest paid (including finance leases)		(26.9)	(27.0)
Net cash generated by / (used in) financing activities		**(325.7)**	**(137.4)**
CHANGE IN CASH POSITION OF CONTINUING OPERATIONS		**571.0**	**(34.1)**
Cash position at start of period		**(4.2)**	**29.9**
Change in cash position during the period		571.0	(34.1)
Cash position at end of period	**29.1**	**566.8**	**(4.2)**

4.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Significant events of 2009

1.1 SIGNATURE OF AN AGREEMENT BETWEEN TF1 AND THE AB GROUP

On June 11, 2009, the TF1 Group and the AB Group signed an agreement with a view to the purchase by TF1 of 100% of NT1 and 40% of TMC, currently held by the AB Group, for a cash consideration of €192 million.

TF1 would retain the same equity interest in the other activities of the AB Group as it currently holds (33.5%). The current AB Group management team would be granted a call option to acquire this TF1 minority stake for €155 million within a maximum of 2 years.

On January 26, 2010, the deal received clearance from the French Competition Authority subject to compliance by the TF1 Group with "undertakings as to future conduct in order to address competition problems". The TF1 Group is still awaiting clearance from the CSA, the French audiovisual regulator.

1.2 AGREEMENT BETWEEN TF1 INTERNATIONAL AND UGC IMAGES

On July 1, 2009, TF1 and UGC signed an agreement to pool their expertise in the acquisition of film rights, the distribution of films in cinemas, and the foreign sale of audiovisual rights. Approval having been obtained from the relevant authorities, the completion documents for the agreement between TF1 International and UGC Images were signed on September 28, 2009.

1.3 ALLIANCE BETWEEN TF1 VIDÉO AND SONY PICTURES HOME ENTERTAINMENT

On May 29, 2009, TF1 Vidéo and Sony Pictures Home Entertainment (SPHE) announced the formation of an economic interest grouping to distribute video products in the French market. The aim of the grouping, which began trading in the third quarter of 2009, is to pool resources to sell DVDs and Blu-ray discs from the TF1 Vidéo and SPHE catalogues.

1.4 SALE OF THE EQUITY INTEREST IN CANAL + FRANCE

On December 28, 2009, TF1 sold its entire 9.9% equity interest in Canal + France to Vivendi for €744 million, a few weeks ahead of the expiry date of the put option held by TF1. Because this asset was accounted for at fair value through profit or loss using the treatment described in note 12.1.2, the impact of this sale on consolidated net profit is limited to the unwinding of the discount on the value of the put option during the period, representing a gain of €39.4 million.

1.5 OTHER DIVESTMENTS DURING THE YEAR

The equity interests in France 24, Shopping à la Une, Top Ticket.s and Dogan Téléshopping were divested during the year ended December 31, 2009 (see note 3.2, "Deconsolidated entities").

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, 2009 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 17, 2010, and will be submitted for approval by the shareholders at the forthcoming Ordinary General Meeting to be held on April 15, 2010.

2.2 NEW AND AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS

2.2.1 New standards, amendments and interpretations effective within the European Union and mandatorily applicable or eligible for early adoption in periods beginning on or after January 1, 2009

The 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 mandatorily applicable to the Group's operations with effect from January 1, 2009.

In preparing the financial statements for the year ended December 31, 2009, the TF1 Group has elected not to apply the standards issued by the IASB and endorsed by the European Union that are eligible for early adoption from January 1, 2009.

Standard / Interpretation		Effective date EU(1)	Effective date TF1	Impact on TF1
Revised IAS 1	Presentation of Financial Statements	January 1, 2009	January 1, 2009	No impact on the financial statements
Amendment to IAS 23	Borrowing Costs	January 1, 2009	January 1, 2009	No impact on the financial statements
Revised IAS 27	Consolidated and Separate Financial Statements	July 1, 2009*	January 1, 2010	No impact on the financial statements
Amendments to IAS 27 and IFRS 1	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	January 23, 2009	January 1, 2009	No impact on the financial statements
Amendment to IAS 32 / IAS 1	Puttable Financial Instruments and Obligations Arising on Liquidation	January 21, 2009	January 1, 2009	No impact on the financial statements
Amendment to IAS 32	Classification of Rights Issues	December 23, 2009	February 1, 2010	No impact on the financial statements
Amendment to IAS 39	Financial Instruments – Eligibility of Hedged Items	September 15, 2009	January 1, 2010	No impact on the financial statements
Amendment to IAS 39 / IFRIC 9	Embedded Derivatives	November 27, 2009	January 1, 2010	No impact on the financial statements
Revised IFRS 1	First-Time Adoption of IFRS	November 25, 2009	January 1, 2010	No impact on the financial statements
Amendment to IFRS 2	Share-Based Payment – Vesting Conditions and Cancellations	January 1, 2009	January 1, 2009	No impact on the financial statements
Revised IFRS 3	Business Combinations	July 1, 2009*	January 1, 2010	No impact on the financial statements unless a business combination occurs
Amendment to IFRS 7	Improving Disclosures About Financial Instruments	November 27, 2009	January 1, 2010	No impact on the financial statements
IFRS 8	Operating Segments	January 1, 2009	January 1, 2009	No impact on the financial statements
IFRIC 11	Group and Treasury Share Transactions	March 1, 2008	January 1, 2009	No impact on the financial statements
IFRIC 12	Service Concession Arrangements	March 25, 2009	January 1, 2010	No impact on the financial statements
IFRIC 13	Customer Loyalty Programmes	January 1, 2009	January 1, 2009	No impact on the 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 impact on the financial statements
IFRIC 15	Agreements for the Construction of Real Estate	July 22, 2009*	January 1, 2009	No impact on the financial statements
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	June 4, 2009*	January 1, 2010	No impact on the financial statements
IFRIC 17	Distributions of Non-Cash Assets to Owners	November 26, 2009	January 1, 2010	No impact on the financial statements
IFRIC 18	Transfers of Assets from Customers	November 27, 2009	January 1, 2010	No impact on the financial statements
Annual Improvements to IFRSs (except IFRS 5 and IFRS 1)		January 23, 2009	January 1, 2010	No impact on the financial statements
Annual Improvements to IFRSs (IFRS 5 and IFRS 1 only)		January 23, 2009*	January 1, 2010	No impact on the financial statements

(1) Unless otherwise indicated, applicable to accounting periods beginning on or after the date shown in this column.
** Standards, amendments and interpretations for which early adoption can be elected.*

2.2.2 Standards, amendments and interpretations issued by the IASB but not yet endorsed by the European Union

Standard / Interpretation		IASB effective date*	Expected impact on TF1
Revised IAS 24	Related Party Disclosures	January 1, 2011	No impact on the financial statements
Amendment to IFRS 1	Additional Exemptions	January 1, 2010	No impact on the financial statements
Amendment to IFRS 2	Group Cash-Settled Share-Based Payment Transactions	January 1, 2010	No impact on the financial statements
IFRS 9	Financial Instruments	January 1, 2013	Not quantifiable at this stage
Amendment to IFRIC 14	Prepayments of a Minimum Funding Requirement	January 1, 2011	No impact on the financial statements
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	July 1, 2010	No impact on the financial statements
Annual Improvements to IFRSs		January 1, 2010	

* *Unless otherwise indicated, applicable to accounting periods beginning on or after the date shown in this column.*

2.3 CHANGES IN ACCOUNTING POLICY

The TF1 Group made no changes in accounting policy during 2009 other than those required to comply with new or amended IFRS requirements applicable on or after January 1, 2009, as indicated in note 2.2.1, which had no impact on the financial statements.

2.4 SELECTION OF ACCOUNTING TREATMENTS, EXERCISE OF JUDGMENT AND USE OF ESTIMATES

Preparation of the consolidated financial statements requires TF1 management to exercise judgement in the selection of accounting treatments and to use estimates for the measurement of assets, liabilities, income and expenses, which may have a material impact on the amounts reported in the financial statements.

2.4.1 Accounting 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 (note 2.20).

2.4.2 Use of estimates

Preparation of the consolidated financial statements requires the TF1 Group to make various estimates and use various assumptions regarded as realistic and reasonable. Events or circumstances may result in changes to these estimates or assumptions, which could affect the value of the Group's assets, liabilities, equity or net profit.

The principal accounting policies requiring the use of estimates are:

- impairment of goodwill (note 7): the carrying amount of goodwill in the TF1 consolidated financial statements is reviewed annually using the method described in note 2.10. These impairment tests are sensitive to medium-term financial forecasts and to the discount rates used to estimate the value in use of cash-generating units (CGUs),
- impairment of audiovisual rights (note 8.1): impairment testing of audiovisual rights is based on an analysis of projected future revenues,
- impairment of programmes and broadcasting rights (note 11): impairment testing of programmes and broadcasting rights is based on the probability of transmission, assessed mainly on the basis of future programming schedules,
- measurement of provisions for retirement benefit obligations (note 16.1.2): these provisions are calculated by the TF1 Group itself using the projected unit credit method, as described in note 2.19.1. This calculation is sensitive to assumptions regarding the discount rate, the salary inflation rate and the staff turnover rate,
- provisions (note 16): provisions are established to cover probable outflows of resources to third parties with no corresponding inflow of resources for the Group. They include provisions for all kinds of litigation and claims, the amount of which is estimated based on assumptions regarding the most likely outcomes. In determining these assumptions, TF1 management may rely on the assessments of external advisors,
- fair value of financial instruments (notes 12 and 14): the fair value of financial instruments is determined by reference to market prices. In the case of 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.

Recognition of acquisition-related costs on business combinations in progress at December 31, 2009

In connection with the changes to IFRS 3, the revised version of which will be applicable from January 1, 2010, the TF1 Group has elected to include acquisition-related costs incurred in 2009 in the cost of the combination once it is finalised in 2010. As at December 31, 2009, €2.2 million of acquisition-related costs were recognised as assets pending the finalisation of business combinations.

2.8 INTANGIBLE ASSETS

Separately acquired intangible assets are initially recognised at acquisition cost or (if acquired in a business combination) at fair value as of the acquisition date.

Subsequent to the acquisition date, intangible assets are measured at initial recognition cost less accumulated amortisation and impairment losses.

Intangible assets with finite useful lives are amortised over their expected useful lives.

Intangible assets with indefinite useful lives are not amortised.

2.8.1 Audiovisual rights

This item primarily includes shares in films and audiovisual programmes produced or co-produced by TF1 Films Production, TF1 Vidéo, TF1 Production and Téléma; distribution and trading rights owned by TF1 DA, 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 over 8 years,
- audiovisual distribution rights: amortised in line with revenues, with a minimum of 5 years straight-line,
- audiovisual trading rights: straight-line basis over 5 years,
- music rights: amortised over 2 years, 75% in the first year and the remaining 25% in the second year.

The amortisation method used for films co-produced by TF1 Films Production and Téléma is consistent with industry practice.

A provision for impairment is recorded individually if estimated future revenues do not cover the net carrying amount.

2.8.2 Other intangible assets

Other acquired intangible assets are carried at acquisition cost less accumulated amortisation and impairment losses. These mainly comprise operating licences (other than broadcasting licences and audiovisual rights), trademarks and similar rights, and software.

These assets are amortised on a straight-line basis over their expected useful lives, except for certain commercial trademarks owned by the TF1 Group and regarded as having an indefinite useful life, which are not amortised. These trademarks are tested for impairment (see note 2.10.1).

2.9 PROPERTY, PLANT AND EQUIPMENT

2.9.1 Property, plant and equipment owned outright

Property, plant and equipment is carried at acquisition cost net of accumulated depreciation and impairment losses.

Depreciation is charged on a straight-line basis over the expected useful life of the asset, taking account of any residual value of the asset:

- Buildings: 25 to 50 years,
- Technical installations: 3 to 7 years,
- Other property, plant and equipment: 2 to 10 years.

Land is not depreciated.

Where an asset is made up of components with different useful lives, these components are recorded as separate items within property, plant and equipment.

Gains or losses on disposals of property, plant and equipment represent the difference between the sale proceeds and the net carrying amount of the asset, and are included in “Other operating income and expenses”.

2.9.2 Property, plant and equipment acquired under finance leases

Property, plant and equipment held under leases which transfer substantially all the risks and rewards of ownership of the asset to the TF1 Group is recognised as an asset in the balance sheet at the inception date of the lease, at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability; the finance charge is recognised in the income statement under “Expenses associated with net debt”, a component of “Cost of net debt”.

Assets held under finance leases are depreciated over the same periods as assets of the same type owned outright.

2.10 IMPAIRMENT OF NON-CURRENT ASSETS

At each balance sheet date, TF1 assesses whether there are internal or external events or circumstances which indicate that a non-current asset may have been impaired. If there is such an indication, or if the asset is required to be tested for impairment annually (goodwill, and intangible assets with indefinite useful lives), the recoverable amount of the asset is estimated.

2.10.1 Goodwill and indefinite-lived intangible assets

The recoverable amount of an asset is the higher of value in use or fair value less costs to sell. If fair value less costs to sell cannot be reliably measured, the recoverable amount of an asset is its value in use.

The value in use of assets to which independent cash flows can be directly allocated is determined individually. All other assets are grouped within cash-generating units (CGUs) to determine their value in use. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The value in use of an asset or a CGU is measured using the discounted cash flow (DCF) method, based on 3-year cash flow projections approved by TF1 management and the Board of Directors plus a standard annual cash flow figure for the time horizon beyond the 3-year business plan. The cash flows used are determined on an after-tax basis.

These cash flow projections are discounted using an after-tax discount rate, determined on the basis of the weighted average cost of capital 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. 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).

In the case of rights and programmes for which these two criteria have not been met (programmes not yet delivered, sports rights for which the right to broadcast is not activated until the date of the event, etc.), the Group takes the view that it does not control the asset, since it has neither the right nor the ability to broadcast the programme. Consequently, these rights are not recognised in the balance sheet.

However, any advance payments made to acquire such rights are recognised as supplier prepayments.

The line “Programmes and broadcasting rights” in the balance sheet includes:

- in-house productions, made by TF1 Group companies for TF1 channels,
- external productions, comprising broadcasting rights acquired by the TF1 Group’s channels and co-production shares of broadcasts made for the TF1 Group’s channels.

The value of programmes and broadcasting rights is measured as follows:

- in-house production: at overall production cost (direct costs plus a portion of indirect production costs),
- broadcasting rights and co-productions: at purchase cost, less consumption for the year calculated at each balance sheet date.

TF1 SA programmes (which account for most of the Group’s programme inventory) are deemed to have been consumed as transmitted. If they are acquired for a single transmission, they are regarded as having been consumed in full at the time of this transmission. If they are acquired for two or more transmissions, consumption is calculated according to the type of programme using the rules described below, unless otherwise specified in the acquisition contract:

Rules by type of programme	Dramas with a running time of at least 52 minutes	Films, TV movies, serials and cartoons	Other programmes and broadcasting rights
1st transmission	80%	50%	100%
2nd transmission	20%	50%	-

“Other programmes and broadcasting rights” in the table above refers to children’s programmes (other than cartoons), entertainment shows, plays, factual and documentary programmes, news, sport, and dramas with a running time of less than 52 minutes.

A provision for impairment is recorded once it becomes probable that a programme will not be transmitted, or if the contractual value at which it was recognised in inventory exceeds the value attributable to it using the rules described above. Probability of transmission is assessed on the basis of the most recent programming schedules approved by management. If rights are resold, a provision is recorded once the sale is probable to cover any excess of the value at which the rights were initially recognised in inventory (or the amount of advance payments) over the actual or estimated selling price.

Programmes that have not been broadcast and the rights to which have expired are written off as a component of current operating profit, and any previously-recognised provisions are reversed.

Rights ordered under irrevocable contracts but not yet available for transmission (see above) are disclosed in note 11, in the section relating to contracts entered into by TF1 to secure future programming schedules, and are priced at the contractual amount (or the estimated future cash outflow in the case of output deal contracts) less any advance payments made.

2.13 FINANCIAL ASSETS USED FOR TREASURY MANAGEMENT PURPOSES

Financial assets used for treasury management purposes are securities held for trading purposes which although they are monetary investments do not qualify as cash equivalents. They are classified as financial assets at fair value through profit or loss held for trading.

2.14 CASH AND CASH EQUIVALENTS

The line "Cash and cash equivalents" in the balance sheet comprises cash, cash equivalents, and debit balances on treasury current accounts.

Cash consists of liquidity available in bank current accounts and sight deposits. Cash equivalents are assets held in order to meet short-term treasury needs. Investments qualify as cash equivalents if they are readily convertible into cash, are subject to an insignificant risk of changes in value, and have a maturity of less than three months. Treasury current accounts represent cash invested with non-consolidated equity investees or with associates, the uneliminated portion of treasury current accounts with companies consolidated by the proportionate consolidation method, and current accounts with other Bouygues Group entities.

Cash and treasury current accounts are classified in the "Loans and receivables" category and carried at amortised cost.

2.15 HELD-FOR-SALE ASSETS

A non-current asset or a group of assets and liabilities is classified as "held-for-sale" if its carrying amount will be recovered principally through a sale transaction rather than through continuing use, and a sale is highly probable. If material, such assets and asset groups are reported separately from other assets or asset groups, and are measured at the lower of their carrying amount or fair value less costs to sell.

An operation is treated as discontinued or held-for-sale when it is a separate line of business that is material to the Group, and either (i) the criteria for classification as a held-for-sale asset are met or (ii) it has been sold by the TF1 Group.

Discontinued and held-for-sale operations are presented on a separate line in the income statement for each of the periods reported, showing the post-tax profit or loss of discontinued or held-for-sale operations until the date of sale and the post-tax gain or loss arising from the sale of such operations or from remeasuring the assets and liabilities of such operations at fair value less costs to sell.

If material, cash flows relating to discontinued and held-for-sale operations are shown in a separate section at the foot of the consolidated cash flow statement for all the periods reported.

2.16 TREASURY SHARES

Treasury shares acquired by the TF1 Group are deducted from consolidated equity. No gains or losses arising on the purchase, sale or cancellation of treasury shares are recognised in the income statement.

2.17 FINANCIAL LIABILITIES

Financial liabilities are classified in one of two categories: financial liabilities at fair value through profit or loss, and financial liabilities at amortised cost.

Financial liabilities at fair value through profit or loss comprise:

- liabilities regarded as held for trading, comprising liabilities incurred principally with a view to repurchasing them in the near term,
- liabilities designated by the Group on initial recognition as financial instruments at fair value through profit or loss.

The TF1 Group's non-derivative financial liabilities mainly comprise 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.

The actuarial assumptions used to measure the present value of the obligation in respect of lump-sum retirement benefits and long-service awards were updated as at December 31, 2009. This applies in particular to the rate used to discount the obligation, which was determined by reference to market rates for high-quality corporate bonds at the balance sheet date. The effect of these changes in assumptions as of December 31, 2009 was recognised in consolidated equity, in line with the accounting policy applied by the TF1 Group under the revised IAS 19.

Provisions for long-service leave

These provisions cover entitlement to additional compensated absence awarded by some TF1 Group companies to employees based on length of service. The calculation of the cost of vested compensated absence rights takes into account length of service, salary at the time the rights will be taken up, and staff turnover. The provision is discounted at the same rate as the provision for retirement benefit obligations.

Provisions for litigation, claims and risks

These provisions cover litigation, claims and non-recurring risks for which settlement occurs outside the normal operating cycle.

They are measured as the probable outflow of resources resulting from ongoing litigation or claims arising from an event prior to the balance sheet date. Provisions for litigation and claims include the estimated amount payable to third parties in respect of litigation and claims. They also include provisions for charges relating to disputes with tax and social security authorities; in such cases, the amount shown on reassessment notices issued by the authorities is provided for unless the company concerned regards it as highly probable that it will successfully defend its position against the authorities.

2.19.2 Current provisions

Current provisions mainly comprise provisions for litigation and claims arising in the normal operating cycle and for which settlement will probably occur within twelve months. They are measured in the same way as non-current provisions (see above).

2.20 REVENUE RECOGNITION

The TF1 Group recognises revenue when:

- it is probable that the economic benefits associated with the transaction will flow to the Group,
- the amount of revenue can be measured reliably,
- at the transaction date, it is probable that the amount of the sale will be recovered.

The specific revenue recognition policies applied to each business line are as follows:

- sales of advertising airtime are recognised on transmission of the advertisement or commercial:
  - sales of advertising airtime are recognised on transmission of the advertisement or commercial. For sales of advertising airtime on media not owned by the Group, TF1 recognises the agency commission as revenue unless it has offered the media owner a recovery guarantee for selling the airtime, in which case TF1 recognises as revenue the gross amount of airtime sales invoiced to the advertisers,
  - the TF1 Group makes marginal use of barter transactions involving advertising with media other than television, such as radio or print media. These transactions, which are exchanges of dissimilar services within the meaning of SIC 31, are reported on a non-netted basis, with matching amounts recognised as income in “Revenue” and as expenses in “External expenses”,
- fees charged by theme channels to cable and satellite operators that broadcast them are calculated on a per subscriber basis or as a fixed annual fee invoiced to the operator. Subscriber-based fees are recognised monthly on the basis of statements received from the operator. Fixed annual fees are recognised as revenue on a straight-line basis over the course of the year,
- sales of audiovisual rights under licence are recognised when the licensee has acknowledged that the programme conforms with the terms of the licence (technical acceptance),
- revenue from sales of merchandise and products by the Group’s publishing and distribution activities is reported net of (i) provisions for expected goods returns and (ii) paybacks made in connection with some distribution contracts,
- in the case of services that require recourse to technical service-providers, the Group recognises as revenue the cost of the service borne by the end user if the Group bears the financial, after-sales and legal risks associated with the service. In other cases, where the Group regards itself as acting purely as agent, only the net fee collected is recognised as revenue.

Other operating revenues mainly comprise sales-based royalties invoiced under licence agreements.

The activities carried on by the TF1 Group do not to any material extent include sales comprising separately identifiable components within the meaning of IAS 18.

2.21 GRANTS

Grants received by the TF1 Group mainly comprise grants received by the Group’s production companies from funds set up to support the audiovisual industry (in particular grants awarded by the French National Centre for Cinematography), and investment and (up to and including 2008) operating grants awarded by the French State to the France 24 news channel.

Grants awarded by audiovisual industry support funds are initially recorded as deferred income in “Trade and other creditors” on the liabilities side of the balance sheet once the grant has been definitively awarded. They are taken to the income statement under “Other operating income” in line with the amortisation of the productions to which they relate, starting from the date on which the production is completed or licensed for distribution.

Up to and including 2008, investment grants awarded to France 24 were deducted from the carrying amount of the assets they finance. These grants were recognised as the asset was depreciated, by means of a reduction in the depreciation charge.

Operating grants awarded to France 24 were initially recognised in “Trade and other creditors”, and were taken to the income statement as and when the expenses they offset were recognised.

2.22 OTHER NON-CURRENT OPERATING INCOME AND EXPENSES

These lines comprise a very limited number of income and expense items, which are unusual and occur infrequently but are material to the consolidated financial statements. TF1 reports these items separately in its income statement in order to give users of the financial statements a better understanding of the Group's ongoing operational performance.

2.23 COST OF NET DEBT

"Cost of net debt" represents "Expenses associated with net debt", net of "Income associated with net debt".

"Expenses associated with net debt" comprise:

- interest expense on current and non-current debt,
- amortisation of financial assets and liabilities measured at amortised cost,
- expenses arising from interest rate hedges,
- expenses arising from the remeasurement of financial assets and financial liabilities at fair value, such as changes in the fair value of interest rate 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,
- income arising from interest rate hedges,
- other revenues generated by cash equivalents and financial assets used for treasury management purposes,
- income arising from the remeasurement of financial assets and financial liabilities at fair value, such as changes in the fair value of interest rate 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 31).

In accordance with IFRS 2, the cost of these equity-settled share-based payment plans is recognised as an expense in "Staff costs", with the credit entry recognised in equity.

The total expense relating to share subscription option plans is measured at the grant date of the options using the Black-Scholes-Merton model, and is recognised over the vesting period.

The total expense relating to consideration-free shares is measured at the allotment date (taking into account any specific terms and conditions liable to affect fair value), and recognised over the vesting period on a straight line basis.

In accordance with IFRS 1 and IFRS 2, only plans granted after November 7, 2002 and not vested as of January 1, 2004 are measured and recognised as an expense (in "Staff costs").

2.27 OPERATING SEGMENTS

With effect from January 1, 2009, the TF1 Group has applied IFRS 8 (Operating Segments), which has replaced IAS 14 (Segment Reporting). Because Group management monitors the financial performance of the various segments on the basis of key accounting indicators (as described below), application of IFRS 8 has no impact on the segment information reported by the Group.

TF1 organises its operating activities into strategic business units, each of which is managed appropriately to the nature of the products and services sold and the specific economic environment. This segmentation serves as the basis for the presentation of internal management data, and is also used by the Group's operational decision-makers to monitor performance.

Management assesses performance on the basis of current operating profit. Segmental results, assets and liabilities include items directly or indirectly attributable to the relevant segment. Segmental capital expenditure represents total acquisitions of property, plant and equipment and intangible assets as recognised in the corresponding balance sheet line items. Inter-segment sales and transfers are conducted on an arm's length basis.

The TF1 Group reports the following operating segments:

Broadcasting France

This segment includes the TF1 channel, associated and spin-off activities regarded as inseparable from this channel, 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 exclusively for the TF1 channel (such as Ushuaïa and TF1 Production).

Audiovisual Rights

Subsidiaries whose principal activity is the production, publishing or distribution of audiovisual rights not exclusively intended for TF1 Group channels are included in this segment. Production activities include delegated productions or co-productions of films. Publishing and distribution activities include all media (CD, DVD, etc.) and all channels (cinemas, TV channels and all retail distribution channels).

Broadcasting International

This segment comprises subsidiaries involved in the development and broadcasting of pay-TV programmes primarily broadcast outside France, in particular Eurosport and (for the purposes of 2008 comparative data) France 24.

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, 2009 include the financial statements of the companies listed in note 37.

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 29.3.

3.1 NEWLY-CONSOLIDATED ENTITIES

3.1.1 TF1 International and UGC Distribution

On September 28, 2009, TF1 and UGC completed a deal to pool their expertise in the acquisition of film rights, the distribution of films in cinemas, and the foreign sale of audiovisual rights. Under the terms of the deal, the new split of operations is as follows:

- TF1 International has changed its name to TF1 Droits Audiovisuels. A 100%-owned subsidiary of TF1, this company is continuing its current business of acquiring film co-production shares.
- cinema distribution in France is handled by UGC Distribution, a new company set up by UGC Images (66%) and TF1 Droits Audiovisuels (34%). This entity is accounted for as an associate by the equity method in the TF1 Group consolidated financial statements as at December 31, 2009.
- the company name "TF1 International" has been reallocated to another second company jointly set up and owned by the two parties (TF1 Droits Audiovisuels 66%, UGC Images 34%), which handles international audiovisual rights sales and Video on Demand rights sales in France. This entity is accounted for by the full consolidation method in the TF1 Group consolidated financial statements as at December 31, 2009.

3.1.2 Sony Pictures Home Entertainment – TF1 Vidéo economic interest grouping

The Sony – TF1 Vidéo economic interest grouping, formed by TF1 Vidéo and Sony Pictures Home Entertainment (SPHE) on May 29, 2009, has been consolidated by the proportionate consolidation method since September 30, 2009.

3.1.3 SPS

SPS, a company formed and jointly owned by Eurosport and Serendipity, has been consolidated by the proportionate consolidation method by TF1 since September 30, 2009. SPS aims to develop a European-scale online sports betting and gaming business (see note 36, "Post balance sheet events").

3.2 DECONSOLIDATED ENTITIES

3.2.1 Dogan Téléshopping

In November 2009, the TF1 Group sold its 50% interest in its Dogan Téléshopping subsidiary. The resulting gain of €1.1 million was recognised as a component of consolidated operating profit.

3.2.2 Top Ticket.s

In November 2009, the TF1 Group sold its interest in Top Ticket.s, the publisher of the Pilipili freesheet. The €2.6 million loss arising on this sale was recognised as a component of operating profit in the consolidated financial statements for the year ended December 31, 2009.

3.2.3 France 24

On February 12, 2009, TF1 SA sold its interest in France 24, representing 50% of the share capital and voting rights, to Audiovisuel Extérieur de la France (AEF). The €2 million net gain arising on this sale was recognised as a component of operating profit in the consolidated financial statements for the year ended December 31, 2009.

3.2.4 Shopping à la Une

On February 12, 2009, Téléshopping SAS sold all its shares in its Shopping à la Une subsidiary to Initiatives et Développements (I&D), in exchange for bonds redeemable in shares of its own subsidiary Global Technologies, for a nominal amount of €2 million.

Téléshopping retains the right to sell back to I&D the bonds received in exchange (or the shares obtained on redemption of the bonds) if certain terms and conditions, in particular value creation criteria, are not met in future years.

The €2 million net gain arising on this sale was recognised as a component of operating profit in the consolidated financial statements for the year ended December 31, 2009.

3.3 OTHER CHANGES IN SCOPE OF CONSOLIDATION

WB Télévision

During the third quarter of 2009 the TF1 Group raised its interest in WBTV, which owns the Belgian activities of the AB Group, from 33.5% to 49% at a price of €1.5 million. The purchase price allocation for this acquisition is ongoing.

3.4 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:

- 2009: mergers of Téléma into TF1 International; CIC into TF1 Vidéo; and Sacas and TF1 Satellite into TF1 Expansion.
- 2008: mergers of RCV into TF1 Vidéo; Dujardin International into Dujardin; Ciby DA into TF1 International; TF1 VOD into TF1 Vidéo; TF1 Hors Média into TF1 Publicité; and Alma, TF1 Publicité Production, Tout Audiovisuel Productions, Quai Sud and Yagan into TF1 Production.

Note 4 Operations held for sale

There were no operations held for sale at December 31, 2009.

At December 31, 2008, the assets and liabilities of France 24 and Shopping à la Une were classified as "Held-for-sale assets" and "Liabilities relating to held-for-sale assets".

4.1 FRANCE 24

At the end of 2008, the TF1 Group began negotiations with Audiovisuel Extérieur de la France, to whom it sold its interest in France 24 on February 12, 2009.

4.2 SHOPPING À LA UNE

From 2004, the TF1 Group had 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" site.

In December 2008, the TF1 Group signed an agreement to sell this business to Initiatives et Développements. The sale was completed on February 12, 2009.

4.3 BREAKDOWN OF "HELD-FOR-SALE ASSETS" AND "LIABILITIES RELATING TO HELD-FOR-SALE ASSETS" AT END 2008

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 37.

The table below shows the share of the assets, liabilities, revenue and operating profit of these entities as included in the consolidated financial statements.

TF1 share	TF6 / Série Club		TMC		France 24		TCM		SPS		Top Ticket.s		Other	
(€m)	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Non-current assets	22.8	22.4	16.1	15.9	-	-	7.8	9.8	1.5	-	-	0.4	-	0.1
Current assets	8.0	10.1	31.4	17.4	-	-	1.4	0.2	0.9	-	-	1.4	-	0.6
TOTAL ASSETS	**30.8**	**32.5**	**47.5**	**33.3**	**-**	**-**	**9.2**	**10.0**	**2.4**	**-**	**-**	**1.8**	**-**	**0.7**
Shareholders' equity	22.4	22.7	15.9	10.0	-	-	4.6	5.1	(3.3)	-	-	(4.0)	-	(0.9)
Non-current liabilities	1.1	0.7	11.0	11.2	-	-	6.0	6.0	-	-	-	(0.6)	-	-
Current liabilities	7.3	9.1	20.6	12.1	-	-	(1.4)	(1.1)	5.7	-	-	6.4	-	1.9
TOTAL LIABILITIES & EQUITY	**30.8**	**32.5**	**47.5**	**33.3**	**-**	**-**	**9.2**	**10.0**	**2.4**	**-**	**-**	**1.8**	**-**	**1.0**
Revenue	**14.4**	**15.1**	**38.1**	**27.6**	**-**	**4.4**	**4.0**	**4.8**	**(0.1)**	**-**	**1.5**	**1.0**	**2.3**	**3.7**
Current operating profit / (loss)	**0.1**	**0.3**	**6.2**	**5.5**	**2.0**	**-**	**2.1**	**4.5**	**(3.0)**	**-**	**(5.3)**	**(3.6)**	**0.1**	**(0.2)**

Note 6 Segment information

6.1 INFORMATION BY OPERATING SEGMENT

The contribution of each operating segment to the consolidated financial statements was as follows:

	Broadcasting France		Audiovisual Rights		Broadcasting International		Other Activities		Total TF1	
(€m)	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
INCOME STATEMENT										
Revenue	**1,893.0**	**2,103.5**	**151.0**	**174.0**	**319.2**	**316.2**	**1.5**	**1.0**	**2,364.7**	**2,594.7**
Current operating profit / (loss)	**87.8**	**164.2**	**(22.5)**	**(10.8)**	**41.3**	**26.7**	**(5.3)**	**(3.6)**	**101.3**	**176.5**
Depreciation and amortisation, net	*(33.8)*	*(37.7)*	*(56.8)*	*(48.7)*	*(9.1)*	*(8.0)*	*(0.2)*	*(0.1)*	*(99.9)*	*(94.5)*
Provisions and impairment, net	*(3.6)*	*(27.8)*	*(5.9)*	*(23.2)*	*(4.4)*	*(1.6)*	*(0.1)*	-	*(14.0)*	*(52.6)*
Other non-current operating income and expenses	-	-	-	-	-	-	-	-	-	-
Share of profits / (losses) of associates(1)	14.6	11.0	-	-	-	(0.6)	-	(0.8)	14.6	9.6
Net profit from discontinued / held-for-sale operations	-	-	-	-	-	-	-	-	-	-
BALANCE SHEET										
Segmental assets(2)	379.5	359.4	79.7	113.6	376.8	378.7	-	0.4	836.0	852.1
Segmental liabilities(3)	59.7	77.2	17.1	19.6	3.7	3.9	-	-	80.5	100.7
Investments in associates	264.2	248.1	-	-	-	-	11.2	11.2	275.4	259.3
Capital expenditure(4)	51.0	15.0	33.2	49.2	7.1	13.3	0.2	0.3	91.5	77.8

(1) The share of profits / losses of associates recorded for each segment is as follows:
- *Broadcasting France: the €15 million share of profits for 2009 (€11 million for 2008) relates to the AB Group.*
- *Broadcasting International: the share of losses for 2008 relates to Sailing One.*
- *Other Activities: the share of losses relates to Metro France Publications.*

(2) Segmental assets include audiovisual rights, other intangible assets, goodwill, and property, plant and equipment.
(3) Segmental 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)	2009	2008
Capital expenditure	91.5	77.8
Investment grants received	(17.8)	(18.5)
Change in creditors related to acquisitions of intangible assets	20.8	30.6
Change in creditors related to acquisitions of property, plant & equipment	3.8	(2.2)
Cash outflows on acquisitions of property, plant & equipment and intangible assets	**98.3**	**87.7**

6.2 INFORMATION BY GEOGRAPHICAL SEGMENT

For geographical segment reporting purposes, segmental revenue is allocated according to the location of the customer, while segmental assets and capital expenditure are allocated according to the location of the asset.

	France		Continental Europe		Other countries		Total TF1	
(€m)	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Revenue	2,015.9	2,256.6	302.9	294.2	45.9	43.9	2,364.7	2,594.7
Segmental assets	833.5	849.4	2.4	2.4	0.1	0.3	836.0	852.1
Capital expenditure	90.6	76.1	0.9	1.6	-	0.1	91.5	77.8

Note 7 Goodwill

For impairment testing purposes, goodwill has been allocated to cash generating units (CGUs) as follows:

(€m)	Broadcasting France	Audiovisual Rights	Broadcasting International	Other Activities	Total TF1
Goodwill at January 1, 2009	**169.8**	**-**	**336.3**	**-**	**506.1**
Acquisitions	1.2	-	-	-	1.2
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Other	(0.4)	-	-	-	(0.4)
Goodwill at December 31, 2009	**170.6**	**-**	**336.3**	**-**	**506.9**
Gross value	*180.9*	-	*336.3*	-	*517.2*
Accumulated impairment	*(10.3)*	-	-	-	*(10.3)*

During 2009, the TF1 Group finalised the purchase price allocation of Dualnet, consolidated with effect from January 1, 2009. The fair value remeasurement of the identifiable assets and liabilities of Dualnet resulted in the recognition of trademarks valued at €0.4 million (net of tax) and goodwill of €0.8 million.

(€m)	Broadcasting France	Audiovisual Rights	Broadcasting International	Other Activities	Total TF1
Goodwill at January 1, 2008	**173.4**	**-**	**336.3**	**-**	**509.7**
Acquisitions	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Other	(3.6)	-	-	-	(3.6)
Goodwill at December 31, 2008	**169.8**	**-**	**336.3**	**-**	**506.1**
Gross value	*180.1*	-	*336.3*	-	*516.4*
Accumulated impairment	*(10.3)*	-	-	-	*(10.3)*

In 2007, the TF1 Group 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, 2009.

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 that reflects past experience and incorporates prudent assumptions about the growth potential of the markets in which each CGU operates, and their competitive positions in those markets.

The perpetual growth rates used for impairment testing at end 2009 were 2% for the Broadcasting France CGU and 3% for the Broadcasting International CGU.

The after-tax discount rate applied at end 2009 was 6.95%, and was determined by reference to external data sources using the method described in note 2.10.1.

Analyses of the sensitivity of this calculation to changes in key parameters for each CGU identified no probable scenario in which the recoverable amount of the CGU would fall below its carrying amount.

Note 8 Intangible assets

8.1 AUDIOVISUAL RIGHTS

Movements during the year ended December 31, 2009 were as follows:

2009 *(€m)*	January 1	Increases	Decreases	Changes in scope of consolidation, reclassifications	December 31
Gross value	1,091.2	50.3	(21.9)	1.4	1,121.0
Amortisation	(912.2)	(66.0)	9.5	(1.4)	(970.1)
Impairment	(46.2)	(26.7)	20.6	-	(52.3)
Audiovisual rights	**132.8**	**(42.4)**	**8.2**	**-**	**98.6**

Movements during the year ended December 31, 2008 were as follows:

2008 *(€m)*	January 1	Increases	Decreases	Changes in scope of consolidation, reclassifications*	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 de droits economic interest grouping. In 2008, these rights were transferred to the economic interest grouping and reclassified as broadcasting rights inventories, in line with their intended use.*

The table below shows the maturities of audiovisual rights acquisition contracts entered into by TF1 to secure future programming schedules:

Audiovisual rights *(€m)*	Less than 1 year	1 to 5 years	More than 5 years	Total
2009	**11.7**	**-**	**-**	**11.7**
2008	11.9	-	-	11.9

8.2 OTHER INTANGIBLE ASSETS

2009 *(€m)*	**January 1**	**Increases**	**Decreases**	**Changes in scope of consolidation, reclassifications**	**December 31**
Indefinite-lived trademarks	20.5	-	-	0.6	21.1
Astra satellite user rights	18.9	-	-	-	18.9
Concessions, patents & similar rights	30.7	1.6	(0.3)	0.7	32.7
Other	6.4	7.2[(1)]	-	(1.3)	12.3
Gross value	**76.5**	**8.8**	**(0.3)**	**-**	**85.0**
Impairment of indefinite-lived trademarks	-	-	-	-	-
Astra satellite user rights	(12.4)	(2.7)	-	-	(15.1)
Amortisation	(27.4)	(2.3)	0.2	0.4	(29.1)
Impairment	(1.5)	(0.2)	-	-	(1.7)
Amortisation and impairment	**(41.3)**	**(5.2)**	**0.2**	**0.4**	**(45.9)**
Other intangible assets	**35.2**	**3.6**	**(0.1)**	**0.4**	**39.1**

(1) The increase in the gross value of other intangible assets was mainly due to expenditure on IT projects (installation of SAP, website developments, etc.).

2008 *(€m)*	**January 1**	**Increases**	**Decreases**	**Changes in scope of consolidation, reclassifications**	**December 31**
Indefinite-lived trademarks	*15.2*	-	-	*5.3[(1)]*	*20.5*
Astra satellite user rights	18.9	-	-	-	18.9
Concessions, patents & similar rights	26.7	2.9	(0.2)	1.3	30.7
Other	8.5	2.4	(1.6)	(2.9)	6.4
Gross value	**69.3**	**5.3**	**(1.8)**	**3.7**	**76.5**
Impairment of indefinite-lived trademarks	-	-	-	-	-
Astra satellite user rights	(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	**29.9**	**(0.8)**	**-**	**6.1**	**35.2**

(1) 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.

There was no evidence of impairment of indefinite-lived trademarks as at December 31, 2009 or December 31, 2008.

Note 9 Property, plant and equipment

The table below shows movements in property, plant and equipment, and in depreciation and impairment, during the year ended December 31, 2009:

2009 *(€m)*	January 1	Increases	Decreases	Changes in scope of consolidation, reclassifications	December 31
Land	45.7	-	-	-	45.7
Buildings	58.2	0.1	-	-	58.3
Technical facilities	182.4	10.8	(7.3)	7.1	193.0
Technical facilities held under finance leases	5.6	-	(0.3)	-	5.3
Other property, plant and equipment	112.8	14.0	(6.1)	7.6	128.3
Property, plant and equipment under construction	11.5	13.8	-	(12.5)	12.8
Gross value	**416.2**	**38.7**	**(13.7)**	**2.2**	**443.4**
Buildings	(12.5)	(2.3)	1.4	-	(13.4)
Technical facilities	(143.7)	(13.9)	7.1	-	(150.5)
Technical facilities held under finance leases	(4.9)	(0.6)	0.3	-	(5.2)
Other property, plant and equipment	(77.1)	(11.4)	5.5	0.1	(82.9)
Depreciation and impairment	**(238.2)**	**(28.2)**	**14.3**	**0.1**	**(252.0)**
Property, plant and equipment	**178.0**	**10.5**	**0.6**	**2.3**	**191.4**

Acquisitions during 2009 included in particular:

- fixtures and fittings associated with the pooling of teams on the Boulogne site,
- purchases of specialist equipment for the new post-production platform and the new IT environment.

The table below shows movements in property, plant and equipment, and in depreciation and impairment, during the year ended December 31, 2008:

2008 *(€m)*	January 1	Increases	Decreases	Changes in scope of consolidation, reclassifications	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
Other	-	-	-	-	-
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 and impairment	**(234.6)**	**(26.3)**	**18.3**	**4.4**	**(238.2)**
Property, plant and equipment	**158.3**	**18.6**	**1.2**	**(0.1)**	**178.0**

Note 10 Investments in associates

The table below gives a breakdown of investments in associates:

(€m)	AB Group	Metro France Publications	Other associates[1]	Total
Country	**France / Belgium**	**France**	**France**	
January 1, 2008	**238.3**	**12.0**	**3.1**	**253.4**
Share of profit / (loss), net of dividends received	6.0	(0.8)	(0.6)	4.6
Changes in scope of consolidation	-	-	1.3	1.3
December 31, 2008	**244.3**	**11.2**	**3.8**	**259.3**
Share of profit / (loss), net of dividends received	15.0	-	(0.4)	14.6
Changes in scope of consolidation	1.5	-	-	1.5
December 31, 2009	**260.8**	**11.2**	**3.4**	**275.4**

(1) 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)	**2009**	**2008**	**2009**	**2008**
Non-current assets	45.1	40.5	0.4	0.3
Current assets	62.8	47.1	13.1	12.5
TOTAL ASSETS	**107.9**	**87.6**	**13.5**	**12.8**
Shareholders' equity	48.9	33.2	0.2	0.2
Non-current liabilities	11.8	11.7	0.2	0.2
Current liabilities	47.2	42.7	13.1	12.4
TOTAL LIABILITIES AND EQUITY	**107.9**	**87.6**	**13.5**	**12.8**
Revenue	**58.2**	**56.8**	**12.0**	**13.3**
Operating profit / (loss)	**17.1**	**16.0**	**-**	**(0.8)**

(1) 2009 figures are based on the September 30, 2009 financial statements (the most recent accounts available) and a 33.5% interest; 2008 figures are based on the September 30, 2008 financial statements and a 33.5% interest.

Data relating to other associates are not material for the years ended December 31, 2009 and 2008.

No evidence of impairment of the investment in the AB Group was identified as of December 31, 2009.

An analysis of evidence of impairment led TF1 to test the investment in Métro France Publications for impairment. The after-tax discount rate applied (8.65%) was determined on the basis of external data 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)	Jan. 1, 2008	Other movements, net	Change in scope of consolidation, reclassifications	Dec. 31, 2008	Other movements, net	Change in scope of consolidation, reclassifications	Dec. 31, 2009
Gross value	**664.2**	17.0	40.9	**722.1**	25.1	(0.9)	**746.3**
Impairment	**(164.4)**	(15.3)[1]	(0.4)	**(180.1)**	23.1[2]	-	**(157.0)**
Inventories	**499.8**	1.7	40.5	**542.0**	48.2	(0.9)	**589.3**

(1) €85.8 million of impairment losses charged, €70.5 million of impairment losses reversed.
(2) €68.6 million of impairment losses charged, €91.7 million of impairment losses reversed.

The programme and broadcasting rights inventory reported above is owned primarily by TF1 SA and the TF1 Acquisition de droits economic interest grouping.

The table below shows the maturity of broadcasting and sports transmission rights acquisition contracts entered into by TF1 to secure future programming schedules:

2009 *(€m)*	Less than 1 year	1 to 5 years	More than 5 years	Total
Programmes and broadcasting rights[1]	533.5	823.7	167.1	1,524.3
Sports transmission rights	188.1	338.8	-	526.9
TOTAL	**721.6**	**1,162.5**	**167.1**	**2,051.2**

(1) In 2009, some of these contracts were expressed in foreign currencies: €17.9 million in Swiss francs, €14.9 million in pounds sterling, and €230.4 million in U.S. dollars.

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.

In 2009, programmes and broadcasting rights related mainly to TF1 SA (€1,096.6 million, compared with €1,245.9 million in 2008).

Sports transmission rights commitments related mainly to TF1 SA (€312.5 million in 2009, €477.5 million in 2008) and to Eurosport (€214.4 million in 2009, €215.5 million in 2008).

Note 12 Financial assets

CATEGORIES OF FINANCIAL ASSETS

The tables below show financial assets by category:

2009 *(€m)*	Financial assets at fair value through profit or loss: Designated at fair value on initial recognition	Financial assets at fair value through profit or loss: Held for trading	Level(1)	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments	Total
Other financial assets	-	-		16.6	3.6	-	20.2
Trade and other debtors	-	-		-	1,350.2	-	1,350.2
Other current financial assets	-	8.9		-	-	-	8.9
Currency derivatives	-	-		-	-	-	-
Interest rate derivatives	-	*8.9*	**2**	-	-	-	*8.9*
Financial assets used for treasury management purposes	-	-		-	-	-	-
Cash and cash equivalents	-	0.2	**1**	-	570.3	-	570.5

(1) See the section on "Fair value measurement methods for financial assets" below.

2008 *(€m)*	Financial assets at fair value through profit or loss: Designated at fair value on initial recognition	Financial assets at fair value through profit or loss: Held for trading	Level(1)	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments	Total
Other financial assets	704.6	-	**3**	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*	**2**	-	-	-	*4.4*
Interest rate derivatives	-	*7.3*	**2**	-	-	-	*7.3*
Financial assets used for treasury management purposes	-	*2.3*	**1**	-	-	-	*2.3*
Cash and cash equivalents	-	0.1	**1**	-	9.7	-	9.8

(1) See the section on "Fair value measurement methods for financial assets" below.

FAIR VALUE MEASUREMENT METHODS FOR FINANCIAL ASSETS

The amended IFRS 7 establishes a three-level hierarchy of fair value measurement methods for financial instruments:

- Level 1: measurement based on quoted prices in active markets,
- Level 2: measurement based on observable market parameters,
- Level 3: measurement based on non-observable market parameters.

No transfers between these levels were made in either 2009 or 2008.

The fair value of financial instruments is where possible measured by reference to the market price derived from trading on a national stock exchange or over-the-counter market. Where no listed market price is available, fair value is estimated using alternative measurement methods, such as the discounted cash flow method, based on either observable (level 2) or non-observable (level 3) parameters.

The methods used by the TF1 Group 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 rate of interest derived from the agreement of January 6, 2006 (level 3 method),
- equity investments in non-consolidated companies: these investments are measured at acquisition cost, since their fair value cannot be measured reliably,
- derivative instruments: the fair value of interest rate derivatives and currency derivatives is estimated using valuations obtained from bank counterparties or from financial models generally used in the financial markets, on the basis of market data as of the balance sheet date (level 2 method),
- 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.

12.1 OTHER NON-CURRENT FINANCIAL ASSETS

Other non-current financial assets comprise:

(€m)	2009	2008
Canal + France financial asset	-	704.6
Equity investments in non-consolidated companies	16.6	20.3
Loans and advances to non-consolidated companies	0.8	2.7
Loans	0.2	8.5
Deposits and caution money	2.6	4.9
Other financial assets	**20.2**	**741.0**

12.1.1 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.

This asset was sold on December 28, 2009 for €744 million (see note 1.4, "Significant events of 2009").

12.1.2 Change in the carrying amount of this asset using the level 3 measurement method:

(€m)	January 1, 2008	Fair value remeasurement via profit or loss	December 31, 2008	Fair value remeasurement via profit or loss	Sale	December 31, 2009
Canal + France financial asset	665.6	39.0[1]	704.6	39.4[a]	(744.0)	-

(1) Changes in the fair value of this asset were recognised in the income statement on the "Other financial income" line.

12.1.3 Equity investments in non-consolidated companies

The main investments in non-consolidated companies, valued at acquisition cost, break down as follows:

(€m)	% interest at year-end	Gross value 2009	Gross value 2008	Impairment 2009	Impairment 2008	Carrying amount 2009	Carrying amount 2008
A1 International[1]	50.00%	12.8	12.8	(12.8)	(5.5)	-	7.3
Dualnet[2]	100.00%	-	1.4	-	-	-	1.4
En Direct Avec	13.30%	4.0	4.0	(4.0)	(4.0)	-	-
Etablissements Michel[5]	100.00%	1.0	-	-	-	1.0	-
Nomao[3]	-	-	1.0	-	-	-	1.0
Place des Tendances[2]	80.00%	-	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	43.44%	8.0	3.5	-	-	8.0	3.5
Soread	11.60%	1.6	1.6	(1.6)	(1.6)	-	-
Swonke[4]	-	-	0.4	-	(0.4)	-	-
Sylver	49.00%	3.7	3.7	-	-	3.7	3.7
TF1 Mobile[4]	-	-	2.5	-	(2.5)	-	-
TF1 Publications	99.90%	0.5	0.5	(0.5)	(0.5)	-	-
Other		2.9	1.8	(0.3)	(0.4)	2.6	1.4
Equity investments in non-consolidated companies		**36.6**	**36.0**	**(20.0)**	**(15.7)**	**16.6**	**20.3**

(1) A1 International: TF1 made a capital injection into this company in 2005, giving it a 50% interest. A1 International is a holding company whose sole object is owning a 3% interest in the capital of The Weinstein Company, a major U.S. film studio. In 2009, TF1 booked an additional impairment loss of €7.2 million against its 50% interest in A1 International, writing it down to zero.
(2) These subsidiaries were added to the scope of consolidation of the TF1 Group during 2009.
(3) This investment was sold in 2009.
(4) These companies were liquidated or merged during 2009.
(5) This company, which produces the "Le Cochon Qui Rit" game, was acquired at the end of November 2009 and will be merged into Dujardin early in 2010.

Impairment tests were performed on all these investments and, with the exception of A1 International, indicated no evidence of impairment in either 2009 or 2008.

12.2 TRADE AND OTHER DEBTORS

(€m)	Gross value 2009	Impairment 2009	Carrying amount 2009	Carrying amount 2008
Trade debtors	755.6	(18.9)	736.7	699.7
Supplier prepayments[1]	284.1	(20.9)	263.3	225.8
Other operating debtors[2]	258.0	-	258.0	201.1
Other debtors	141.9	(76.3)	65.6	73.0
Prepayments	26.6	-	26.6	27.2
Trade and other debtors	**1,466.2**	**(116.1)**	**1,350.2**	**1,226.8**

(1) This line includes advance payments in respect of acquisitions of programmes and sports transmission rights; it also includes €17 million of impairment provisions against advance payments made in respect of the 2010 World Cup.
(2) Primarily amounts due to the government, local authorities, employees and social security authorities.

(€m)	2009	2008
Impairment as of January 1	**(82.3)**	**(67.7)**
Additional provisions booked during the year	(43.9)	(20.8)
Written off	9.3	5.3
Recovered during the year	0.8	0.5
Changes in scope of consolidation and reclassifications	-	0.4
Impairment as of December 31	**(116.1)**	**(82.3)**

12.3 CASH AND CASH EQUIVALENTS

This item comprises:

(€m)	2009	2008
Cash	121.0	6.9
Money-market mutual funds	0.2	0.1
Treasury current accounts[(1)]	449.3	2.8
Cash and cash equivalents	**570.5**	**9.8**

(1) These accounts are with associates, jointly controlled entities and non-consolidated companies, and Bouygues Group companies. At end 2009, this item included a current account balance of €446 million with Bouygues Relais.

Note 13 Consolidated shareholders' equity

13.1 TF1 SHARE CAPITAL

At December 31, 2009, the share capital of TF1 SA consisted of 213,410,492 ordinary shares, all fully paid. Movements in share capital during 2009 were as follows:

Number of shares	shares outstanding	Treasury shares	Total Share capital
January 1, 2008	**213,410,492**	**-**	**213,410,492**
Capital increases	-	-	-
Purchase of treasury shares[(1)]	(14,625)	14,625	-
Cancellation of treasury shares	-	-	-
January 1, 2009	**213,395,867**	**14,625**	**213,410,492**
Capital increases	-	-	-
Purchase of treasury shares	-	-	-
Cancellation of treasury shares	-	-	-
December 31, 2009	**213,395,867**	**14,625**	**213,410,492**
Par value	*€0.20*	*€0.20*	*€0.20*

(1) Net amount of purchase on consideration-free share allotment plan (note 31.3).

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 14,625 shares allotted to employees who had left the Group as of the date of delivery.

13.2 CHANGES IN EQUITY NOT AFFECTING THE INCOME STATEMENT

13.2.1 Dividends

The table below shows the amount of dividend paid by the TF1 Group in the years ended December 31, 2009 and 2008, and the amount of dividend for 2009 submitted by the Board of Directors for approval by the Ordinary General Meeting of the shareholders to be held on April 15, 2010.

	To be paid in 2010*	Paid in 2009	Paid in 2008
Total dividend *(€m)*	91.8	100.3	181.4
Dividend per ordinary share *(€)*	0.43	0.47	0.85

* *Proposed dividend.*

Because the 2009 dividend is subject to approval by the shareholders, it was not recognised as a liability in the consolidated financial statements as at December 31, 2009.

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).

13.3 CASH FLOW HEDGE RESERVE

(€m)	2009	2008
Reserve at January 1	**(2.8)**	**(3.9)**
Cash flow hedges reclassified to profit or loss during the period[1]	2.8	3.6
Change in fair value of new cash flow hedges contracted during the period	-	(3.1)
Change in fair value of existing portfolio of cash flow hedges during the period	0.4	1.1
Pre-hedging balancing payment reclassified to profit or loss for the period	(0.5)	(0.5)
Reserve at December 31	**(0.1)**	**(2.8)**

(1) *The amount reclassified from equity to profit or loss is recognised as a component of operating profit.*

Note 14 Financial liabilities

CATEGORIES OF FINANCIAL LIABILITIES

The table below shows financial liabilities by category:

2009 *(€m)*	Financial liabilities at fair value through profit or loss			Financial liabilities at amortised cost	Total
	Designated at fair value on initial recognition	Held for trading	Level[1]		
Non-current debt	-	-		(0.5)	(0.5)
Current debt	-	-		(505.5)	(505.5)
Trade and other creditors	-	-		1,696.0	1,696.0
Other current financial liabilities	-	1.4		-	1.4
Currency derivatives	-	*0.8*	**2**	-	*0.8*
Interest rate derivatives	-	*0.6*	**2**	-	*0.6*

(1) *See note 12, section on "Fair value measurement methods for financial assets".*

2008 *(€m)*	Financial liabilities at fair value through profit or loss: Designated at fair value on initial recognition	Financial liabilities at fair value through profit or loss: Held for trading	Level[1]	Financial liabilities at amortised cost	Total
Non-current debt	-	-		(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*	**2**	-	*4.7*
Interest rate derivatives	-	*5.5*	**2**	-	*5.5*

(1) See note 12, section on "Fair value measurement methods for financial assets".

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 (level 2 method).

BREAKDOWN OF TRADE AND OTHER CREDITORS

(€m)	2009	2008
Trade creditors	752.2	758.2
Advance payments received	3.1	5.7
Tax and employee-related liabilities[1]	377.2	318.6
Creditors related to acquisitions of non-current assets	40.6	64.5
Other creditors	475.6	316.7
Audiovisual industry support fund grants[2]	10.2	11.1
Current accounts with credit balances	9.6	11.3
Deferred and prepaid income and similar items[3]	27.5	28.8
Trade and other creditors	**1,696.0**	**1,514.9**

(1) Mainly comprises VAT payable, and amounts owed to employees and social security bodies.
(2) Audiovisual industry support fund grants included in creditors mainly comprise grants awarded by the French National Centre for Cinematography to TF1 Films Production, TF1 Production, Ciby 2000 and TF1 DA.
(3) Mainly comprises prepaid income.

Note 15 Net debt

Net debt as reported by the TF1 Group comprises the following items:

(€m)	2009	2008
Cash and cash equivalents	570.5	9.8
Financial assets used for treasury management purposes	-	2.3
Total cash and cash equivalents	**570.5**	**12.1**
Fair value of interest rate derivatives	**8.3**	**1.8**
Non-current debt	(0.5)	(695.5)
Current debt(1)	(505.5)	(22.9)
Total debt	**(506.0)**	**(718.4)**
NET CASH (+) / NET DEBT (-)	**72.8**	**(704.5)**

(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 30.2.1).*

Note 16 Provisions

16.1 NON-CURRENT PROVISIONS

16.1.1 Breakdown of non-current provisions

The tables below show movements in non-current provisions during 2009 and 2008:

2009 *(€m)*	January 1	Charges	Reversals: used	Reversals: unused	Changes in scope of consolidation, reclassifications	December 31
Provisions for:						
Retirement benefit obligations	25.5	4.8	(2.9)	(1.6)	(3.3)	22.5
Long service leave	7.3	1.0	(0.8)	(0.7)	(0.3)	6.5
Litigation and claims	24.3	1.5	(1.7)	(9.3)	0.1	14.9
Other	0.1	-	-	-	-	0.1
TOTAL NON-CURRENT PROVISIONS	**57.2**	**7.3**	**(5.4)**	**(11.6)**	**(3.5)**	**44.0**

2008 *(€m)*	January 1	Charges	Reversals: used	Reversals: unused	Changes in scope of consolidation, reclassifications	December 31
Provisions for:						
Retirement benefit obligations	27.5	6.3	(4.3)	(3.6)	(0.4)	25.5
Long service leave	6.8	1.8	(0.7)	(0.8)	0.2	7.3
Litigation and claims(1)	-	5.3	(1.1)	-	20.1	24.3
Other	0.4	-	-	(0.1)	(0.2)	0.1
TOTAL NON-CURRENT PROVISIONS	**34.7**	**13.4**	**(6.1)**	**(4.5)**	**19.7**	**57.2**

(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.*

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, 2009 was a net gain of €3.3 million, compared with a net gain of €0.3 million in 2008.

16.1.2 Provisions for retirement benefit obligations

Main actuarial assumptions

	2009	2008	2007	2006	2005
Discount rate	4.9%	3.7%	4.2%	3.8%	3.6%
Expected rate of return on plan assets	4.0%	4.0%	3.8%	3.8%	4.0%
Expected salary inflation rate	2.0%	2.0%	2.0%	2.0%	2.0%

The staff turnover rate used in calculating the provision at December 31, 2009 was 6.6%, unchanged from 2008.

A change of 0.1% in the discount rate applied would generate a €0.3 million change in the provision for retirement benefit obligations.

Expense recognised in the income statement for retirement benefit obligations

(€m)	2009	2008
Current service cost	(1.5)	(1.8)
Interest expense on the obligation	(1.2)	(1.0)
Expected return on plan assets	0.1	0.2
Past service cost	-	-
Expense recognised	**(2.6)**	**(2.6)**
comprising: net change in provisions	*(0.3)*	*1.6*
amount recognised in "Staff costs"	*(2.3)*	*(4.2)*
Actual return on plan assets	**0.1**	**0.2**

Amounts recognised in the balance sheet for retirement benefit obligations

The amount recognised in the balance sheet for the TF1 Group's retirement benefit obligations breaks down as follows:

(€m)	2009	2008	2007	2006	2005
Present value of obligation	27.5	30.4	32.2	30.5	28.2
Fair value of plan assets	(5.0)	(4.9)	(4.7)	(2.7)	(2.7)
Unfunded obligation (provision)	**22.5**	**25.5**	**27.5**	**27.8**	**25.5**

Changes in the present value of the retirement benefit obligation

(€m)	2009	2008
Defined-benefit plan obligation at start of period	**30.4**	**32.2**
Current service cost for the period	1.5	1.8
Interest cost (unwinding of discount)	1.2	1.0
Benefits paid	(2.3)	(4.2)
Actuarial (gains) / losses	(3.3)	(0.3)
Changes in scope of consolidation	-	(0.1)
Defined-benefit plan obligation at end of period	**27.5**	**30.4**

Changes in the present value of plan assets

(€m)	2009	2008
Fair value of insurance policy assets at start of period	**4.9**	**4.7**
Employer's contributions	-	-
Benefits paid	-	-
Expected return on plan assets	0.1	0.2
Actuarial gains / (losses)	-	-
Fair value of insurance policy assets at end of period	**5.0**	**4.9**

16.2 CURRENT PROVISIONS

Movements in current provisions during 2009 were as follows:

2009 *(€m)*	January 1	Charges	Reversals: used	Reversals: unused	Changes in scope of consolidation, reclassifications	December 31
Provisions for:						
Litigation and claims: governmental & public bodies	0.1	-	-	-	-	0.1
Litigation and claims: employees	2.8	0.9	(1.4)	(0.2)	-	2.1
Litigation and claims: customers	3.9	0.2	(3.1)	-	-	1.0
Other litigation and claims and contractual risks	26.1	8.9	(1.3)	(0.5)	0.3	33.5
Restructuring	0.1	-	(0.1)	-	-	-
Other	10.5	5.2	(5.1)	(8.8)	(2.1)	(0.3)
TOTAL CURRENT PROVISIONS	**43.5**	**15.2**	**(11.0)**	**(9.5)**	**(1.8)**	**36.4**

No material unrecognised contingent liabilities were identified as of the balance sheet date.

Note 17 Operating revenues

Operating revenues comprise:

(€m)	2009	2008
Advertising revenue	1,604.6	1,833.6
Distribution of consumer products	223.8	270.4
Cable and satellite revenue	321.3	288.4
Production / distribution of audiovisual rights	78.7	82.7
Revenue from other activities	136.3	119.6
Revenue	**2,364.7**	**2,594.7**
Royalty income	-	0.2
Operating revenues	**2,364.7**	**2,594.9**

Note 18 External production costs

External production costs, which amounted to €645.5 million in 2009 and €641.2 million in 2008, 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.

Note 19 Other purchases and changes in inventory

This line consists of the following items:

(€m)	2009	2008
Purchases of services	(254.7)	(336.1)
Purchases of broadcasting rights	(90.5)	(104.6)
Purchases of goods	(43.4)	(55.6)
Other items	(47.5)	(28.3)
Other purchases and changes in inventory	**(436.1)**	**(524.6)**

Note 20 Staff costs

Staff costs break down as follows:

(€m)	2009	2008
Staff remuneration	(299.7)	(316.6)
Social security charges	(117.8)	(121.4)
Other staff costs	(21.9)	(1.4)
Statutory employee profit-sharing	(4.4)	(5.2)
Share-based payment expense	(1.4)	(0.7)
Staff costs	**(445.2)**	**(445.3)**

Defined-contribution plan expenses are included in "Social security charges", and amounted to €33.1 million in 2009 and €36.2 million in 2008.

Expenses relating to lump-sum retirement benefits and long-service leave under the collective agreements applicable to TF1 Group companies are recognised as part of the net change in non-current provisions (see note 16.1). Lump-sum retirement benefits paid during the period are recorded in "Staff remuneration".

A breakdown of TF1 Group employees is provided in 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 option plans recognised in “Staff costs” breaks down as follows:

(€m)	Date of grant	Lock-up period	Total fair value	Staff costs 2009	Staff costs 2008
Plan no. 7	12/03/2003	3 years	10.2	-	-
Plan no. 8	16/09/2004	3 years	4.6	-	-
Plan no. 10	20/03/2008	3 years	2.8	0.9	0.7
Plan no. 11	20/03/2009	3 years	1.6	0.5	-
TOTAL				**1.4**	**0.7**

The cost of share option plans 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
Plan no. 11	€5.93	€5.98	49%	5.2 years	2.75%	8.98%	-15%	€0.86

The average maturity used is lower than the contractual life of the option in order to take account of exercises by grantees ahead of the contractual expiry date. The volatility assumptions used are consistent with the implied volatility reflected in the price offered at the date of grant by leading banks for TF1 share options with the same maturity.

20.2 COST OF EMPLOYEE BENEFITS PLANS AWARDED BY THE BOUYGUES GROUP

The cost of plans awarded by the Bouygues Group to TF1 employees was not material for 2009.

Note 21 External expenses

External expenses break down as follows:

(€m)	2009	2008
Subcontracting	(167.4)	(183.4)
Rent and associated charges	(56.7)	(57.1)
Agents’ fees and professional fees	(108.5)	(102.1)
Advertising, promotion and public relations	(90.1)	(100.7)
Other external expenses	(65.0)	(84.1)
External expenses	**(487.7)**	**(527.4)**

Note 22 Taxes other than income taxes

This line comprises the following items:

(€m)	2009	2008
Audiovisual taxes	(87.7)	(87.9)
- CNC (French National Centre for Cinematography) taxes	*(77.9)*	*(87.9)*
- Other	*(9.8)*	-
Other taxes	(48.5)	(50.5)
- Local business taxes	*(12.6)*	*(14.3)*
- Other	*(35.9)*	*(36.2)*
Taxes other than income taxes	**(136.2)**	**(138.4)**

The tax bases used for the two components of the new French local business tax regime effective from January 1, 2010 (a land-based component, and a component based on value added) will not alter the current classification by TF1 of local business taxes as an operating expense.

Note 23 Other operating income and expenses

Other operating income and expenses comprise the following items:

(€m)	2009	2008
Reversals of unused provisions	20.9	7.7
In-house production capitalised, and cost transfers	26.4	28.6
Operating grants (including France 24)	1.0	45.2
Investment grants	18.5	18.8
Foreign exchange gains	9.1	9.9
Other income	33.3	13.0
Other operating income	**109.2**	**123.2**
Royalties and paybacks to rights-holders	(70.4)	(77.1)
Bad debts written off	(7.3)	(2.8)
Foreign exchange losses	(8.2)	(14.0)
Other expenses	(22.0)	(23.7)
Other operating expenses	**(107.9)**	**(117.6)**

Note 24 Cost of net debt

Cost of net debt breaks down as follows:

(€m)	2009	2008
Interest income	7.6	0.6
Change in fair value of the hedged portion of the bond issue	-	-
Change in fair value of interest rate derivatives	5.1	11.4
Income and revenues from financial assets	0.4	1.4
Income associated with net debt	**13.1**	**13.4**
Interest expense on debt	(35.4)	(31.2)
Change in fair value of interest rate derivatives	-	(4.6)
Expenses associated with net debt	**(35.4)**	**(35.8)**
Cost of net debt	**(22.3)**	**(22.4)**

Note 25 Other financial income and expenses

Other financial income and expenses break down as follows:

(€m)	2009	2008
Change in fair value of Canal + France financial asset	39.5	39.0
Dividend income	1.4	2.0
Gains on financial assets	4.9	3.1
Gains arising from changes in value of forward currency purchase contracts	0.7	5.3
Other income	4.7	0.9
Other financial income	**51.2**	**50.3**
Losses on financial assets	(11.0)	(8.6)
Losses arising from changes in value of forward currency purchase contracts	(3.2)	-
Other expenses	(0.8)	(0.8)
Other financial expenses	**(15.0)**	**(9.4)**

Note 26 Net income and expense on financial assets and financial liabilities

The table below shows income, expenses, gains and losses arising on financial assets and liabilities by category, split between items affecting financial income / expense and items affecting operating profit:

(€m)	Financial 2009	Financial 2008	Operating 2009	Operating 2008
Net income / (expense) on loans and receivables at amortised cost	0.8	3.7	(41.5)	(18.9)
Net income / (expense) on financial assets at fair value	39.8	40.7	-	-
financial assets designated at fair value through profit or loss	*39.5*	*38.9*	-	-
financial assets held for trading	*0.3*	*1.8*	-	-
Net income / (expense) on available-for-sale financial assets	(4.7)	(5.9)	-	(0.2)
Net income / (expense) on financial liabilities at amortised cost	(31.7)	(31.9)	-	-
Net income / (expense) on derivatives	9.7	12.1	(0.3)	(0.9)
Net income / (expense) on financial assets and financial liabilities	**13.9**	**18.7**	**(41.8)**	**(20.0)**

Note 27 Income tax expense

27.1 CURRENT AND DEFERRED TAXES

27.1.1 Income statement

(€m)	2009	2008
Current taxes	(13.4)	(36.9)
Deferred taxes	(1.9)	(3.9)
Income tax expense	**(15.3)**	**(40.8)**

The tax rate used in the deferred tax calculation for the years ended December 31, 2009 and 2008 was 34.43% (standard rate).

27.1.2 Tax proof

(€m)	2009	2008
Net profit attributable to the Group	**114.4**	**163.8**
Income tax expense	15.3	40.8
Net profit from discontinued operations	-	-
Minority interests	0.1	-
Net profit from continuing operations before tax and minority interests	**129.8**	**204.6**
Standard tax rate in France	**34.4%**	**34.4%**
Impact of fair value adjustments not recognised for tax purposes(1)	(9.9%)	(7.4%)
Impact of tax losses	(0.2%)	(3.3%)
Offset of tax credits	(3.0%)	(1.9%)
Share of profits and losses of associates	(3.9%)	(1.6%)
Reduced-rate taxes on securities transactions	(3.0%)	0.5%
Change in non-deductible provisions	(4.4%)	-
Other differences, net	1.8%	0.2%
Effective tax rate	**11.8%**	**20.9%**

(1) Primarily 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.

27.2 DEFERRED TAX ASSETS AND LIABILITIES

27.2.1 Change in net deferred tax asset

(€m)	2009	2008
Net deferred tax asset at January 1	**14.3**	**21.0**
Recognised in equity	(2.1)	(0.9)
Recognised in profit or loss	(1.9)	(3.9)
Changes in scope of consolidation and other items(1)	(0.1)	(2.1)
Net deferred tax asset at December 31	**10.2**	**14.3**

(1) In 2008, 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.

27.2.2 Main sources of deferred taxation

The main sources of deferred taxation are as follows:

(€m)	2009	2008
Provisions:		
Provisions for programmes	4.6	5.6
Provisions for retirement benefit obligations	7.3	8.4
Provisions for impairment of audiovisual rights	0.7	2.6
Provisions for trade debtors	2.5	2.1
Other provisions	15.0	10.3
Statutory employee profit-sharing scheme	1.3	1.7
Tax losses available for carry-forward	8.0	13.6
Other deferred tax assets	8.3	5.9
Offset of deferred tax assets and liabilities	(36.2)	(33.0)
Deferred tax assets	**11.5**	**17.2**
Accelerated tax depreciation	(17.5)	(17.1)
Depreciation of head office building	(8.5)	(8.3)
Remeasurement of assets	(3.5)	(3.5)
Other deferred tax liabilities	(8.0)	(7.0)
Offset of deferred tax assets and liabilities	36.2	33.0
Deferred tax liabilities	**(1.3)**	**(2.9)**
Net deferred tax asset at December 31	**10.2**	**14.3**

Unrecognised deferred tax assets totalled €24.3 million at December 31, 2009 (€27.7 million at December 31, 2008), and comprised tax losses and deferred tax depreciation available for indefinite carry-forward, the recovery of which is not sufficiently probable to justify recognition.

Note 28 Earnings per share

Basic earnings per share is calculated on the basis of net profit for the year attributable to ordinary shareholders and of the weighted average number of ordinary shares outstanding during the year.

Because potentially dilutive ordinary shares have no adjusting effect on net profit for the year, diluted earnings per share is calculated on the basis of net profit for the year attributable to ordinary shareholders and of the weighted average number of ordinary shares outstanding during the year adjusted for the effects of all potentially dilutive ordinary shares. Diluted earnings per share takes account of the dilutive effect of consideration-free share allotment plans and of share subscription option plans that are in the money at the balance sheet date (i.e. the exercise price is less than the quoted market price of TF1 shares).

	2009	2008
Net profit for the year *(€m)*		
Net profit from continuing operations (attributable to the Group)	114.4	163.8
Net profit from discontinued / held-for-sale operations	-	-
Net profit attributable to the Group	114.4	163.8
Weighted average number of ordinary shares	**213,395,867**	**213,399,664**
Earnings per share *(in euros)*		
Basic earnings per share from continuing operations	0.54	0.77
Basic earnings per share from discontinued / held-for-sale operations	-	-
Basic earnings per share	0.54	0.77
Average number of ordinary shares after dilution	**215,276,764**	**213,399,664**
Diluted earnings per share *(in euros)*		
Diluted earnings per share from continuing operations	0.53	0.77
Diluted earnings per share	0.53	0.77

The average number of ordinary shares after dilution is obtained by taking account of the following dilutive effects:

(number of shares)	2009	2008
Weighted average number of ordinary shares for the period	213,395,867	213,399,664
Dilutive effect of share subscription option plans	1,880,897	-
Dilutive effect of consideration-free share allotment plan	-	-
Average number of ordinary shares after dilution	215,276,764	213,399,664

In 2009, only share subscription option plan no. 11 (awarded February 18, 2009) was in the money (i.e. the adjusted exercise price was lower than the average TF1 share price during the period). In 2008, no share subscription option plan was in the money.

Note 29 Notes to the consolidated cash flow statement

29.1 DEFINITION OF CASH POSITION

The cash flow statement analyses changes in the cash position of continuing operations only. Changes in the cash position of discontinued and held-for-sale operations are presented 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)	2009	2008
Cash and cash equivalents in the balance sheet	570.5	9.8
Cash relating to held-for-sale assets	-	5.2
Treasury current account credit balances	(3.2)	(4.2)
Bank overdrafts	(0.5)	(15.0)
Closing cash position per the cash flow statement	**566.8**	**(4.2)**

29.2 CASH INFLOWS FROM DISPOSALS OF FINANCIAL ASSETS

This line mainly comprises the €744 million proceeds from the sale of the interest in Canal + France.

29.3 EFFECT OF CHANGES IN SCOPE OF CONSOLIDATION

The cash flow effect of acquisitions of subsidiaries breaks down as follows:

(€m)	2009	2008
Cash and cash equivalents acquired	-	-
Financial assets acquired	2.2	0.4
Other assets acquired	-	0.3
Minority interests acquired	-	1.7
Other liabilities acquired	-	-
Net assets acquired (A)	2.2	2.4
Goodwill (B)	-	0.9
Cash outflow (A) + (B)	**2.2**	**3.3**
Cash acquired	-	-
Cash of companies joining the scope of consolidation during the period but not acquired	0.9	-
Net cash outflow	**3.0**	**3.3**

The cash flow effect of divestments of subsidiaries during the period breaks down as follows:

(€m)	2009	2008
Cash received	2.2	-
Cash divested	(6.2)	-
Subscriptions to capital increases carried out by subsidiaries	-	-
Net cash inflow / (outflow)	**(4.0)**	**-**

The cash flow statement line “Effect of changes in scope of consolidation” for 2009 and 2008 breaks down as follows:

(€m)	2009	2008
Net cash inflow / (outflow) on acquisitions of subsidiaries	(3.0)	(3.3)
Net cash inflow / (outflow) on divestments of subsidiaries	(4.0)	-
Effect of changes in scope of consolidation	**(7.0)**	**(3.3)**

29.4 CHANGE IN DEBT

The impact of changes in debt on the TF1 Group’s cash position is shown below:

(€m)	2009	2008
Repayment of debt – finance lease obligations(1)	(1.5)	(0.6)
Bond issues and redemptions	(197.0)	77.0
Loans received from associates	-	-
Other movements	-	(5.4)
Net change in the period	**(198.5)**	**71.0**

(1) Represents the debt repayment component of lease payments made during the period.

Note 30 Risk management

30.1 CAPITAL MANAGEMENT STRATEGY

The TF1 Group has a policy of maintaining a stable capital base and has no plans for any specific corporate actions other than those summarised in section 3.5 of the Directors' Report.

In terms of equity capital, TF1 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 2009, given that the Group had net cash of €73 million, gearing was zero; this compares with 51.2% at end 2008. The year-on-year change in this ratio was largely due to the exercising of the put option on the interest in Canal + France, which raised €744 million in December 2009.

30.2 FINANCIAL RISK MANAGEMENT STRATEGY

Liquidity risk and market risk (interest rate risk, foreign exchange risk and equity risk) are managed centrally by the TF1 Group's Financing and Treasury Department.

30.2.1 Liquidity risk

The Financing and Treasury Department is responsible for ensuring that the TF1 Group has access to adequate and sustainable sources of financing. This involves:

- daily multi-currency pooling of surplus cash held by all Group entities, to minimise the need for external funding,
- analysis and periodic updating of cash flow projections for all Group entities,
- negotiating and maintaining an adequate cushion of credit facilities, with phased maturities.

The Group assesses liquidity risk by reference to the global drawdown rate on its confirmed credit facilities (financing raised on the markets + confirmed bank facilities). The table below shows this rate at end 2009 and 2008:

(€m)	2009	2008
Debt	(506.6)	(723.8)
Cash and cash equivalents	579.4	19.4
Net cash / (debt)	**72.8**	**(704.4)**
Confirmed credit facilities	1,561.4	1,522.2
Drawdown rate	**0%**	**46.3%**

Over 2009 as a whole, the drawdown rate averaged less than 50%.

CREDIT RATING

The TF1 Group has a credit rating from Standard and Poors, which currently stands at BBB / stable outlook / A-2 (versus BBB+ / negative outlook / A-2 at end 2008). The year-on-year change in the rating reflects the economic and financial environment of 2008 and early 2009, in particular the marked deterioration in the advertising market during this period.

CONFIRMED CREDIT FACILITIES

At December 31, 2009, the TF1 Group had the following credit facilities available:

- a €500 million bond issue maturing November 2010,
- bilateral bank facilities of €1,060.5 million with maturities of between one and five years. These confirmed bank facilities are supplemented by a cash pooling agreement with the Bouygues Group. At December 31, 2009, these facilities were not being used. At December 31, 2008, €197 million was drawn down under the cash pooling agreement with the Bouygues Group,
- a residual finance lease obligation relating to technical installations.

The TF1 Group uses the various sources of financing that it has available, including bank financing (confirmed facilities, etc.) and financing raised on the markets.

2009 (€m)	Authorised facilities Less than 1 year	Authorised facilities 1 to 5 years	Authorised facilities Total	Drawdowns Less than 1 year	Drawdowns 1 to 5 years	Drawdowns Total	Available facilities
Confirmed bilateral facilities	110.0	950.5	1,060.5	-	-	-	1,060.5
Finance leases	0.5	0.4	0.9	0.5	0.4	0.9	-
Bouygues cash pooling agreement	-	-	-	-	-	-	-
Sub-total	**110.5**	**950.9**	**1,061.4**	**0.5**	**0.4**	**0.9**	**1,060.5**
Bond issue	500.0	-	500.0	500.0	-	500.0	-
TOTAL	**610.5**	**950.9**	**1,561.4**	**500.5**	**0.4**	**500.9**	**1,060.5**

2008 (€m)	Authorised facilities Less than 1 year	Authorised facilities 1 to 5 years	Authorised facilities Total	Drawdowns Less than 1 year	Drawdowns 1 to 5 years	Drawdowns Total	Available facilities
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**

The bank facilities contracted by the TF1 Group are bilateral facilities that are not subject to financial ratios or trigger event clauses.

These facilities are spread among a significant number of banks, ensuring significant diversification of the Group's sources of financing. The drawdown rate for these facilities was zero at end 2009, compared with 19.3% at end 2008.

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:

2009 (€m)	Carrying amount	Residual contractual amount Less than 1 year	Residual contractual amount 1 to 5 years	Residual contractual amount Total
Bond issue (including accrued interest)	501.4	522.0	-	522.0
Finance leases	0.8	0.5	0.4	0.9
Bank borrowings	0.5	0.5	-	0.5
Trade and other creditors	1,696.0	1,696.0	-	1,696.0
Other financial liabilities	3.2	3.2	-	3.2
TOTAL	**2,201.9**	**2,222.2**	**0.4**	**2,222.6**

2008 (€m)	Carrying amount	Residual contractual amount Less than 1 year	Residual contractual amount 1 to 5 years	Residual contractual amount Total
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**

The projected amount of available cash and the confirmed credit facilities available for drawdown are now sufficient to ensure that the TF1 Group will be able to redeem the bond issue when it matures in November 2010.

INVESTMENT OF SURPLUS CASH

The TF1 Group exercises great care in choosing the vehicles in which it invests temporary or structural cash surpluses. Group policy requires such investment vehicles to be:

- liquid, i.e. immediately accessible (current accounts, interest-bearing sight deposit accounts, etc.), with a maturity of no more than 3 months,
- paid interest on the basis of money-market indices, with no capital risk other than counterparty risk,
- contracted with high-grade counterparties.

The table below shows how surplus cash was invested at December 31, 2009:

(€m)	2009	2008
Interest-bearing bank accounts	104.7	0.0
Bouygues Relais cash pooling agreement	447.6	0.0
Money-market mutual funds	0.2	0.0
Negotiable certificates of deposit	4.0	0.0
Other treasury current accounts	14.0	12.1
TOTAL	**570.5**	**12.1**

30.2.2 Market risk

The TF1 Group manages its exposure to exchange rate and interest rate risk by using hedging instruments such as swap contracts, forward purchases and sales, and currency and interest rate options. Derivative instruments are used solely for hedging purposes and are never used for speculative purposes.

The Financing and Treasury Department manages currency and interest rate hedges centrally for the Group. It tracks the financial markets on a daily basis, and periodically updates the positions to be hedged after netting similar types of exposures between Group entities. It submits hedging scenarios to the Finance Department for approval; once they have been approved, it executes and administers the relevant market transactions.

Interest rate risk

The TF1 Group is exposed to interest rate risk as a result of its financing needs. The objective of the interest rate risk management strategy is to lock in a fixed rate, or to a guarantee a maximum rate for cost of net debt over the short and medium term.

Exposure and sensitivity to interest rate risk

The tables below show the fixed / floating split of financial assets and financial liabilities, by maturity:

2009	Financial assets		Financial liabilities		Net pre-hedging exposure		Hedging instruments		Net post-hedging exposure	
(€m)	Fixed	Floating	Fixed	Floating	Fixed	Floating	Fixed	Floating	Fixed	Floating
Less than 1 year	1.4	578.0	(502.1)	(4.0)	(500.8)	574.0	100.0	(100.0)	(400.8)	474.0
1 to 5 years	-	-	(0.5)	-	(0.5)	-	-	-	(0.5)	-
TOTAL	**1.4**	**578.0**	**(502.6)**	**(4.0)**	**(501.2)**	**574.0**	**100.0**	**(100.0)**	**(401.2)**	**474.0**

At December 31, 2009, the net post-hedging exposure was a €401.2 million debt position at fixed rate, and a €474 million asset position at floating rate.

2008 (€m)	Financial assets		Financial liabilities		Net pre-hedging exposure		Hedging instruments		Net post-hedging exposure	
	Fixed	Floating	Fixed	Floating	Fixed	Floating	Fixed	Floating	Fixed	Floating
Less than 1 year	2.1	17.2	(3.6)	(24.7)	(1.5)	(7.5)	(300.0)	300.0	(301.5)	292.5
1 to 5 years	-	-	(497.7)	(197.7)	(497.7)	(197.7)	200.0	(200.0)	(297.7)	(397.7)
TOTAL	**2.1**	**17.2**	**(501.3)**	**(222.4)**	**(499.2)**	**(205.2)**	**(100.0)**	**100.0**	**(599.2)**	**(105.2)**

The sensitivity shown below measures the theoretical impact on cost of net debt of an immediate and constant movement of 1% (100 basis points) across the entire yield curve, and represents the sum total of:

- the impact of applying this 1% movement to the net pre-hedging floating-rate position, assumed to be constant over 1 year,
- the change in the fair value of the portfolio of interest rate derivatives in place at the balance sheet date, applying the accounting treatments specified in IAS 39.

(€m)	2009		2008	
	Pre-tax impact on profit or loss	Pre-tax impact on equity	Pre-tax impact on profit or loss	Pre-tax impact on equity
Impact of a movement of +1% in interest rates	3.1	-	(5.1)	1.0
Impact of a movement of -1% in interest rates	(2.9)	-	5.0	(1.4)

The year-on-year change in the Group's sensitivity to interest rate risk was mainly due to changes in the net pre-hedging floating-rate position.

Interest rate derivatives at end 2009 and 2008

The interest rate derivatives portfolio breaks down as follows:

2009 (€m)	Less than 1 year	1 to 5 years	Total	Fair value
Swaps – pay floating rate	300.0	-	300.0	8.9
Swaps – pay fixed rate	200.0	-	200.0	(0.6)
TOTAL	**500.0**	**-**	**500.0**	**8.3**

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**

Accounting classification and treatment

All derivative instruments used by the TF1 Group are contracted to hedge its exposure to financial risks. In accordance with IAS 39, these derivatives are classified as fair value hedges or cash flow hedges depending on the strategy applied. However, some derivatives are ineligible for hedge accounting because they do not meet the IAS 39 criteria, in particular where there has been a reversal of the initial strategy.

Fair value of the portfolio 2009 *(€m)*	Derivatives designated as fair value hedges	Derivatives designated as cash flow hedges	Derivatives ineligible for hedge accounting	Total
Interest rate derivatives – assets	-	-	8.9	8.9
Interest rate derivatives – liabilities	-	-	(0.6)	(0.6)
TOTAL	**-**	**-**	**8.3**	**8.3**
Fair value of the portfolio 2008 *(€m)*	**Derivatives designated as fair value hedges**	**Derivatives designated as cash flow hedges**	**Derivatives ineligible for hedge accounting**	**Total**
Interest rate derivatives – assets	-	-	7.4	7.4
Interest rate derivatives – liabilities	-	(1.0)	(4.5)	(5.5)
TOTAL	**-**	**(1.0)**	**2.9**	**1.9**

Hedging of the bond issue

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.

Since January 2008, these three swaps have been classified as derivatives ineligible for hedge accounting, with changes in their value recognised in "Expenses associated with net debt". They generated a net gain of €3.4 million in 2009, against a net gain of €5.1 million in 2008.

Hedging of bank borrowings

In October 2008, the TF1 Group hedged part of its bank borrowings by contracting a €100 million pay fixed rate swap. This derivative instrument was designated as a cash flow hedge as at December 31, 2008. In January 2009, the TF1 Group contracted a further €100 million pay fixed rate swap to hedge its bank borrowings; this swap was also designated as a cash flow hedge. These two swaps hedged the Group's bank borrowings throughout 2009.

At December 31, 2009, following the exercise of the Vivendi put option (which raised €744 million) in late December, the Group had zero debt. Consequently, the underlying of these two derivatives no longer existed, and the Group therefore discontinued hedge accounting for the relationship between its bank borrowings and the €200 million of swaps at end December 2009.

These swaps were classified as derivatives ineligible for hedge accounting from December 31, 2009 until they expired on February 1, 2010. Their fair value at the balance sheet date was recognised in financial income / expense for the year ended December 31, 2009.

Foreign exchange risk

The TF1 Group's exposure to foreign exchange risk is of an operational nature, and derives from (i) recurring cash flows under long-term broadcasting and sports transmission rights acquisition contracts (primarily in the U.S. dollar and pound sterling) and (ii) foreign-currency cash flows from sales of subscriptions to the Eurosport channel from countries outside the euro zone.

The objective of the Group's foreign exchange risk management strategy is to lock in or guarantee a minimum exchange rate on its net long position and a maximum exchange rate on its net short position in each of the currencies used, over a rolling time-frame of at least 12 months.

Exposure and sensitivity to foreign exchange risk

The table below shows the Group's exposure to foreign exchange risk at end 2009:

At 2009 closing exchange rates *(€m)*	USD(1)	GBP(2)	Other currencies(3)	Total
Assets	22.0	6.2	17.0	45.3
Liabilities	(40.9)	(9.2)	(10.4)	(60.5)
Off balance sheet commitments	(230.0)	(14.9)	(18.3)	(263.2)
Pre-hedging position	**(248.9)**	**(17.9)**	**(11.6)**	**(278.4)**
Forwards and futures	81.9	6.8	(14.9)	73.7
Currency swaps	(8.5)	(1.8)	(4.2)	(14.5)
Net post-hedging position	**(175.5)**	**(13.0)**	**(30.7)**	**(219.2)**

(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: Mainly relates to the acquisition of rights to the 2011 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 €219 million (versus €354 million at December 31, 2008).

At 2008 closing exchange rates *(€m)*	USD(1)	GBP(2)	Other currencies(3)	Total
Assets	22.1	4.3	17.8	44.3
Liabilities	(55.6)	(4.0)	(14.8)	(74.3)
Off balance sheet commitments	(356.0)	(19.9)	(14.8)	(390.7)
Pre-hedging position	**(389.4)**	**(19.5)**	**(11.7)**	**(420.7)**
Forwards and futures	42.0	12.6	(19.6)	35.0
Currency swaps	24.8	2.0	5.3	32.1
Net post-hedging position	**(322.6)**	**(4.9)**	**(26.0)**	**(353.5)**

(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: Mainly relates to the acquisition of rights to the 2011 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 sensitivity shown below measures the impact on profit or loss and equity of an immediate unfavourable uniform movement of 1% in the rate of the euro against all the other currencies involved, and represents the sum total of:

- the impact of applying this 1% movement to the net pre-hedging positions presented above,
- the change in the fair value of the portfolio of currency derivatives in place at the balance sheet date, applying the accounting treatments specified in IAS 39.

	2009				2008			
	Pre-tax impact on profit or loss		Pre-tax impact on equity		Pre-tax impact on profit or loss		Pre-tax impact on equity	
(€m)	+1%	-1%	+1%	-1%	+1%	-1%	+1%	-1%
USD	1.0	(1.1)	0.7	(0.7)	0.6	(1.0)	1.4	(2.3)
GBP	-	-	0.1	(0.1)	-	-	0.0	(0.0)
Other currencies	0.3	(0.2)	-	-	0.3	0.1	-	-
TOTAL	**1.3**	**(1.3)**	**0.8**	**(0.9)**	**0.9**	**(0.9)**	**1.5**	**(2.3)**

At end 2009, the sensitivity of the TF1 Group's equity (including net profit for the period) to changes in the net accounting position in currencies other than the euro arising from a uniform unfavourable movement of 1% in the rate of the euro against all the currencies would be -€2.2 million, before taking account of the effects of such a movement on the Group's future foreign-currency cash flows. The comparable figure at end 2008 was -€3.2 million.

Currency derivatives by currency

The tables below give a breakdown of currency hedging derivatives by currency at December 31, 2009 and 2008:

		Notional amount of hedge				Fair value *(in euros)*	
			In euros				
December 31, 2009 *(in millions)*	**Currency**	**In foreign currency**	**Total**	**Less than 1 year**	**1 to 5 years**	**Total**	**Of which designated as cash flow hedges**
Currency swaps	USD	12.3	8.5	8.5	-	0.1	-
	GBP	1.6	1.8	1.8	-	0.0	-
	Other currencies (NOK, SEK, DKK, CHF)		4.2	4.2	-	0.0	-
Forward purchases	USD	118.0	81.9	68.5	13.4	(0.2)	0.1
	GBP	6.0	6.8	6.8	-	(0.6)	(0.6)
Knock-out forward purchases[(1)]	USD	-	-	-	-	-	-
Forward sales	Other currencies (NOK, SEK, DKK)		14.9	14.9	-	(0.1)	-
TOTAL HEDGES			**118.1**	**104.7**	**13.4**	**(0.8)**	**(0.5)**

		Notional amount of hedge				Fair value *(in euros)*	
			In euros				
December 31, 2008 *(in millions)*	**Currency**	**In foreign currency**	**Total**	**Less than 1 year**	**1 to 5 years**	**Total**	**Of which designated as cash flow hedges**
Currency swaps	USD	33.1	23.8	23.8	-	(0.8)	-
	GBP	1.9	2.0	2.0	-	-	-
	Other currencies (NOK, SEK, DKK, CHF)		5.5	5.5	-	0.1	-
Forward purchases	USD	53.5	38.4	38.4	-	(0.4)	(0.3)
	GBP	12.0	12.6	6.3	6.3	(2.1)	(2.1)
Knock-out forward purchases[(1)]	USD	5.0	3.6	3.6	-	0.1	-
Forward sales	Other currencies (NOK, SEK, DKK)		19.6	19.6	-	3.1	-
TOTAL HEDGES			**105.5**	**99.2**	**6.3**	**-**	**(2.4)**

(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.*

Accounting classification and treatment

All derivative instruments used by the TF1 Group are contracted to hedge its exposure to financial risks. In accordance with IAS 39, these derivatives are classified as fair value hedges or cash flow hedges depending on the strategy applied. However, some derivatives are ineligible for hedge accounting because they do not meet the IAS 39 criteria, in particular where there has been a reversal of the initial strategy.

(€m)	Derivatives ineligible for hedge accounting	Derivatives designated as fair value hedges	Derivatives designated as cash flow hedges	Fair value
2009				
Currency derivatives – assets	-	-	-	-
Currency derivatives – liabilities	(0.3)	-	(0.5)	(0.8)
TOTAL	**(0.3)**	**-**	**(0.5)**	**(0.8)**
2008				
Currency derivatives – assets	4.2	-	-	4.2
Currency derivatives – liabilities	(2.0)	-	(2.5)	(4.4)
TOTAL	**2.2**	**-**	**(2.5)**	**(0.3)**

Derivatives designated as cash flow hedges are used to hedge sport transmission rights acquisition contracts, on which the amount and timing of payments are contractually agreed. The other derivatives transactions are allocated to other broadcasting rights acquisition contracts, but do not meet all the criteria required to establish the existence of a hedging relationship under IAS 39.

Credit risk and counterparty risk

The TF1 Group applies policies designed to limit its exposure to counterparty risk, and in particular (i) the risk of non-recovery of trade debtors in connection with its ordinary activities, (ii) the risk of being unable to recover assets held by financial counterparties and (iii) the risk that financial counterparties will default on their commitments to the Group.

The TF1 Group believes that its exposure is limited, given that the cost of such risks has historically been immaterial both in overall terms and for each business segment.

Risk of non-recovery of debtors

2009 (€m)	Carrying amount	Not past due	Past due			
			Total	< 6 months	6 to 12 months	> 12 months
Trade debtors	755.6	595.3	160.3	115.8	16.3	28.2
Provisions for impairment of trade debtors	(18.9)	(0.3)	(18.6)	(3.4)	(3.9)	(11.3)
TRADE DEBTORS, NET	**736.7**	**595.0**	**141.7**	**112.4**	**12.4**	**16.9**

2008 (€m)	Carrying amount	Not past due	Past due			
			Total	< 6 months	6 to 12 months	> 12 months
Trade debtors	715.1	534.3	180.8	149.8	13.5	17.5
Provisions for impairment of trade debtors	(15.4)	(0.6)	(14.8)	(0.8)	(3.4)	(10.6)
TRADE DEBTORS, NET	**699.7**	**533.7**	**166.0**	**149.0**	**10.1**	**6.9**

Advertising airtime

TF1 Publicité sells advertising airtime on media for which it acts as agent (TV channels, radio stations, proprietary and third-party websites) to advertisers who over the years have become regular airtime buyers, developing well-established partnerships. The policy used to manage the underlying counterparty risk relies on the operating terms of TF1 Publicité, of which its customers are perfectly aware. These include:

- upfront payment in full, in advance of broadcast, for any airtime order placed by a new advertiser,
- for any advertiser with a track record of payment incidents, upfront payment for all future orders plus settlement of all outstanding invoices, failing which the advertiser may be barred from buying airtime,
- payment of annual rebates in the form of “end-of-order” credit notes issued at the start of the following year, to which the advertiser is not entitled unless all the prior-year invoices used as the basis for the rebate have been paid on time.

On top of these procedures, the Credit Management Department performs regular financial health checks on advertisers, and in the event of late payment systematically issues graded reminders. Any legal recovery proceedings are prepared in conjunction with Coface.

Other measures taken include the issuance of preventive reminders to the principal advertising agencies in advance of each due date for payment, the strict application of penalties to rebates in the event of late payment of invoices, and the systematic application of late payment interest. Overall, these procedures have enabled TF1 Publicité to keep the risk of non-payment by advertisers to less than 0.15% of total annual billings (inclusive of VAT).

Theme channel subscriptions

There is no significant risk of non-recovery as regards revenues payable by cable operators present in France, primarily Canal + and NC Numéricable. As regards sales outside France, Eurosport has effective cash collection procedures for debts owed by cable and satellite operators. The risk of non-payment by these operators is historically low thanks to the use of financial health checks on customers and the fragmentation of these markets, which gives an inherently very high level of risk diversification.

Other diversification activities

TF1 Vidéo and TF1 Entreprises use credit insurance to protect against the risk of non-payment by customers.

The home shopping business, carried on via the Téléshopping Division, is not exposed to major non-payment risks, given that payment is usually required prior to the delivery of goods or services.

There are no other significant exposures to individual customers in other Group subsidiaries that might have a lasting adverse impact on the Group's profitability.

Financial counterparties

In investing surplus cash, the TF1 Group applies a policy of selecting only high-grade banks and financial institutions that meet minimum rating criteria and with which the Group has well-established relationships, including the provision of credit facilities to the Group (see note 30.2.1 on liquidity risk).

Note 31 Share options

31.1 DETAILS OF SHARE OPTION PLANS

	Plan no. 7	Plan no. 8	Plan no. 10	Plan no. 11
Date of Shareholders' Meeting	23/04/2002	23/04/2002	17/04/2007	17/04/2007
Date of Board Meeting	24/02/2003	31/08/2004	20/02/2008	18/02/2009
Date of grant	12/03/2003	16/09/2004	20/03/2008	20/03/2009
Type of plan	subscription	subscription	subscription	subscription
Number of shares that may be subscribed/purchased	2,300,500	1,008,000	2,000,000	1,880,897
- by corporate officers	*560,000*	*0*	*86,000*	*56,000*
- by the 10 employees granted the most options	*390,000*	*100,000*	*340,000*	*340,000*
Start date of exercise period	12/03/2006	16/09/2007	20/03/2011	20/03/2012
Expiration date	12/03/2010	16/09/2011	20/03/2015	20/03/2016
Subscription/purchase price	€20.20 or €21.26*	€23.46	€15.35	€5.98
Terms of exercise	May be exercised from the 3rd anniversary of the date of grant and sold from the 4th anniversary of the date of grant			
Number of shares subscribed at December 31, 2009	524,900	-	-	-

* *The 5% discount does not apply to options awarded to corporate officers.*

Plan no. 8 was 100% hedged in 2004 by the purchase of a share call option, exercisable on the same terms as the plan.

31.2 MOVEMENT IN NUMBER OF OPTIONS OUTSTANDING

	2009		2008	
	Number of options	Weighted average subscription / purchase price *(in euros)*	Number of options	Weighted average subscription / purchase price *(in euros)*
Options outstanding at January 1	**4,496,100**	**18.77**	**4,519,900**	**24.01**
Options granted	1,880,897	5.98	2,000,000	15.35
Options cancelled or forfeited	(37,500)	18.98	(161,500)	19.09
Options exercised	-	-	-	0.00
Options expired	-	-	(1,862,300)	27.80
Options outstanding at December 31	**6,339,497**	**14.97**	**4,496,100**	**18.77**
Options exercisable at December 31	*2,543,100*	*21.34*	*2,564,100*	*21.34*

No options were exercised during 2009. The average residual life of options outstanding at December 31, 2009 was 45 months (unchanged from December 31, 2008).

31.3 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,
- Number of shares allotted: 176,400,
  - with no conditions other than being a Group employee on March 31, 2008: 176,400,
  - subject to performance-related and market-related conditions: 0.

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. The forward purchases resulted in the delivery of 191,025 shares, of which 176,400 were delivered to allottees and 14,625 were retained by the company (see note 13.1). The options were not exercised.

Note 32 Off balance sheet commitments

The off balance sheet commitments reported below comprise guarantee commitments given and received by the Group; reciprocal commitments not associated with the Group's operating cycles; and operating and finance lease commitments.

A commitment is reciprocal if the future commitment given by the TF1 Group is inseparable from the commitment given by the other party or parties to the contract. Reciprocal commitments given and received in connection with the Group's operating cycles are reported in the note relating to the relevant balance sheet item: note 11 ("Programmes and broadcasting rights") for purchase contracts designed to secure future programming schedules, and note 30.2.1 ("Liquidity risk") for confirmed bank credit facilities.

Off balance sheet commitments are stated at the amount of the outflow or inflow of resources specified in the contract. In the case of renewable contracts, the commitment is measured on the basis of the period until the next renewal date.

In the case of reciprocal commitments, the commitment given and the commitment received are measured on the basis of the net cash outflow or inflow for the TF1 Group.

The various types of commitments given and received by the TF1 Group are described below:

Guarantee commitments

This item comprises guarantees provided in connection with commercial contracts or leases.

None of the non-current assets held by TF1 (intangible assets, property, plant and equipment or financial assets) is subject to any pledge or mortgage.

Reciprocal contractual commitments

Image transmission

Image transmission commitments relate to the supply of television broadcasting services (Télédiffusion de France), and to the leasing of satellite capacity and transponders from private-sector companies.

Commitments relating to equity interests

This item comprises firm or optional commitments to deliver or receive securities. As at December 31, 2009, this mainly related to the agreement signed with the AB Group (€192 million, see note 1.1).

Other reciprocal contractual commitments

This comprises commitments given or received under contracts not associated with the recurring operations of Group companies, such as the contract with GIP France Télé Numérique (which is responsible for implementing the analogue TV signal switch-off in France).

Under the agreements between Vivendi, TF1 and M6, the commitments and guarantees provided by TF1 and M6 in respect of the obligations of TPS were covered by a counter-guarantee issued by Vivendi taking effect from January 4, 2007. Consequently, the commitments entered into by TF1 and M6 are disclosed neither in “Commitments given” nor in “Commitments received”.

Operating leases:

This item shows (in both commitments given and commitments received) the minimum future lease payments under non-cancellable operating leases in place at the balance sheet date. Only leases that are material to the consolidated financial statements are included. Most of the leases included relate to property, in particular the premises occupied by TF1 SA and the French companies of the Eurosport Group.

Finance leases:

This item shows the minimum future lease payments under finance leases in progress at the balance sheet date.

No material off balance sheet commitments, as defined in the applicable accounting standards, are omitted from the disclosures below.

32.1 GUARANTEE COMMITMENTS

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total 2009	Total 2008
Guarantee commitments					
Pledges, mortgages and collateral	-	-	-	-	-
Guarantees and endorsements given(1)	0.2	6.3	1.3	7.8	102.5
Guarantee commitments given	**0.2**	**6.3**	**1.3**	**7.8**	**102.5**
Pledges, mortgages and collateral	-	-	-	-	-
Guarantees and endorsements received(1)	0.7	2.4	0.2	3.3	96.2
Guarantee commitments received	**0.7**	**2.4**	**0.2**	**3.3**	**96.2**
GUARANTEE COMMITMENTS, NET	**(0.5)**	**3.9**	**1.1**	**4.5**	**6.3**

(1) The year-on-year change is due to the deconsolidation of France 24.

32.2 RECIPROCAL CONTRACTUAL COMMITMENTS

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total 2009	Total 2008
Miscellaneous contractual commitments					
Image transmission	77.8	80.6	1.6	160.0	190.7
Commitments relating to equity interests	197.2	15.1	8.8	221.1	33.6
Other commitments	10.5	14.7	-	25.2	55.8
Miscellaneous contractual commitments given	**285.5**	**110.4**	**10.4**	**406.3**	**280.1**
Image transmission	77.8	80.6	1.6	160.0	190.7
Commitments relating to equity interests	197.2	15.1	8.8	221.1	33.6
Other commitments	10.5	14.7	-	25.2	55.8
Miscellaneous contractual commitments received	**285.5**	**110.4**	**10.4**	**406.3**	**280.1**
Miscellaneous contractual commitments, net	**-**	**-**	**-**	**-**	**-**

32.3 OPERATING LEASES

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total 2009	Total 2008
Operating leases					
Operating lease commitments given	22.6	95.0	46.7	164.3	170.5
Operating lease commitments received	22.6	95.0	46.7	164.3	170.5
Operating lease commitments, net	**-**	**-**	**-**	**-**	**-**

32.4 FINANCE LEASES

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total 2009	Total 2008
Finance leases (already recognised in the balance sheet)	**0.7**	**0.5**	**-**	**1.2**	**1.9**

Note 33 Related-party information

33.1 EXECUTIVE COMPENSATION

Total compensation paid during 2009 to key executives of the Group (i.e. the 14 members of the TF1 Management Committee mentioned in the chapter 1) was €7.0 million, comprising:

(€m)	2009	2008
Fixed compensation	5.4	5.2
Variable compensation	1.6	0.9
Benefits in kind	N/S	N/S

Additional information:

- the portion of total share option expense and consideration-free share expense for the year relating to these key executives was €0.3 million,
- the portion of the total obligation in respect of retirement and other post-employment benefits relating to these key executives was €2.4 million.

The Bouygues Group offers the members of its Executive Committee, which includes 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 2009 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.

33.2 TRANSACTIONS WITH OTHER RELATED PARTIES

Transactions with other related parties are summarised in the table below:

	Income		Expenses		Debtors		Creditors	
(€m)	2009	2008	2009	2008	2009	2008	2009	2008
Parties with an ownership interest (Bouygues SA)	0.1	0.2	(5.4)	(8.5)	-	0.1	1.9	3.1
Jointly controlled entities	4.8	5.6	(6.2)	(9.8)	11.8	15.1	3.1	3.3
Associates	10.7	6.3	(8.5)	(8.0)	8.3	3.7	8.3	7.9
Other related parties	27.8	22.8	(9.6)	(10.6)	453.4*	6.7	4.2	199.9*
TOTAL	**43.4**	**34.9**	**(29.7)**	**(36.9)**	**473.5**	**25.6**	**17.5**	**214.2**

* *Bouygues Relais cash pooling agreement (see note 30.2.1).*

Note 34 Auditors' fees

The table below shows fees paid by TF1 to the Group's auditors:

	Mazars				KPMG				Other firms			
	Amount		%		Amount		%		Amount		%	
(€ thousand)	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Audit of consolidated and individual company financial statements	**(769)**	**(751)**	**96%**	**95%**	**(762)**	**(888)**	**92%**	**91%**	**(50)**	**(74)**	**98%**	**100%**
- TF1 SA	*(219)*	*(264)*			*(219)*	*(253)*			-	-		
- Subsidiaries	*(550)*	*(487)*			*(543)*	*(635)*			*(50)*	*(74)*		
Other procedures and services directly related to the audit engagement	**(31)**	**(40)**	**4%**	**5%**	**(30)**	**(64)**	**4%**	**7%**	**-**	**-**	**-**	**-**
- TF1 SA	-	-			*(4)*	-			-	-		
- Subsidiaries	*(31)*	*(40)*			*(26)*	*(64)*			-	-		
Audit-related fees	**(800)**	**(791)**	**100%**	**100%**	**(792)**	**(952)**	**96%**	**98%**	**(50)**	**(74)**	**98%**	**100%**
Company law, tax and employment law	-	-	-	-	(32)	(20)	4%	2%	(1)	-	2%	-
Other (if > 10% audit-related fees)	-	-	-	-	-	-	-	-	-	-	-	-
Other fees	**-**	**-**	**-**	**-**	**(32)**	**(20)**	**4%**	**2%**	**(1)**	**-**	**2%**	**0,0%**
TOTAL AUDITORS' FEES	**(800)**	**(791)**	**100%**	**100%**	**(824)**	**(972)**	**100%**	**100%**	**(51)**	**(74)**	**100%**	**100%**

Note 35 Dependence on licences

TF1 requires a licence to carry on its activities as a broadcaster.

The law of September 30, 1986, as amended by Law 2007-309 of March 5, 2007, stipulates that subject to certain conditions, a company's broadcasting licence may be automatically renewed. TF1 has signed the necessary agreements and provided the necessary undertakings to retain its broadcasting licence until 2022.

The following subsidiaries or jointly-controlled entities hold digital terrestrial television licences, awarded on June 10, 2003 for a ten-year period: LCI, Eurosport France, TMC and TF6.

Note 36 Post balance sheet events

36.1 INCREASE IN THE EQUITY INTEREST HELD IN SPS

The TF1 Group, which already holds (via its subsidiary Eurosport) 50% of the capital of SPS, is due to raise its interest to 100% by buying out the 50% stake held by the Serendipity investment fund once clearance has been obtained from the relevant authorities.

36.2 CLEARANCE FROM THE COMPETITION AUTHORITY FOR THE ACQUISITION OF THE AB GROUP (SEE NOTE 1.1)

On January 26, 2010, the French Competition Authority gave the TF1 Group clearance to proceed with the acquisition of the AB Group.

The TF1 Group is now awaiting clearance from the CSA, the French audiovisual regulator, which is also required before this transaction can be completed.

Note 37 Detailed list of companies included in the consolidation

			2009		2008	
COMPANY	COUNTRY	ACTIVITY	% CONTROL(1)	CONSOLIDATION METHOD	% CONTROL(1)	CONSOLIDATION METHOD
TF1 SA	**France**	**Broadcasting**	**Parent company**		**Parent company**	
BROADCASTING FRANCE						
TF1 PUBLICITE	France	TF1 advertising airtime sales house	100.00%	Full	100.00%	Full
TF1 FILMS PRODUCTION	France	Co-production of films	100.00%	Full	100.00%	Full
TÉLÉSHOPPING	France	Home shopping	100.00%	Full	100.00%	Full
TV BREIZH	France	Theme channel	100.00%	Full	100.00%	Full
UNE MUSIQUE	France	Music publishing	100.00%	Full	100.00%	Full
TF6	France	Theme channel	50.00%	Proportionate	50.00%	Proportionate
TF1 ENTREPRISES	France	Merchandising, spin-offs, games	100.00%	Full	100.00%	Full
EUROSPORT France SA	France	Marketing the Eurosport channel in France	100.00%	Full	100.00%	Full
EZ TRADING	France	Import-Export	100.00%	Full	100.00%	Full
TF1 DIGITAL	France	Holding company of theme channel division	100.00%	Full	100.00%	Full
E-TF1	France	Creation / broadcasting of internet services	100.00%	Full	100.00%	Full
LA CHAINE INFO	France	Operator of the La Chaîne Info news channel	100.00%	Full	100.00%	Full
TF1 PRODUCTION	France	Programme production	100.00%	Full	100.00%	Full
BAXTER	France	Music publishing	100.00%	Full	100.00%	Full
TF6 GESTION	France	TF6 management company	50.00%	Proportionate	50.00%	Proportionate
SERIE CLUB	France	Theme channel	50.00%	Proportionate	50.00%	Proportionate
MONTE CARLO PARTICIPATIONS(2)	France	TMC holding company	50.00%	Proportionate	50.00%	Proportionate
TOP SHOPPING	France	Retailing	100.00%	Full	100.00%	Full
LES NOUVELLES EDITIONS TF1	France	Book publishing	51.00%	Full	51.00%	Full
ODYSSEE	France	Theme channel	100.00%	Full	100.00%	Full
APHELIE	France	Real estate leasing	100.00%	Full	100.00%	Full
HISTOIRE	France	Theme channel	100.00%	Full	100.00%	Full
USHUAIA TV	France	Theme channel	100.00%	Full	100.00%	Full
TELE MONTE CARLO(2)	Monaco	Theme channel	40.00%	Proportionate	40.00%	Proportionate
INFOSHOPPING	France	Infomercials	100.00%	Full	99.99%	Full
SHOPPING A LA UNE	France	E-commerce	-	-	100.00%	Full
WAT	France	Creation of internet services	100.00%	Full	100.00%	Full
TMC REGIE(2)	France	TMC advertising airtime sales house	40.00%	Proportionate	40.00%	Proportionate

			2009		2008	
COMPANY	COUNTRY	ACTIVITY	% CONTROL(1)	CONSOLIDATION METHOD	% CONTROL(1)	CONSOLIDATION METHOD
1001 LISTES	France	Creation of internet services	100.00%	Full	97.19%	Full
JFG NETWORKS	France	Creation of internet services	40.03%	Equity	35.03%	Equity
SKY ART MEDIA	United States	Print media publishing	27.54%	Equity	27.54%	Equity
OUEST INFO	France	TV news images agency	100.00%	Full	100.00%	Full
ONE CAST	France	Audiovisual broadcasting & transmission service	100.00%	Full	100.00%	Full
SF2J	France	Producer of card and board games	100.00%	Full	100.00%	Full
DOGAN TÉLÉSHOPPING	Turkey	Home shopping	-	-	50.00%	Proportionate
DUJARDIN	France	Producer of card and board games	100.00%	Full	100.00%	Full
WB TELEVISION	Belgium	Broadcaster	49.00%	Equity	33.50%	Equity
GROUPE AB	France	Production, programming & broadcasting of audiovisual material	33.50%	Equity	33.50%	Equity
GIE TF1 Acquisitions de droits	France	Acquisition and sale of audiovisual rights	100.00%	Full	100.00%	Full
DUALNET COMMUNICATION	France	Operation of consumer websites	100.00%	Full	-	-
PLACE DES TENDANCES	France	E-commerce	80.00%	Full	-	-
TF1 EXPANSION	France	Development of digital technology	100.00%	Full	100.00%	Full
SACAS	France	Development of digital technology	-	-	100.00%	Full
TF1 SATELLITE	France	Development of digital technology	-	-	100.00%	Full
AUDIOVISUAL RIGHTS						
CIBY 2000	France	Exploitation of audiovisual rights	100.00%	Full	100.00%	Full
CIC	France	Exploitation of video rights	-	-	100.00%	Full
TF1 VIDÉO	France	Exploitation of video rights	100.00%	Full	100.00%	Full
GIE SONY TF1 VIDÉO	France	Exploitation of video rights	50.00%	Proportionate	-	-
TF1 DROITS AUDIOVISUELS	France	Exploitation of audiovisual rights	100.00%	Full	100.00%	Full
TELEMA	France	Production of audiovisual material	-	-	100.00%	Full
TCM DA	France	Exploitation of audiovisual rights	50.00%	Proportionate	50.00%	Proportionate
TCM GESTION	France	Management company of TCM DA	49.96%	Proportionate	49.96%	Proportionate

COMPANY	COUNTRY	ACTIVITY	2009 % CONTROL[1]	2009 CONSOLIDATION METHOD	2008 % CONTROL[1]	2008 CONSOLIDATION METHOD
TF IMAGE 2	France	Exploitation of audiovisual rights	100.00%	Full	100.00%	Full
TF1 INTERNATIONAL	France	Exploitation of audiovisual rights	66.00%	Full	-	-
UGC DISTRIBUTION	France	Exploitation of audiovisual rights	34.00%	Equity	-	-
BROADCASTING INTERNATIONAL						
EUROSPORT SA	France	Marketing the Eurosport channel outside France	100.00%	Full	100.00%	Full
EUROSPORT BV	Netherlands	Marketing the Eurosport channel in the Netherlands	100.00%	Full	100.00%	Full
EUROSPORT TELEVISION Ltd	UK	Marketing the Eurosport channel in the UK	100.00%	Full	100.00%	Full
EUROSPORT TV AB	Sweden	Marketing the Eurosport channel in Sweden	100.00%	Full	100.00%	Full
EUROSPORT MEDIA GMBH	Germany	Marketing the Eurosport channel in Germany	100.00%	Full	100.00%	Full
KIGEMA SPORT ORGANISATION Ltd	UK	Motor race organiser	100.00%	Full	100.00%	Full
SRW EVENTS Ltd	UK	Motor race organiser	100.00%	Full	100.00%	Full
EUROSPORT ITALIA	Italy	Marketing the Eurosport channel in Italy	100.00%	Full	100.00%	Full
EUROSPORT ASIA Ltd	Hong Kong	Marketing the Eurosport channel in Asia	100.00%	Full	100.00%	Full
EUROSPORT MEDIA SA	Switzerland	Marketing the Eurosport channel in Switzerland	100.00%	Full	100.00%	Full
EUROSPORT SA SPAIN	Spain	Marketing the Eurosport channel in Spain	100.00%	Full	100.00%	Full
EUROSPORT FINLAND	Finland	Marketing the Eurosport channel in Finland	100.00%	Full	100.00%	Full
APT EUROSPORTNEWS DISTRIBUTION LTD	Hong Kong	Marketing the Eurosport channel in Asia	98.00%	Full	98.00%	Full
EUROSPORT NORVEGE AS	Norway	Marketing the Eurosport channel in Norway	100.00%	Full	100.00%	Full
EUROSPORT POLSKA	Poland	Marketing the Eurosport channel in Poland	100.00%	Full	100.00%	Full

			2009		2008	
COMPANY	**COUNTRY**	**ACTIVITY**	**% CONTROL(1)**	**CONSOLIDATION METHOD**	**% CONTROL(1)**	**CONSOLIDATION METHOD**
EUROSPORT DANMARK APS	Denmark	Marketing the Eurosport channel in Denmark	100.00%	Full	100.00%	Full
EUROSPORT EVENTS	France	Sports event organiser	100.00%	Full	100.00%	Full
SAILING ONE	France	Organiser and promoter of yacht races	-	-	34.00%	Equity
SPS	France	Online gaming operator	50.00%	Proportionate	-	-
FRANCE 24	France	French international rolling news channel	-	-	50.00%	Proportionate
FRANCE 24 ADVERTISING	France	France 24 advertising airtime sales house	-	-	50.00%	Proportionate
OTHER ACTIVITIES						
METRO FRANCE PUBLICATIONS(3)	France	Print media publishing	34.30%	Equity	34.30%	Equity
TOP TICKET.S(4)	France	Print media publishing	-	-	39.18%	Proportionate

(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 the 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 Ticket.s: 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 INCOME STATEMENT (FRENCH GAAP)

(€m)	Note	2009	2008
Operating income		**1,587.9**	**1,759.1**
Advertising revenue	*2.12 and 4.1*	1,357.7	1,568.3
Technical services revenue		2 .9	4.9
Other revenue		16.0	4.9
Revenue		**1,376.6**	**1,578.1**
Stored production		0.7	(0.8)
Capitalised production		9.5	5.0
Operating grants		0.4	-
Reversals of depreciation, amortisation, provisions and impairment		100.8	67.9
Cost transfers	*4.7*	97.5	106.2
Other income		2.4	2.7
Operating expenses		**(1,547.2)**	**(1,608.1)**
Purchases of raw materials and other supplies	*4.2*	(653.6)	(695.5)
Change in inventory		(21.5)	28.1
External expenses	*4.3*	(374.2)	(452.0)
Taxes other than income taxes	*4.4*	(104.7)	(106.4)
Wages and salaries	*4.5*	(138.7)	(135.3)
Social security charges	*4.5*	(69.3)	(54.2)
Depreciation, amortisation, provisions and impairment			
■ amortisation of co-productions already transmitted		(10.8)	(21.6)
■ amortisation and depreciation of other non-current assets		(14.7)	(12.9)
■ amortisation of deferred charges		(0.2)	(0.2)
■ impairment of intangible assets and current assets		(85.5)	(81.0)
■ provisions for liabilities and charges		(13.9)	(7.1)
Other expenses	*4.6*	(60.1)	(70.0)
OPERATING PROFIT		**40.7**	**151.0**
Share of profits / losses of joint operations		**-**	**-**
Financial income		266.8	138.3
Financial expenses		(117.1)	(134.6)
NET FINANCIAL INCOME	*4.8*	**149.7**	**3.7**
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS		**190.4**	**154.7**
Exceptional income		**49.8**	**72.6**
Exceptional income from operating transactions		0.1	0.1
Exceptional income from capital transactions		43.9	60.9
Reversals of provisions and impairment		5.8	11.6
Exceptional expenses		**(59.2)**	**(61.6)**
Exceptional expenses on operating transactions		(0.2)	-
Exceptional expenses on capital transactions		(53.5)	(58.7)
Depreciation, amortisation, provisions and impairment		(5.5)	(2.9)
EXCEPTIONAL ITEMS	*4.9*	**(9.4)**	**11.0**
Employee profit-sharing		(0.3)	(3.6)
Income taxes	*4.10 and 4.11*	17.7	(23.2)
NET PROFIT		**198.4**	**138.9**

PARENT COMPANY BALANCE SHEET (FRENCH GAAP)

ASSETS *(€m)*	Note	12/2009 Net	12/2008 Net
Intangible assets	*2.2 and 3.1*	**48.5**	**42.6**
Concessions and similar rights		2.3	2.6
Trademarks		-	-
Purchased goodwill		-	-
Other intangible assets		-	-
Intangible assets in progress		5.0	0.5
Co-productions available for transmission		13.4	9.9
Co-productions available for retransmission		21.0	22.7
Co-productions in progress		6.8	6.9
Property, plant and equipment	*2.3 and 3.2*	**64.6**	**52.7**
Land		-	-
Buildings		-	-
Technical facilities		19.9	19.8
Other property, plant and equipment		32.1	24.2
Property, plant and equipment under construction		12.6	8.7
Non-current financial assets	*2.4 and 3.3*	**1,209.9**	**1,265.9**
Investments in subsidiaries and affiliates		1,049.3	1,034.4
Loans and advances to subsidiaries and affiliates		-	-
Other long-term investment securities		0.1	0.1
Loans receivable		160.2	230.4
Other non-current financial assets		0 .3	1.0
NON-CURRENT ASSETS		**1,323.0**	**1,361.2**
Inventories and work in progress	*2.5 and 3.4*	**445. 2**	**443.4**
Raw materials and other supplies		0.1	0.1
Goods bought for resale		-	-
Broadcasting rights (initial transmission)		208.8	225.9
Broadcasting rights (available for retransmission)		235.9	217.1
Broadcasting rights in progress		0.4	0.3
Advance payments	*2.6 and 3.5.1*	226.2	211.7
Trade debtors	*2.7 and 3.5.2*	419.5	358.7
Other debtors	*3.5.3*	166.0	146.1
Short-term investments and cash	*2.8 and 3.7*	706.7	537.0
Prepaid expenses	*3.8*	6.6	5.8
CURRENT ASSETS		**1,970.2**	**1,702.7**
Deferred charges		0.2	0.4
Bond redemption premium		0.4	0.8
Unrealised foreign exchange losses		0.4	0.1
TOTAL ASSETS		**3,294.2**	**3,065.2**

LIABILITIES AND SHAREHOLDERS' EQUITY *(€m)*	Note	12/2009	12/2008
Share capital		42.7	42.7
Share premium		3.8	3.8
Revaluation reserve		-	-
Legal reserve		4.3	4.3
Long-term capital gains reserve		-	-
Other reserves		835.0	835.0
Retained earnings		144.0	105.4
Net profit for the year		198.4	138.9
Restricted provisions	*2.10*	34.2	34.6
Shareholders' equity	*3.9*	**1,262.4**	**1,164.7**
Provisions for liabilities and charges	*2.11 and 3.10*	**38.4**	**44.1**
Bond issues		503.0	503.0
Bank borrowings(1)		1.0	4.1
Other borrowings(2)		561.7	550.1
Trade creditors		368.9	403.7
Tax and employee-related liabilities		169.3	148.9
Amounts payable in respect of non-current assets		3.7	4.4
Other liabilities		384.8	240.3
Deferred income		0.9	1.7
Liabilities	*3.11*	**1,993.3**	**1,856.2**
Unrealised foreign exchange gains		0.1	0.2
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**3,294.2**	**3,065.2**
(1) Including bank overdrafts		*0.2*	-
(2) Including intra-group current accounts		*561.7*	*550.1*

PARENT COMPANY CASH FLOW STATEMENT (FRENCH GAAP)

CASH FLOW STATEMENT *(€m)*	2009	2008
1 – Operating activities		
■ Net profit for the year	198.4	138.9
■ Depreciation, amortisation, provisions and impairment(1)(2)	6.0	48.0
■ Investment grants released to the income statement	-	-
■ Net (gain) / loss on disposals of non-current assets	1.4	(16.6)
Operating cash flow before changes in working capital	**205.8**	**170.3**
■ Acquisitions of co-productions(2)	(12.4)	(7.6)
■ Amortisation and impairment of co-productions(2)	9.0	11.2
■ Inventories	(1.7)	(7.8)
■ Trade and other debtors	(89.2)	6.4
■ Trade and other creditors	129.0	(3.3)
■ Deferred charges	-	-
■ Advance payments received from third parties, net	(16.7)	(5.4)
Change in operating working capital needs	**18.0**	**(6.5)**
Net cash generated by / (used in) operating activities	**223.8**	**163.8**
2 – Investing activities		
■ Acquisitions of property, plant & equipment and intangible assets(1)(2)	(28.9)	(27.2)
■ Disposals of property, plant & equipment and intangible assets(1)(2)	0.2	40.7
■ Acquisitions of investments in subsidiaries and affiliates	(6.4)	(45.8)
■ Disposals of investments in subsidiaries and affiliates	2.4	17.3
■ Net change in amounts payable in respect of non-current assets	(0.7)	(54.8)
■ Net change in other non-current financial assets	71.0	5.6
Net cash generated by / (used in) investing activities	**37.6**	**(64.2)**
3 – Financing activities		
■ Change in shareholders' equity	-	-
■ Net change in debt	8.5	93.1
■ Dividends paid	(100.3)	(181.4)
Net cash generated by / (used in) financing activities	**(91.8)**	**(88.3)**
Total change in cash position	**169.6**	**11.3**
Cash position at beginning of period	536.9	525.6
Change in cash position	169.6	11.3
Cash position at end of period	706.5	536.9

(1) Excluding programme co-production shares.

(2) Acquisitions, consumption, disposals and retirements of programme co- production shares, accounted for as non-current assets in the parent company financial statements, are included in "Changes in operating working capital needs" in this cash flow statement in order to provide a fair representation of cash flows comparable with that presented in the consolidated financial statements.

4.4 NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

The parent company financial statements for the year ended December 31, 2009 have been prepared in accordance with legal and regulatory requirements as currently applicable in France.

They were adopted by the Board of Directors on February 17, 2010, and will be submitted for approval by the shareholders at the forthcoming Ordinary General Meeting to be held on April 15, 2010.

Note 1 Significant events

In February 2009, TF1 SA sold its 50% stake in the France 24 channel to Audiovisuel Extérieur de la France for €2 million.

In June 2009, the TF1 Group and the AB Group signed an agreement with a view to the purchase by TF1 of 100% of NT1 and 40% of TMC, currently held by the AB Group, for a cash consideration of €192 million.

TF1 would retain the same equity interest in the other activities of the AB Group as it currently holds (33.5%). The current AB Group management team would be granted a call option to acquire this TF1 minority stake for €155 million within a maximum of 2 years.

On January 26, 2010, the deal received clearance from the French Competition Authority subject to compliance by the TF1 Group with undertakings as to its future conduct (see note 6,"Post balance sheet events").

In November 2009, TF1 SA sold its entire equity interest in Top Ticket.s, publisher of the Pilipili freesheet.

In December 2009, TF1 SA transferred the companies TV Breizh and Ushuaïa TV to TF1 Digital for €38.2 million.

As part of the reorganisation of the Group's News Division, TF1 SA acquired LCI from TF1 Digital and Ouest Info from TV Breizh, for a total amount of €2.7 million.

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, 2009.

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.

2.2.5 Other intangible assets

Other intangible assets are measured at acquisition cost (or production cost), net of accumulated amortisation and impairment.

2.3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is measured at acquisition cost, net of accumulated depreciation and impairment.

Depreciation periods and methods are summarised below:

Technical facilities	Straight line	3 to 7 years
Other property, plant and equipment	Straight line	2 to 10 years

2.4 NON-CURRENT FINANCIAL ASSETS

Equity investments are measured at acquisition cost, comprising the purchase price and transaction costs.

Annual impairment tests are performed on the basis of revenue and profit projections derived from business plans, using the discounted cash flow (DCF) method. If the value in use of an investment falls below acquisition cost, a provision for impairment is recorded. If necessary, this provision may be supplemented by a provision for impairment of the current account with the subsidiary or affiliate and a provision for liabilities and charges.

2.5 INVENTORIES AND WORK IN PROGRESS

2.5.1 General principles

In order to secure programming schedules for future years, TF1 SA enters into binding contracts (in addition to co-production share acquisition contracts) under which it acquires (and the other party agrees to deliver) programme rights and sports transmission rights.

A programme is recognised in inventory once technical acceptance and opening of rights have occurred.

Rights payments made before these conditions are met are recognised in the balance sheet under "Advance payments".

Programmes acquired for a single transmission are regarded as having been consumed in full on transmission.

Where programmes are acquired for two or more transmissions, consumption is calculated as follows:

- programmes not individually valued in the contract:

	Type of programme		
	Dramas with a running time of at least 52 minutes	Films, TV movies, serials and cartoons	Other programmes
1st transmission	80%	50%	100%
2nd transmission	20%	50%	

- programmes individually valued in the contract: consumption reflects the contract price.

"Other programmes" in the table above refers to children's programmes (other than cartoons), entertainment shows, plays, factual and documentary programmes, news, and dramas with a running time of less than 52 minutes.

A provision for impairment is recognised:

- once it becomes probable that a programme will not be transmitted (probability of transmission is assessed on the basis of the most recent programming schedules approved by management),
- if the contractual value of the retransmission rights exceeds the value that would be attributed to those rights using the rules that apply to programmes that are not individually valued in a contract,
- where it is probable that a programme will be resold, and its carrying value in inventory exceeds the actual or estimated selling price.

Rights acquisition contracts not recognised in inventory at the balance sheet date are priced at the contractual amount (or the estimated future cash outflow in the case of output deal contracts) less any advance payments made in respect of the contract, which are recognised as an asset in the balance sheet in "Advance payments"

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 (available for 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 ADVANCE PAYMENTS

Advance payments in respect of programme purchases are accounted for as described in note 2.5.1, and may be written down if impaired.

Payments made to purchase sports transmission rights are recognised in “Advance payments” until the sporting event takes place. If the rights are resold, a provision is recorded once the sale is probable, to cover any excess of the amount of advance payments over the actual or estimated selling price.

2.7 TRADE DEBTORS

Trade debts that are the subject of ongoing legal recovery proceedings are provided for in full (excluding VAT).

Provisions for risks of non-recovery of trade debts more than 2 years past due are also recorded, on the following basis:

- 100% of all trade debts (excluding VAT) arising before January 1, 2007 and still unpaid,
- 50% of all trade debts (excluding VAT) arising during 2007 and still unpaid.

Risks on trade debts issued since December 31, 2007 and still unpaid at December 31, 2009 are immaterial.

2.8 SHORT-TERM INVESTMENTS AND CASH

TF1 SA provides centralised treasury management for the Group. Treasury current accounts are classified as cash in order to achieve consistency with the classification of treasury current account credit balances, included in “Other borrowings”.

Short-term investments are measured at acquisition cost. A provision for impairment is recorded if the recoverable amount falls below acquisition cost.

2.9 FOREIGN-CURRENCY TRANSACTIONS AND UNREALISED FOREIGN EXCHANGE GAINS / LOSSES

Invoices received in foreign currencies are translated into euros at the rate prevailing on the date of initial recognition, and foreign-currency liabilities are translated using the exchange rate prevailing as of December 31. Unrealised foreign exchange losses and gains are recorded on the relevant lines on the assets and liabilities sides of the balance sheet.

Unrealised foreign exchange losses on unhedged liabilities are covered by a provision included in “Provisions for liabilities and charges”.

2.10 RESTRICTED PROVISIONS

This item 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%

2.11 PROVISIONS FOR LIABILITIES AND CHARGES

A provision is recorded when a legal or constructive obligation to a third party arising from a past event will certainly or probably result in an outflow of resources that can be measured reliably. Provisions are reviewed at each balance sheet date, and adjusted where necessary to reflect the best estimate of the obligation as of that date.

Contingent liabilities are obligations whose existence will be confirmed only by the occurrence of future events or for which the outflow of resources cannot be measured reliably. No provision is recorded for contingent liabilities.

2.11.1 Retirement benefits

TF1 SA’s obligation in respect of retirement benefits is limited to the level of benefits stipulated in the relevant collective agreements. It is calculated using the projected unit credit method at the expected retirement date based on final salary, and recognised as a liability in “Provisions for liabilities and charges”, net of amounts transferred to an insurance fund.

2.11.2 Long-service leave

Additional compensated absence is awarded by TF1 SA to employees based on length of service. The calculation of the cost of vested compensated absence rights takes into account length of service, salary at the time the rights will be taken up, and staff turnover. The resulting liability is discounted, and is recognised in “Provisions for liabilities and charges”.

2.11.3 Other provisions for liabilities and charges

These mainly comprise provisions for litigation and claims. The provision is measured as the probable outflow of resources resulting from ongoing litigation or claims arising from an event prior to the balance sheet date. They include provisions for tax and social security disputes. The amount shown on reassessment notices issued by the authorities is provided for unless the company regards it as highly probable that it will successfully defend its position against the authorities. The undisputed portion of reassessment notices is recognised as a liability as soon as the amount is known.

2.12 ADVERTISING REVENUE

Sales of advertising airtime are recognised as revenue on transmission of the advertisement or commercial. The revenue recognised is the amount invoiced by TF1 Publicité to the advertiser for the airtime, less the agency commission earned by TF1 Publicité.

TF1 makes marginal use of barter transactions involving advertising with media other than television, such as radio or print media. These transactions are reported on a non-netted basis, with matching amounts recognised as income in "Revenue" and as expenses in "External expenses".

2.13 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.

2.14 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)	2009	2008
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
CO-PRODUCTIONS AT JANUARY 1	**41.1**	**55.2**
Acquisitions	23.7	20.3
Consumption on 1st transmission	(9.1)	(17.1)
Consumption on 2nd transmission	(1.7)	(4.4)
Total consumption on transmission	**(10.8)**	**(21.5)**
Expired	(2.5)	(4.0)
Retired or abandoned	(5.7)	(5.7)
Resold (net book value)	(3.1)	(2.9)
Decreases	**(22.1)**	**(34.2)**
CO-PRODUCTIONS AT DECEMBER 31	**42.7**	**41.1**
Breakdown of co-production shares:		
Co-productions in progress	8.3	8.4
Co-productions available for transmission	13.4	9.9
Co-productions available for retransmission	21.0	22.8
Total	**42.7**	**41.1**
PROVISIONS FOR IMPAIRMENT		
At January 1	**1.6**	**1.6**
Charges during the period		0.1
Reversals during the period	(0.1)	(0.1)
At December 31	**1.5**	**1.6**

As of December 31, 2009, the risk of non-transmission for co-produced programmes was €15.0 million, of which:

- €1.5 million was covered by provisions for impairment,
- €13.5 million was covered by restricted provisions previously established in accordance with the policy described in note 2.10.

The table below shows the maturity of co-production share acquisition contracts entered into by TF1 to secure future programming schedules:

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total 2009	Total 2008
Co-production shares	7.1	0.8	6.0	13.9	16.7

3.2 PROPERTY, PLANT AND EQUIPMENT

The table below shows movements in property, plant and equipment during the year:

(€m)				
Gross value	**Jan. 1, 2009**	**Increases**	**Decreases**	**Dec. 31, 2009**
Technical facilities	86.4	6.6	(6.1)	86.9
Other property, plant and equipment	79.2	16.1	(3.1)	92.2
Property, plant and equipment under construction	8.7	11.3	(7.4)	12.6
TOTAL	**174.3**	**34.0**	**(16.6)**	**191.7**
Depreciation	**Jan. 1, 2009**	**Increases**	**Decreases**	**Dec. 31, 2009**
Technical facilities	66.6	6.4	(6.0)	67.0
Other property, plant and equipment	55	7.7	(2.6)	60.1
TOTAL	**121.6**	**14.1**	**(8.6)**	**127.1**

3.3 NON-CURRENT FINANCIAL ASSETS

This item breaks down as follows:

(€m)	Equity investments	Other long-term investment securities	Loans receivable	Other	Total
Gross value at December 31, 2008	**1,257.0**	**0.1**	**230.4**	**1.0**	**1,488.5**
Increases					
TF1 Digital shares (received as consideration for transfer of Ushuaïa TV)	11.5				11.5
TF1 Digital shares (received as consideration for transfer of TV Breizh)	26.7				26.7
Acquisition of LCI	2.1				2.1
Acquisition of Ouest Info	0.6				0.6
Top Ticket.s capital increase	9.4				9.4
WB Télévision acquisition	1.5				1.5
Decreases					
Transfer of TV Breizh to TF1 Digital	(26.7)				(26.7)
Sale of Top Ticket.s	(11.4)				(11.4)
Transfer of TF1 Mobile to e-TF1	(2.5)				(2.5)
Transfer of Sacas to TF1 Expansion	(0.1)				(0.1)
Liquidation of various Group companies	(0.9)				(0.9)
Aphélie loans			(70.2)		(70.2)
Deposits and caution money				(0.7)	(0.7)
GROSS VALUE AT DECEMBER 31, 2009	**1,267.2**	**0.1**	**160.2**	**0.3**	**1,427.8**
Provisions for impairment					
December 31, 2008	**222.6**				**222.6**
Charges during the period	42.3				42.3
Reversals during the period	(47.0)				(47.0)
December 31, 2009	**217.9**				**217.9**
NET VALUE AT DECEMBER 31, 2009	**1,049.3**	**0.1**	**160.2**	**0.3**	**1,209.9**

"Loans receivable" mainly comprises a loan to Eurosport (balance outstanding at December 31, 2009: €160.0 million).

Charges to impairment provisions during the period relate to TF1 Digital (€35.0 million) and A1 International (€7.3 million). Reversals of impairment provisions mainly relate to Eurosport France (€18.0 million), TF1 Production (€14.0 million), TF1 Droits Audiovisuels (€12.0 million) and TF1 Mobile (€2.5 million).

3.4 INVENTORIES AND WORK IN PROGRESS

This item mainly comprises broadcasting rights yet to be consumed, and breaks down as follows:

(€m)	Acquired rights	In-house production	Total 2009	Total 2008
Broadcasting rights (initial transmission)	247.7	0.4	248.1	235.2
Broadcasting rights (available for retransmission)	356.2		356.2	341.6
Broadcasting rights in progress		0.3	0.3	0.5
Inventory at January 1	**603.9**	**0.7**	**604.6**	**577.3**
Purchases during the year	653.3	261.6	914.9	1,033.4
Consumption on 1st transmission	(523.7)	(260.8)	(784.5)	(879.3)
Consumption on 2nd transmission	(71.9)		(71.9)	(63.4)
Total consumption on transmission	**(595.6)**	**(260.8)**	**(856.4)**	**(942.7)**
Expired	(34.7)		(34.7)	(43.3)
Retired or abandoned	(16.6)	(0.1)	(16.7)	(14.8)
Resold	(27.9)		(27.9)	(5.3)
Total consumption	**(674.8)**	**(260.9)**	**(935.7)**	**(1,006.1)**
Inventory at December 31	**582.4**	**1.4**	**583.8**	**604.6**
Change in inventory	**(21.5)**	**0.7**	**(20.8)**	**27.3**
Closing inventory breaks down as follows:				
Broadcasting rights (initial transmission)	233.0	1.0	234.0	248.1
Broadcasting rights (available for retransmission)	349.4		349.4	356.2
Broadcasting rights in progress		0.4	0.4	0.3
TOTAL	**582.4**	**1.4**	**583.8**	**604.6**
Provisions for impairment				
Balance at January 1	**161.0**	**0.3**	**161.3**	**141.8**
Transfers			-	0.4
Charged during the period	60.4		60.4	81.0
Reversed during the period	(83.0)		(83.0)	(61.9)
Balance at December 31	**138.4**	**0.3**	**138.7**	**161.3**

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 2009	Total 2008
Programmes and broadcasting rights	486.5	633.5	23.4	1,143.4	1,283.6
Sports transmission rights	92.4	220.1		312.5	477.5
TOTAL	**578.9**	**853.6**	**23.4**	**1,455.9**	**1,761.1**

Some of these contracts are expressed in foreign currencies: €185.6 million in U.S. dollars and €13.5 million in sterling.

3.5 ADVANCE PAYMENTS AND DEBTORS

3.5.1 Advance payments

This mainly comprises advance payments for programme broadcasting rights acquisition contracts (€127.7 million, against which provisions of €2.4 million have been charged) and for sports transmission contracts (€114.4 million, against which provisions of €17.0 million have been charged).

3.5.2 Trade debtors

TF1 Publicité acts as agent for TF1 SA, selling advertising airtime in return for commission indexed to actual revenues. The amount owed by TF1 Publicité to TF1 SA was €379.3 million as of December 31, 2009, compared with €327.5 million as of December 31, 2008.

3.5.3 Other debtors

This item mainly comprises 2009 income taxes recoverable of €11.5 million, VAT recoverable of €89.9 million, and current accounts with subsidiaries of €53.6 million (against which provisions of €1.4 million have been charged).

3.5.4 Provisions for impairment of advance payments and debtors

(€m)	Jan. 1, 2009	Transfers	Changes	Reversals	Dec. 31, 2009
Advance payments	1.1		18.3		19.4
Trade debtors	0.0				0.0
Other debtors	1.4		6.8		8.2
TOTAL	**2.5**	**0.0**	**25.1**	**0.0**	**27.6**

3.6 LOANS RECEIVABLE AND DEBTORS BY DUE DATE

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total
Non-current assets		160.3	0.2	160.5
Current assets(1)	1,292.0	0.2	0.0	1,292.2
TOTAL	**1,292.0**	**160.5**	**0.2**	**1,452.7**

(1) Excluding advance payments.

3.7 SHORT-TERM INVESTMENTS AND CASH

These items break down as follows:

Gross value *(€m)*	2009	2008
Short-term investments	**0.4**	**0.4**
Bank deposits and funds in transit	105.1	1.1
Treasury current accounts with debit balances	603.5	532.9
Cash in hand	0.6	0.4
Accrued interest receivable	1.8	3.8
Cash	**711.0**	**538.2**
TOTAL	**711.4**	**538.6**
Provisions for impairment of current accounts and short-term investments		
Balance at January 1	**1.6**	**14.1**
Charges during the period	4.5	0.2
Reversals during the period	(1.4)	(12.7)
Balance at December 31	**4.7**	**1.6**
NET VALUE	**706.7**	**537.0**

As of December 31, 2009, short-term investment securities comprised 14,625 TF1 shares, against which an impairment loss of €0.2 million has been charged.

3.8 PREPAID EXPENSES

Prepaid expenses amounted to €6.6 million at December 31, 2009 (€5.8 million at December 31, 2008).

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)	01/01/2009	Appropriation of profit (AGM 17/042009)	Increases	Decreases	31/12/2009
Share capital	42.7	-			42.7
Share premium	3.8	-			3.8
Legal reserve	4.3	-	-	-	4.3
Retained earnings	105.4	38.6	-	-	144.0
Other reserves	835.0		-	-	835.0
Net profit for the year	138.9	(138.9)	198.4	-	198.4
Sub-total	**1,130.1**	**(100.3)**	**198.4**	**0.0**	**1,228.2**
Restricted provisions	34.6		5.5	(5.9)	34.2
TOTAL	**1,164.7**	**(100.3)(1)**	**203.9**	**(5.9)**	**1,262.4**
Number of shares	**213,410,492**				**213,410,492**

(1) Dividends paid from April 27, 2009

3.10 PROVISIONS FOR LIABILITIES AND CHARGES

Provisions are established using the methods described in note 2.11. Movements during the year were as follows:

(€m)	01/01/2009	Charged	Reversed (used)	Reversed (unused)	31/12/2009
Provisions for litigation and claims	13.0	10.5	(1.5)	(9.4)	12.6
Provisions for equity investments	8.7	7.0	(8.5)		7.2
Provisions for bad debts	2.7		(2.7)		0.0
Provisions for retirement benefit obligations	15.0	2.9	(1.8)	(2.3)	13.8
Provisions for long-service leave	4.7	0.7	(0.4)	(0.2)	4.8
TOTAL	**44.1**	**21.1**	**(14.9)**	**(11.9)**	**38.4**

Provisions for equity investments consist of TF1 SA's share of the losses of subsidiaries established in the form of partnerships.

The €13.8 million provision for retirement benefit obligations represents the discounted value of the obligation (€17.7 million) minus the fair value of plan assets (€3.9 million). The main assumptions used in calculating the present value of the obligations are:

- discount rate: 4.89%,
- 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 million 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 €0.8 million of accrued interest on swaps contracted by TF1 SA.

TF1 SA had confirmed credit facilities of €1,060.5 million with various banks as at December 31, 2009, none of which was drawn down at that date; of this amount, €110.0 million was due to expire within less than one year and €950.5 million after more than one year.

3.11.3 Other borrowings

This item includes surplus cash invested on behalf of subsidiaries under cash pooling agreements of €561.7 million (versus €353.1 million at end 2008).

3.11.4 Other liabilities

This item mainly comprises credit notes and accrued discounts in favour of TF1 Publicité amounting to €378.2 million (€218.5 million in 2008).

3.11.5 Liabilities by maturity

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total
Bond issue	503.0			503.0
Other liabilities	1,490.3			1,490.3
TOTAL	**1,993.3**	**0.0**	**0.0**	**1,993.3**

3.11.6 Accrued income and accrued expenses

(€m)			
Accrued income included in:		**Accrued expenses included in:**	
Trade debtors	16.3	Trade creditors	123.9
Other debtors	8.9	Tax and employee-related liabilities	55.7
		Amounts payable in respect of non-current assets	1.5
		Other liabilities	378.5

Note 4 Notes to the income statement

4.1 REVENUE

Advertising revenue of €1,357.7 million was recognised in 2009, compared with €1,568.3 million in 2008.

4.2 PURCHASES OF RAW MATERIALS AND OTHER SUPPLIES AND CHANGES IN INVENTORY

This line includes broadcasting rights consumed of €674.8 million (2008: €666.9 million). See note 3.4.

4.3 OTHER PURCHASES AND EXTERNAL CHARGES

The fees charged by the company's auditors for statutory audit work in 2009 amounted to €0.4 million.

4.4 INCOME TAXES

The main item included on this line is TF1 SA's contribution to the French cinematographic industry support fund, which amounted to €77.6 million in 2009 compared with €87.3 million in 2008. In 2009, this line also included €9.3 million in respect of the tax on broadcast advertising.

4.5 WAGES AND SALARIES, AND SOCIAL SECURITY CHARGES

Payments to freelances recorded on this line totalled €3.3 million (2008: €2.9 million), out of a total of €138.7 million (2008: €135.3 million).

The expense recognised for the employer's contribution to the company savings plan (employee share ownership plan) was €4.1 million (the same amount as recognised in 2008). The expense recognised for the employer's contribution to the Bouygues Partage 2 employee share ownership plan was €0.3 million.

A total of €9.7 million was recognised during the year ended December 31, 2009 in respect of the voluntary profit-sharing agreement introduced within the TF1 Group in 2008.

4.6 OTHER EXPENSES

This item includes payments to copyright-holders of €54.8 million in 2009 (versus €63.6 million in 2008).

4.7 COST TRANSFERS

This item mainly comprises reimbursements of costs incurred by TF1 SA on behalf of its subsidiaries.

4.8 NET FINANCIAL INCOME

The components of net financial income are as follows:

(€m)	2009	2008
Dividends and transfers of profits / losses from flow-through entities	172.4	42.8
Net interest paid	(14.8)	(7.7)
Provisions for impairment of equity investments[1]	4.7	(24.0)
Provisions for impairment of current accounts	(4.6)	1.7
Provisions for risks relating to subsidiaries	(7.0)	(7.7)
Other provisions	0.6	(0.1)
Foreign exchange gains / (losses)	(1.2)	(1.2)
Proceeds from disposals of short-term investments		0.3
Amortisation of bond redemption premium	(0.4)	(0.4)
Net financial income	**149.7**	**3.7**

(1) See note 3.3.

The "Other provisions" line includes provisions for unrealised foreign exchange losses.

Interest paid to related companies in 2009 totalled €3.4 million (2008: €13.4 million), and interest received from related companies totalled €12.6 million (2008: €34.4 million).

4.9 EXCEPTIONAL ITEMS

Exceptional items break down as follows:

(€m)	2009	2008
Retirements of programmes and losses on disposals	(8.3)	(9.8)
Net charge to provisions (including accelerated tax depreciation)	0.4	8.9
Gains / (losses) on disposals of non-current financial assets	(0.9)	16.5
Loss on repurchase of TF1 shares		(4.5)
Other items	(0.6)	(0.1)
Exceptional items, net	**(9.4)**	**11.0**

4.10 INCOME TAXES

This item breaks down as follows:

(€m)	2009	2008
Income tax expense incurred by the tax group	(2.8)	(34.2)
Income tax credits receivable from companies entitled to tax credits	20.5	11.0
Income taxes	**17.7**	**(23.2)**

income tax credits arising on exceptional items amounted to €6.8 million.

TF1 made a group tax election on January 1, 1989. Under the group tax election agreement, the tax liability borne by each company included in the election is the same as it would have borne had there been no group tax election. The group tax election included 36 companies in 2009, compared with 47 in 2008.

The difference between the standard French tax rate of 34.43% and the effective tax rate of -9.8% is mainly due to tax-exempt income in 2009 (primarily dividends and long-term capital gains and losses) and tax savings arising from the losses of group tax election member companies.

4.11 DEFERRED TAX POSITION

The table below shows future tax effects that were not recognised at the balance sheet date but will be recognised when the underlying transactions are recognised in the income statement. They were calculated using a tax rate of 34.43%.

(€m)	Future increases in tax liability	Future reductions in tax liability
Restricted provisions	11.3	-
Accrued employee profit-sharing, holiday pay entitlement and social solidarity contributions, provisions for retirement benefit obligations and long-service leave, and other non-deductible expenses	-	13.0

Note 5 Other information

5.1 OFF BALANCE SHEET COMMITMENTS

The table shows off balance sheet commitments at December 31, 2009 by type and maturity:

Commitments given *(€m)*	Less than 1 year	1 to 5 years	More than 5 years	Total 2009	Total 2008
Property finance leases				0,0	9,7
Operating leases	19.2	106.9	93.8	219.9	136.0
Image transmission contracts	60.9	58.6	1.3	120.8	145.8
Guarantees	6.0	26.6	8.8	41.4	49.1
Commitments relating to equity interests	192.0			192.0	
Other(1)	5.6	4.4		10.0	38.9
TOTAL	**283.7**	**196.5**	**103.9**	**584.1**	**379.5**

Commitments received *(€m)*	Less than 1 year	1 to 5 years	More than 5 years	Total 2009	Total 2008
Property finance leases				0.0	9.7
Operating leases	19.2	106.9	93.8	219.9	136.0
Image transmission contracts	60.9	58.6	1.3	120.8	145.8
Commitments relating to equity interests	192.0			192.0	
Other(2)	11.7	4.8		16.5	7.4
TOTAL	**283.8**	**170.3**	**95.1**	**549.2**	**298.9**

(1) Other commitments given include:

- the financial contribution of €8.5 million to GIP France Télé Numérique, the entity responsible for the switch-off of the analogue TV signal in France,
- the fair value of two swaps of €100 million each (see note 5.2.2), representing a commitment of €0.3 million,
- the fair value of currency instruments (see note 5.2.1), representing a commitment of €1.2 million.

(2) Other commitments received include:

- the financial contribution of €8.5 million to GIP France Télé Numérique,
- the fair value of a €300 million swap (see note 5.2.2), representing a commitment of €7.6 million,
- the fair value of currency instruments (see note 5.2.1), representing a commitment of €0.4 million.

Other reciprocal commitments relating to the operating cycle are reported in the note relating to the relevant balance sheet item.

TF1 SA had not contracted any complex commitments as of December 31, 2009.

5.2 USE OF HEDGING INSTRUMENTS

5.2.1 Hedging of foreign exchange 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 100% of the payments due to be made and received in 2010, and a portion of the payments due to be made and received in 2011, under contracts already signed as at December 31, 2009.

At December 31, 2009, the equivalent value of these hedging instruments was €97.3 million, comprising:

- €88.7 million of forward purchases (€6.8 million in GBP, €81.9 million in U.S. dollars),
- €8.6 million of currency swaps (€0.1 million in GBP, €8.5 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, 2009), TF1 SA has contracted the following instruments:

- a €300 million interest rate swap contracted in 2003 and expiring in 2010,
- a €100 million interest rate swap contracted in 2008 and expiring in February 2010,
- a €100 million interest rate swap contracted in 2009 and expiring in February 2010,
- two €150 million interest rate swaps, both contracted in 2008, which expired in November 2009.

The net loss on these interest rate hedges in the year ended December 31, 2009 was €2.3 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:

	2009	2008	2007
Clerical and administrative	12	13	16
Supervisory	410	415	445
Managerial	938	891	867
Journalists	237	217	245
TOTAL	**1,597**	**1,536**	**1,573**

5.4 EXECUTIVE COMPENSATION

Total compensation paid during 2009 to key executives of the TF1 Group (i.e. the 14 members of the TF1 Management Committee mentioned in the Annual Report) was €7.0 million.

The portion of the total obligation in respect of retirement and other post-employment benefits relating to these key executives was €2.4 million.

The Bouygues Group offers the members of its Executive Committee, which includes 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 2009 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 2009 amounted to €0.3 million.

5.7 AMOUNTS INVOLVING RELATED COMPANIES

(€m)			
Assets		**Liabilities**	
Non-current financial assets	160.0	Debt	560.0
Trade debtors	497.6	Trade creditors	32.2
Other debtors	59.3	Other liabilities	382.3
Cash and current accounts	603.5		
Expenses		**Income**	
Operating expenses	173.3	Operating income	1,457.9
Financial expenses	65.5	Financial income	242.5

5.8 LIST OF SUBSIDIARIES, AFFILIATES AND OTHER EQUITY INVESTMENTS

Company / Group	Currency	Share capital	Equity other than share capital and profit / loss	Share of capital held	Gross book value of investment(1)	Net book value of investment(1)	Outstanding loans and advances	Guarantees provided(2)	Revenues for most recent financial year	Profit / (loss) for most recent financial year	Dividends received during the year
	In thousands of euros (or other currency as specified)				*In thousands of euros*						
I. Subsidiaries (at least 50% of the capital held by TF1 SA)											
■ TF1 PUBLICITE		2,400	269	100.00%	3,038	3,038	-	-	1,568,790	15,799	4,050
■ TF1 FILMS PRODUCTION		2,550	18,110	100.00%	1,768	1,768	-	-	47,822	32	1,020
■ TÉLÉSHOPPING		5,127	1,561	100.00%	5,130	5,130	12,064	-	75,926	2,167	2,991
■ TF1 PUBLICATIONS*		75	(1,458)	99.88%	519	-	-	-	-	27	-
■ TF1 ENTREPRISES		3,000	9,777	100.00%	3,049	3,049	-	-	29,790	(268)	4,000
■ e-TF1		1,000	(153)	100.00%	1,000	1,000	-	-	65,159	(136)	-
■ TF1 DIGITAL		46,559	(10,554)	100.00%	209,451	75,320	7,275	-	8,802	3,681	-
■ EUROSPORT		15,000	305,687	100.00%	234,243	234,243	160,000	843	299,413	21,561	1,500
■ EUROSPORT France		2,325	12,116	100.00%	126,825	114,825	-	5,754	61,916	3,795	1,500
■ ONE CAST		40	(1,168)	100.00%	13,440	40	6,019	-	4,414	(419)	-
■ TF1 EXPANSION		269	189,141	100.00%	291,290	291,290	-	-	0	202,387	150,000
■ TF1 DROITS AUDIOVISUELS		15,210	(9,369)	100.00%	66,431	21,731	21,410	29,053	74,959	(8,199)	-
■ LA CHAINE INFO		4,500	49	100.00%	2,059	2,059	-	5,754	44,649	(3,890)	-
■ OUEST INFO		15	(352)	100.00%	617	617	224	-	1,975	(302)	-
■ TF1 PRODUCTION		10,080	168	100.00%	24,052	24,052	4,421	-	102,556	699	-
■ TF1 INSTITUT		40	(405)	100.00%	40	40	439	-	570	(118)	-
■ TF1 MANAGEMENT		40	(10)	100.00%	40	40	-	-	-	(3)	-
■ WAT		40	(2,881)	100.00%	7,040	7,040	4,507	-	1,483	(1,691)	-
■ PREFAS 1		40	(7)	100.00%	40	40	-	-	0	(3)	-
■ PREFAS 4		40	(6)	100.00%	40	40	-	-	0	(2)	-
■ PREFAS 5		40	(6)	100.00%	40	40	-	-	0	(3)	-
■ PREFAS 6		40	(6)	100.00%	40	40	-	-	0	(2)	-
■ GIE ACQUISITION DE DROITS		0	0	96.00%	0	0	25,000	-	58,611	(3,261)	-

Company / Group	Currency	Share capital	Equity other than share capital and profit / loss	Share of capital held	Gross book value of investment[(1)]	Net book value of investment[(1)]	Outstanding loans and advances	Guarantees provided[(2)]	Revenues for most recent financial year	Profit / (loss) for most recent financial year	Dividends received during the year
	In thousands of euros (or other currency as specified)				*In thousands of euros*						
II. Affiliates (10% to 50% of the capital held by TF1 SA)											
■ MEDIAMETRIE*		930	8,706	10.80%	44	44	-	-	52,360	2,950	-
■ A1 INTERNATIONAL**		20		14,603	12,809	0	-	-	-	(10,172)	-
■ MONTE CARLO PARTICIPATION		25,285	(169)	50.00%	12,642	12,642	8,300	-	1,196	40	-
■ TCM GESTION		40	7	33.92%	14	14	-	-	4	0	-
■ TCM DROITS AUDIOVISUELS		240	6,358	34.00%	82	82	2,207	-	9,173	5,101	-
■ PUBLICATIONS METRO FRANCE		100	368	34.30%	12,000	12,000	-	-,	34,919	4	-
■ S M R 6		90	47	16.67%	15	15	5	-	78	2	-
■ JFG NETWORKS		47	1,727	40.03%	3,504	3,504	-	-	1,690	(115)	-
■ SOPARMEDIA**		1,990	(7)	12.56%	250	-	-	-	-	(9)	-
■ GROUPE AB*		30,243	91,286	33.50%	229,642	229,642	-	-	8,156	47,812	-
■ WB TELEVISION*		62	(3,250)	49.03%	4,500	4,500	-	-	525	(440)	-
■ MR5		38	0	33.33%	13	13	-	-	7,943	(9)	-
III. Other equity investments (less than 10% of the capital held by TF1 SA)											
■ PRIMA TV*		6,500	4,680	5.00%	1,407	1,407	-,	-	36,499	(716)	-
■ MEDIAMETRIE EXPANSION*		1,829	137	5.00%	91	0	-	-	0	113	7
■ LES NOUVELLES EDITIONS TF1		40	52	1.00%	0	0	-	-	9	4	-
■ EZ TRADING		75	(37)	0.02%	0	0	-	-	12,100	3,049	-
■ TF6		80	(5)	0.02%	0	0	2,474	-	17,610	(858)	-
■ TF6 GESTION		80	19	0.001%	0	0	-	-	4	5	-
■ SERIE CLUB		50	612	0.004%	2	2	-	-	9,174	586	-
■ SED ODYSSEE		8	(61)	0.20%	0	0	443	-	4,822	14	-
■ APHELIE		2	(5,960)	0.05%	0	0	66,908	-	10,453	4,953	-
■ DUJARDIN (formerly REGAIN GALORE)		463	2,150	0.01%	-	-	-	-	8,857	(17)	-
■ NT1*		8,351	0	0.0%	-	-	-	-	23,515	(4,244)	-
TOTAL SUBSIDIARIES, AFFILIATES & EQUITY INVESTMENTS			**0**		**1,267,207**	**1,049,307**	**-**	**-**	**-**	**-**	**-**

(1) Includes transaction costs where relevant.

(2) Guarantees provided represents guarantees given by TF1 SA to cover possible default by a subsidiary, and are disclosed in off balance sheet commitments.

** Share capital, equity other than share capital and profit / loss, revenue, and profit / loss all relate to the 2008 financial year.*

*** Share capital, equity other than share capital and profit / loss, revenue, and profit / loss all relate to the 2007 financial year.*

Note 6 Post balance sheet events

CLEARANCE FROM THE COMPETITION AUTHORITY FOR THE ACQUISITION OF THE AB GROUP

On January 26, 2010, the French Competition Authority gave the TF1 Group clearance to proceed with the acquisition of the AB Group. The transaction will be completed once clearance has been obtained from the CSA, the French audiovisual regulator.

5

STATUTORY AUDITORS' REPORT

5.1 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 2009

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, 2009, 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 professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2009 and of the results of its operations for the year then ended in accordance with French accounting principles.

2 JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of Article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we draw your attention to the following matters:

- Note 2.4 to the financial statements describes the method used to determine the value in use of investments for which an impairment charge or provision may be recorded. Based on the information available to us, we examined the method used to determine the value in use of the investments and verified that the information provided in the note was appropriate,
- 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 performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code ("Code de Commerce") relating to remunerations and benefits received by the Directors and any other commitments made in their favour, we have verified its consistency with the financial statements or with the underlaying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders (and holders of the voting rights) has been properly disclosed in the management report.

The Statutory Auditors

Paris La Défense and Courbevoie, February 26, 2010

KPMG Audit	MAZARS
Department of KPMG S.A.	
Eric Lefebvre	*Gilles Rainaut*
Partner	*Partner*

5.2 STATUTORY AUDITORS' REPORT ON THE REPORT BY THE CHAIRMAN OF THE BOARD OF DIRECTORS

Statutory Auditors' Report, prepared in accordance with Article L. 225-235 of the French Commercial Code ("Code de Commerce"), on the Report by the Chairman of the Board of Directors of Télévision Française 1 S.A

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 2009

To the Shareholders

In our capacity as Statutory Auditors of Télévision Française 1 S.A., and in accordance with Article L. 225-235 of the French Commercial Code ("Code de Commerce"), we hereby report on the report prepared by the Chairman of your company in accordance with Article L. 225-37 of the French Commercial Code for the year ended December 31, 2009.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report on the internal control and risk management procedures implemented by the company and containing the other disclosures required by Article L. 225-37 particularly in terms of the corporate governance measures.

It is our responsibility:

- to report to you on the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- to attest that this report contains the other disclosures required by Article L. 225-37 of the French Commercial Code, it being specified that we are not responsible for verifying the fairness of these disclosures.

We conducted our work in accordance with professional standards applicable in France.

Information on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

These standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information.

These procedures consisted mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and existing documentation,
- obtaining an understanding of the work involved in the preparation of this information and existing documentation,
- determining if any significant weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our engagement are properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the company's internal control and risk management procedures relating to the preparation and processing of accounting and financial information contained in the report prepared by the Chairman of the Board in accordance with Article L. 225-37 of the French Commercial Code.

Other disclosures

We hereby attest that the Chairman's report includes the other disclosures required by Article L. 225-37 of the French Commercial Code.

The Statutory Auditors
Paris La Défense and Courbevoie, February 26, 2010

KPMG Audit
Department of KPMG S.A.
Eric Lefebvre
Partner

MAZARS

Gilles Rainaut
Partner

5.3 STATUTORY AUDITOR'S 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 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 2009

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, 2009, 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 professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2009 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to note 2.3 "Changes in accounting policy" to the consolidated financial statements, which describes that the change in accounting method, required to comply with new or amended IFRS applicable on or after the 1st January 2009, had no impact on the consolidated financial statements.

2 JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of Article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we draw your attention to the following matters:

- each year end, the Company performs impairment tests on goodwill and intangible assets with indefinite useful lives, and also assesses whether there is any indication of impairment of other tangible and intangible assets, according to the methods described in note 2.10 to the consolidated financial statements. Based on the information available to us, we examined the methods used to test for impairment and the cash flow forecasts and ensured that the note provides appropriate disclosures thereon,
- 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

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the Group's management report.

We have no matters to report regarding its fair presentation and conformity with the consolidated financial statements.

The Statutory Auditors
Paris La Défense and Courbevoie, February 26, 2010

KPMG Audit	MAZARS
Department of KPMG S.A.	
Eric Lefebvre	*Gilles Rainaut*
Partner	*Partner*

5.4 STATUTORY AUDITORS' REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

This is a free translation into English of a report issued in French and 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, 2009

To the 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 2009:

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 APHÉLIE S.N.C.

Commercial lease agreement

On June 19, 2009, TF1 signed a commercial lease agreement with Aphélie, regarding the rent of the IGH, the North Wing and the central edifice of the Point du Jour building. This contract was approved on the Boards of Directors Meetings of May 13 and November 10, 2009.

This lease has a length of 9 years and 9 days with a commitment of 6 years and 9 days. The annual payments are €13,049 thousand starting June 22, 2009, effective date of the contract. The free rent is fixed as 12 months and 9 days.

TF1 Expansion, a subsidiary of TF1, is a shareholder of Aphélie S.N.C.

DEBTS OF SUBSIDIARIES CANCELLED BY TF1

JET S.A.S.

On November 26, 2009, TF1 cancelled a debt of €80 thousand which it possessed on the JET's bank current account. This decision was approved by on the Board of Directors Meeting of the November 10, 2009.

TF1 was a shareholder of JET S.A.S. by the date of this operation.

TF1 Mobile S.A.S.

On November 26, 2009, TF1 cancelled a debt of €1,366 thousand which it possessed on the TF1 Mobile's bank current. This decision was approved by on the Board of Directors Meeting of the November 10, 2009.

TF1 was a shareholder of TF1 Mobile S.A.S. by the date of this operation.

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 BOUYGUES S.A.

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 €3,409 thousand in respect of 2009. This amount includes an adjustment of €70 thousand in respect of 2008.

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 2009, there were no invoices.

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 by the Group's different businesses.

This campaign, which takes place over 2008 and 2009, is partially financed by the different businesses in the Bouygues Group, in proportion of their contribution to Bouygues' total Group sales.

Bouygues invoiced TF1 an amount of €358 thousand in respect of this agreement for 2009. This amount includes an adjustment of €295 thousand in respect of 2008.

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, in particular with TF1 Group.

Zenith Optimedia invoiced Bouygues an amount of €2 thousand, for the benefit of TF1, in respect of these media space purchases.

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. Nonce Paolini is a member of the Board.

For 2009, Bouygues invoiced TF1 an amount of €268 thousand.

WITH EUROGROUP

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 2009, the interest earned by TF1 under this agreement amounted to €6,602 thousand.

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 2009, TF1 invoiced these subsidiaries a proportion of the residual administrative costs, as defined in these agreements, as follows:

(€ thousands)	Amount (excluding VAT)
TF1 PUBLICITE	3,732
EUROSPORT	2,141
TF1 PRODUCTION	1,100
E-TF1	836
TF1 VIDÉO	717
TÉLÉSHOPPING	556
LA CHAINE INFO	510
TF1 DROIT AUDIOVISUELS	463
TF1 ENTREPRISES	351
EUROSPORT FRANCE	344
TF1 FILMS PRODUCTION	232
TV BREIZH	178
INFOSHOPPING	109
ODYSSEE	83
WE ARE TALENTED	55
EZ TRADING	51
OUEST INFO*	50
HISTOIRE	46
TOP SHOPPING	44
DUJARDIN	31
USHUAIA TV	23
ONECAST	23
TF1 INSTITUT	5
UNE MUSIQUE	(3)
TOTAL	**11, 677**

* *Companies invoiced for the first time in 2009.*

The agreement with Shopping à la Une was not applied in respect of 2009 as the company was sold by the TF1 Group in January 2009.

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 2009, 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 €982 thousand for 2009.

WITH FRANCE 24

TF1 entered into a cash management agreement with France 24 at an annual fixed price of €10 thousand.

For the financial year 2009, TF1 invoiced €5 thousand to France 24 under this agreement (until transfer date, namely February 12, 2009).

WITH TF1 DIGITAL

Business management lease (Belgium)

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 2009, TF1 Digital paid royalties of €128 thousand.

Business management lease (Luxembourg)

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 2009, TF1 received €11 thousand.

WITH TOP TICKET.S (SOLD ON NOVEMBER 17, 2009)

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 Ticket.s an amount of €116 thousand in respect of these agreements in 2009.

The Statutory Auditors
Paris La Défense and Courbevoie, February 26, 2010

KPMG Audit Department of KPMG S.A. *Eric Lefebvre* *Partner*	MAZARS *Gilles Rainaut* *Partner*

6

LEGAL INFORMATION CONCERNING TF1

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, France

Trade & Companies register number: 326 300 159 RCS Nanterre

SIRET number: 326 300 159 00067

Industry segment code: 6020A

Company type: *Société Anonyme* (public limited company) under French law with a Board of Directors

Date of incorporation: September 17, 1982

Date of expiration: January 31, 2082

Financial year: January 1 to December 31

6.1.2 Company object

The purpose of the company is to operate an audiovisual communication service, as authorised by the laws and regulations in force, comprising the conception, production, programming and broadcasting of television programmes, and including all advertising messages and announcements.

To carry out any industrial, commercial, financial, securities or property operations, within or outside France, directly or indirectly connected to this activity and to any similar, related or complementary objects, or any operations likely to facilitate their realisation or development or to any company asset, including:

- devising, producing, acquiring, selling, renting and exploiting all recordings of images and / or sound, news reports, and films intended for television, the cinema or broadcasting,
- undertaking advertising sales transactions,
- providing services of all kinds for sound broadcasting and television,

All of these directly or indirectly, on its own behalf or on behalf of third parties, either alone or with third parties, through the creation of new companies, contributions, limited partnerships, subscriptions, the purchase of company shares or rights, mergers, partnerships, joint ventures, acquisitions, gifts or the management of any property or rights, or otherwise.

Its action is undertaken in compliance with its contract conditions and the 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 one tenth of registered capital.

Distributable income comprises the year's profits plus retained earnings brought forward, minus previous losses and amounts credited to reserves, as required by law and these Articles of Incorporation.

This income shall be distributed between all shareholders in proportion to the number of shares they each own.

6.1.4 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:

- for holders of registered shares: be entered in the shareholders' register of the company no later than midnight (CET), Monday April 12, 2010,
- 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 no later than midnight (CET), Monday April 12, 2010.

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, no later than midnight (CET) on Monday April 12, 2010.

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 documented, 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, following the publication of the present notification and no more than 25 days before the date of the General Meeting.

6.1.5 Crossing the statutory thresholds

Any person, acting alone or with others, who attains a holding of at least 1%, 2%, 3% or 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% or 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 General Meeting of April 17, 2009

ARTICLE 1

LEGAL FORM

A public limited company governed by current and future legislation in force and by these Articles of Incorporation has been formed between the owners of shares hereinafter created and of any shares subsequently created.

ARTICLE 2

CORPORATE PURPOSE

The purpose of the company is:

To operate an audiovisual communication service, as authorised by the laws and regulations in force, comprising the conception, production, programming and broadcasting of television programmes, and including all advertising messages and announcements.

To carry out any industrial, commercial, financial, securities or property operations, within or outside France, directly or indirectly connected to this activity and to any similar, related or complementary objects, or any operations likely to facilitate their realisation or development or to any company asset, including:

- devising, producing, acquiring, selling, renting and exploiting all recordings of images and / or sound, news reports, and films intended for television, the cinema or broadcasting,
- undertaking advertising sales transactions,
- providing services of all kinds for sound broadcasting and television,

All of these directly or indirectly, on its own behalf or on behalf of third parties, either alone or with third parties, through the creation of new companies, contributions, limited partnerships, subscriptions, the purchase of company shares or rights, mergers, partnerships, joint ventures, acquisitions, gifts or the management of any property or rights, or otherwise.

Its action is undertaken in compliance with its contract conditions and the prevailing laws in force.

ARTICLE 3

NAME

Its corporate name is: “Télévision Française 1”

or its abbreviated form: “TF1.”

All legal and other documents issued by the company must mention the corporate name, immediately preceded or followed by the words *Société anonyme* (“public limited company”) or the corresponding French initials “SA” and the share capital amount.

ARTICLE 4

REGISTERED OFFICE

The Registered office is located at Boulogne (92100) – 1, quai du Point du Jour.

It may be transferred to any other location in the same or an adjoining “*department*” (French administrative unit) by the decision of the Board of Directors, subject to ratification by the next Ordinary General Meeting, or anywhere else in France through a decision by the Extraordinary General Meeting of Shareholders.

If a transfer is decided by the Board of Directors, the latter shall be authorised to modify the Articles of Incorporation in consequence.

ARTICLE 5

DURATION

The duration of the company is set at ninety-nine (99) years as from the date of its registration in the Trade and Companies Register, except in the event of earlier dissolution or an extension decided by the Extraordinary General Meeting of Shareholders.

ARTICLE 6

AUTHORISED CAPITAL

The authorised capital is set at €42,682,098.40, divided into 213,410,492 shares, each with a par value of €0.20.

ARTICLE 7

FORM – PAYMENT – FRACTIONAL SHARES

a. The company’s shares may be registered or bearer shares.

The shares and all other securities issued by the company shall be registered in their holders’ names or, if appropriate, in the name of an intermediary, under the conditions set forth in the applicable legal and regulatory texts.

b. To identify holders of bearer shares, the company reserves the right, under the legal and regulatory conditions in force, to request at any time and at its own expense, that the central custodian responsible for keeping the account of shares in issue (hereafter the “central custodian”) provide the name of the person or entity, nationality, year of birth or constitution, and address of any holder of securities conferring, immediately or at a later time, the right to vote at its General Meetings. It may also request from the central custodian information as to the quantity of shares held by each shareholder, and if appropriate any restrictions that may apply to the shares.

With respect to the list transmitted to the company by the central custodian, the company may request either from the central custodian or directly from the persons on this list whom the company believes may be registered as intermediaries for third-party accounts holding securities, the information noted in the previous paragraph concerning the owners of the securities.

These persons are required, if acting as intermediaries, to reveal the identities of the owners of the securities. The information shall be provided directly to the authorised account-keeping financial intermediary, who is responsible for transmitting it, as appropriate, to the issuing company or the central custodian.

With regard to securities in registered form, the company also reserves the right at any time to request that the registered intermediary for a third-party securities account reveal the identity of an owner of these securities.

For as long as the company believes that certain holders of its securities in either bearer or registered form, of whose identities it has been informed, are acting on behalf of third-party owners of the securities, it may request that these holders reveal the identities of the owners of these securities subject to the conditions stated above.

Following requests for 'information described above, the company may request any legal entity that is an owner of the company's shares representing more than one-fortieth of the share capital or voting rights to reveal to it the identity of persons holding directly or indirectly more than one-third of that legal entity's share capital or voting rights exercised at its General Meetings.

If a request is made pursuant to the stipulations of this Article 7. b and the information requested has not been transmitted within the legal and regulatory time limits, or if information transmitted is incomplete or erroneous with respect to the requested party/s own status or the owners of the securities, then the shares or other securities conferring immediate or subsequent access to the capital and for which this person was registered shall forfeit their voting right for any General Meeting that may take place until the matter of identity is settled. Payment of any dividend is postponed until that date.

Furthermore, in the event that the registered person knowingly disregards the above stipulations, the court of competent jurisdiction in the area of the entity's registered office may, upon request by the company or one or more shareholders representing at least 5% of the share capital, decree the forfeit of all or part of the voting rights from the shares concerned for a period not to exceed five years. The court may also deprive the shares of the corresponding dividend for the same period.

c. All persons, acting alone or in concert, who acquire at least 1%, 2%, 3% or 4% of the capital or voting rights shall be bound, within five days of the registration on their account of the shares causing them to attain or exceed this threshold, to declare to the Company the total number of shares and the number of voting rights they possess by means of a return-receipted registered letter sent to the registered office.

This declaration must be undertaken under the conditions stipulated above every time the threshold of 1%, 2%, 3% or 4% is overstepped in either direction.

If they have not been declared in accordance with the above conditions, shares exceeding the proportion that should have been declared shall forfeit their voting rights as provided by law, if one or several shareholders holding at least 5% of the capital so request during the General Meeting.

This provision is in addition to the legal provisions for declarations relative to the overstepping of shareholding thresholds.

d. Cash shares shall be paid up under legal conditions.

e. Holders of fractional shares resulting from the exchange, consolidation, allotment or subscription of shares shall be responsible for their aggregation and any necessary purchases or sales of shares and/or rights.

ARTICLE 8

ASSIGNMENT AND TRANSFER OF SHARES

Shares shall be freely negotiable within the limit of the laws or regulations in force, including the conditions stipulated by Acts 86-1067 of September 30, 1986, 86-1210 of November 27, 1986 and 89-25 of January 17, 1989.

Subject to the international commitments made by France, no person of foreign nationality within the meaning of Article 40 of Act 86-1067 of September 30, 1986 may undertake an acquisition whose effect is to directly or indirectly increase the share of capital held by foreigners to more than 20 percent of the share capital or voting rights in the company's General Meetings.

Furthermore, a single natural person or legal entity may not directly or indirectly own a participation greater than that stipulated by the laws and regulations in force.

More generally, shareholders are bound to respect the specific provisions of the laws in force relative to the ownership or acquisition of the company's shares.

ARTICLE 9

RIGHTS AND OBLIGATIONS PERTAINING TO SHARES

I. All shares include a right to a share of the company's profits and assets in proportion to the portion of equity they represent.

In addition, they include the right to vote and to be represented in General Meetings pursuant to the laws and regulations in force.

All shares include the right, during the company's existence and in the event of liquidation, to payment of the same net amount with every allotment or repayment, so that, should the occasion arise, all shares shall be treated as one indistinct entity regarding any tax exemptions and any tax which may be borne by the company.

II. Shareholders shall be liable up to the nominal amount of the shares they possess: above this sum, all calls for capital shall be prohibited.

Rights and obligations shall be attached to the share, whoever the owner. Ownership of a share shall, as a matter of law, involve acceptance of the company's Articles of Incorporation and the decisions of the General Meeting.

ARTICLE 10

BOARD OF DIRECTORS

I. The company shall be managed by a Board of Directors of twelve members subject to the dispensations provided by law. In application of Article 66 of Act 86-1067 of September 30, 1986, two seats on the Board of Directors shall be allocated to staff representatives; one of these two seats shall be reserved for engineers, executives and those in a similar category.

II. During the existence of the company, Board members who are not staff representatives shall be appointed or reappointed to their duties by the Ordinary General Meeting of Shareholders.

III. The term of office of a Board member shall be two years.

The duties of a member who is not a staff representative shall terminate at the end of the Ordinary General Meeting ruling on the accounts of the previous business year, held during the year during which the Board member's term of office expires.

The duties of a member who is a staff representative shall terminate after the announcement of the votes of the electoral colleges appointing Board members representing the staff; this appointment must normally take place within the two weeks preceding the General Meeting covering the previous business year, held during the year in which the Board member's term of office expires.

Members of the Board may always stand for re-election.

Board members who are not staff representatives may be dismissed at any time by the Ordinary General Meeting.

Board members representing the staff may only be dismissed through the decision of the President of the Regional Court, sitting in relief proceedings, for misconduct during the exercise of their duties, at the request of the majority of the members of the Board. The decision shall be immediately enforceable.

Except in the event of termination at the employee's initiative, the termination of an employment contract of a Board member elected by the employees may only be pronounced by the trial Board of the Industrial Tribunal sitting in relief proceedings. The decision shall be immediately enforceable.

IV. Board members who are not staff representatives may be natural persons or legal entities; upon their appointment, the latter must name a permanent representative who shall be subject to the same conditions and obligations and assume the same responsibilities as if he were a member of the Board in his own right, without prejudice to the joint and several liability of the legal entity he represents; the permanent representative's term of office shall run for the duration of that of the legal entity he represents; he must be reappointed each time such legal entity's term of office is renewed.

If the legal entity terminates the term of office of its representative, it shall be bound to notify such cancellation to the company immediately by registered letter, together with the identity of its new permanent representative; likewise in the event of the permanent representative's death, resignation or prolonged indisposition.

V. If one or several seats of members of the Board who are not staff representatives become vacant between two General Meetings due to their death or resignation, the Board of Directors may appoint one or more members on a temporary basis.

If one or several seats of members of the Board who are staff representatives become vacant between two General Meetings due to their death, resignation, dismissal or the termination of their employment contract, the vacant seat shall be filled by the alternate.

Appointments of members of the Board made by the Board of Directors shall be subject to ratification by the next Ordinary General Meeting. Should no such ratification take place, decisions taken and acts accomplished previously by the Board shall remain valid.

Should only one or two members of the Board remain at their post(s), he or they, or failing this the Statutory Auditor(s), must immediately convene an Ordinary General Meeting of Shareholders in order to fill the vacant positions on the Board.

Any member of the Board appointed to replace another shall only do so for the remaining period of his predecessor's term of office.

ARTICLE 11

SHARES OF MEMBERS OF THE BOARD

Members of the Board must each own one share.

Members of the Board appointed during the existence of the company need not own any shares at the time they are appointed, but must become shareholders within three months, failing which they will automatically be considered to have resigned.

ARTICLE 12

OFFICERS OF THE BOARD

The Board of Directors shall appoint one of its members who is a natural person as Chairman, and set the period of his duties, though this may not exceed his term of office as a member of the Board.

The Chairman of the Board of Directors shall organise and direct the work of the Board, and report on this to the General Meeting of Shareholders. He shall ensure the proper functioning of the company's management bodies, and in particular ensure that the members of the Board are capable of fulfilling their duties.

If it sees fit, the Board of Directors may appoint one or several Vice Chairmen, whose period of duties it shall also fix without this exceeding their terms of office.

The Board may also appoint a Secretary, who need not be one of its members.

In the absence or indisposition of the Chairman, a Board Meeting may be chaired by the Vice Chairman fulfilling the duties of Chief Executive Officer, or the longest-serving Vice Chairman. Failing this, the Board shall appoint one of its members to act as Chairman for the Meeting.

The Chairman, Vice Chairmen and Secretary may all stand for re-election.

As from the date when shares are admitted to the official listing or to the Second Market of the Paris Stock Exchange, the age limit for performing the duties of Chairman of the Board of Directors is set at 68.

ARTICLE 13

DELIBERATIONS OF THE BOARD

I. The Board of Directors shall meet as often as the interests of the company require, at the behest of its Chairman. The Chairman of the Board must also, as provided by law, convene such a Meeting at the request of a third of its members or of the Chief Executive Officer, if the latter's duties are not assumed by the Chairman of the Board, even if the last Meeting was held less than two months previously.

The Meeting shall take place at the Registered office, or in any other place indicated in the notification to attend.

Notifications to attend may be communicated by any means, and may even be oral.

II. For deliberations to be valid, the effective presence of at least half the members of the Board shall be required.

Decisions shall be taken with a majority of votes from the members present or represented; each Board member shall dispose of one vote, and may not represent more than one of his colleagues.

Should there be an equal number of votes, the Chairman shall have the deciding vote.

Members of the Board may participate in Board Meetings by means of videoconference or telecommunications facilities, as provided by the laws and regulations.

For the calculation of the quorum and majority, Board members participating in Board Meetings via videoconference facilities shall be considered as present.

ARTICLE 14

POWERS OF THE BOARD OF DIRECTORS

The Board of Directors shall decide upon the strategic directions for the company's activities and ensure that they are put into practice.

Subject to the powers expressly conferred by law on Shareholders' Meetings or the Chairman of the Board of Directors or the Chief Executive Officer, if the latter's duties are not assumed by the Chairman of the Board, and within the limits of the corporate purpose, it shall deal with all matters relating to the proper functioning of the company and settle any related decisions through its deliberations. It shall undertake any checks and verifications that it deems appropriate.

In general, it shall take any decisions and exercise any prerogatives falling within the scope of its competence by virtue of the laws and regulations in force or these Articles of Incorporation.

It may decide to create committees in charge of examining questions that it or its Chairman submits for their opinion. It shall fix the composition and remit of such committees.

It may entrust to one or several of its members' special duties for one or several determined purposes.

ARTICLE 15

REMUNERATION OF MEMBERS OF THE BOARD

I. Members of the Board may receive Directors' fees whose amount, fixed by the Ordinary General Meeting of Shareholders, shall be maintained until a decision is made to the contrary and which shall be posted in the accounts under operating expenses.

II. The Board shall decide by a majority vote upon the division of these fees between its members, in a manner it considers appropriate.

III. Members of the Board may also have the right to special remuneration authorised by the Board and submitted to the approval of the General Meeting, subject to a special report by the Statutory Auditors, for assignments or mandates entrusted to them, and to the reimbursement of their travelling expenses occasioned by management requirements.

ARTICLE 16

GENERAL MANAGEMENT – DELEGATION OF POWERS

I. The General Management of the company is assumed, under his responsibility, either by the Chairman of the Board of Directors, who shall then take the title of Chairman and Chief Executive Officer, or by another natural person, whether or not a member of the Board, appointed by the Board of Directors, for whom it shall set the period of his duties, this person taking the title of Chief Executive Officer. The Chief Executive Officer may be dismissed at any time by the Board of Directors.

The Board of Directors shall choose between these two methods of General Management upon each appointment / reappointment of the Chairman of the Board or of the Chief Executive Officer if the latter's duties are not assumed by the Chairman of the Board.

This choice shall remain valid until the expiry of one of these terms of office or, should the case arise, until the Chairman of the Board decides to no longer assume the functions of Chief Executive Officer, or upon the decision of the Board of Directors for a shorter period, which may not be less than one year.

Any change in the General Management method shall not entail a modification of the Articles of Incorporation.

II. The Chief Executive Officer or the Chairman of the Board, if he assumes the duties of Chief Executive Officer, shall be vested with the widest powers to act on behalf of the company in all circumstances. He shall exercise these powers within the limits of the corporate purpose and subject to the powers expressly accorded to Shareholders' Meetings and the Board of Directors. He shall represent the company in its relations with third parties.

He may delegate any powers to any proxy of his choice within the limit of those conferred by law and the Articles of Incorporation herein. Any limitation of such powers by the decision of the Board of Directors shall be without effect as regards third parties.

III. The Board of Directors may, on the proposal of the Chief Executive Officer or the Chairman of the Board, if he assumes the duties of Chief Executive Officer, mandate a natural person, whether or not a member of the Board, to assist the former; this person shall have the title of Deputy Chief Executive Officer.

The maximum number of Deputy Chief Executive Officers appointed in this way is that fixed by the prevailing legislation.

Each Deputy Chief Executive Officer may be dismissed at any time by the Board of Directors on the proposal of the Chief Executive Officer, or the Chairman of the Board, if he assumes the duties of Chief Executive Officer. In the event of the death, resignation or dismissal of the Chief Executive Officer or the Chairman of the Board, if he assumes the duties of Chief Executive Officer, each Deputy Chief Executive Officer shall retain his functions and remit, unless the Board of Directors decides otherwise, until the appointment of another person assuming the duties of Chief Executive Officer.

In agreement with the Chief Executive Officer, or the Chairman of the Board, if he assumes the duties of Chief Executive Officer, the Board of Directors shall decide on the scope and duration of the powers delegated to each Deputy Chief Executive Officer.

As regards third parties, each Deputy Chief Executive Officer shall possess the same powers as the Chief Executive Officer or the Chairman of the Board, if he assumes the duties of Chief Executive Officer.

ARTICLE 17

REGULATED AGREEMENTS

Any agreement made, whether directly or via an intermediary, between the company and its Chief Executive Officer, one of its Deputy Chief Executive Officers, one of its Board members, one of its shareholders possessing a proportion of voting rights greater than 10% or, if it involves a shareholding company, the company controlling it within the meaning of Article L. 233-3, must have obtained the prior authorisation of the Board of Directors, if it does not relate to a standard transaction or is not made under normal terms and conditions.

The same shall apply to any agreements (other than those concerning a standard transaction or made under normal terms and conditions) in which any of the persons indicated in the preceding paragraph has an indirect interest.

Prior authorisation shall also be required for any agreements (other than those concerning a standard transaction or made under normal terms and conditions) taking place between the company and another company if one of the company's Board members, the Chief Executive Officer or one of the Deputy Chief Executive Officers is the owner, an associate with unlimited liability, manager, member of the Board, member of the Supervisory Board or, in general, an executive of the other company.

Prior authorisation shall also be required for any commitment benefiting the Chairman or Chief Executive Officer or one of the Deputy Chief Executive Officers made by the company or any controlled company or company controlling it within the meaning of paragraphs II and III of Article L. 233-16 and corresponding to elements of remuneration, allowance or perquisite due or likely to be due resulting from the discontinuation or change of function or subsequent to it.

In the case of the nomination to the position of Chairman or Chief Executive Officer or Deputy Chief Executive Officer of a person bound by a work contract to the company or any controlled company or company controlling it within the meaning of paragraphs II and III or Article L. 233-16, the provisions of said contract that may correspond to elements of remuneration, allowance or perquisite due or likely to be due resulting from the discontinuation or change of function or subsequent to it also require prior authorisation.

ARTICLE 18

STATUTORY AUDITORS

The company shall be audited by two Statutory Auditors who shall be appointed and exercise their assignment in accordance with the law.

Two Alternate Statutory Auditors shall also be appointed to take the place of the Statutory Auditors in the event of refusal, unforeseen difficulty, resignation or death.

ARTICLE 19

GENERAL MEETINGS

Collective decisions of the shareholders shall be taken in General Meetings, qualified as Ordinary or Extraordinary depending on the nature of the decisions they are required to take.

Each regularly constituted General Meeting shall represent the shareholders as a whole.

The deliberations of General Meetings shall be binding on all shareholders, even if absent, dissenting or legally incapable.

ARTICLE 20

NOTIFICATION TO ATTEND AND VENUE FOR GENERAL MEETINGS

General Meetings shall be convened and reach decisions as provided by law.

General Meetings shall be held at the Registered Office or any other place indicated in the notification to attend.

ARTICLE 21

ACCESS TO GENERAL MEETINGS - POWERS

All shareholders may participate in General Meetings, irrespective of the number of shares they own, in person or by proxy, on condition that they provide proof of identity and of ownership of their shares, in the form and place indicated in the notification of the Meeting, at least five days before the date of the General Meeting, as provided by law regarding the participation of shareholders in General Meetings. However, the Board of Directors may reduce or waive this time limit provided that it does so for all shareholders.

Shareholders may only be represented by their spouse or by another shareholder duly mandated as their proxy or, in the case of shareholders not resident in French territory, by an intermediary registered as a shareholder pursuant to Article L. 228-1 of the French Code of Commerce.

Shareholders that are legal entities shall participate in Meetings through their legal representatives or any person appointed for this purpose by the latter.

Any shareholder may, as provided by the law and regulations, vote by proxy or by correspondence at any General Meeting, either on paper or - upon the decision of the Board of Directors published in the notification of the Meeting and notification to attend, or, should the case arise, in the personal notification of the Meeting - by remote transmission.

ARTICLE 22

QUORUM - VOTING - NUMBER OF VOTES

I. In Ordinary and Extraordinary General Meetings, the quorum shall be calculated on the entire number of shares constituting the authorised capital, excluding non-voting shares as provided by law.

Where votes by correspondence are concerned, only slips received by the company before the Meeting, within the time limit and pursuant to the conditions provided by law, shall be taken into consideration for calculating the quorum.

Shareholders participating in the Meeting by videoconference, internet or by telecommunication means enabling them to be identified, the nature and conditions of which comply with the prevailing laws and regulations, shall be considered as present for the purposes of calculating the quorum and the majority.

II. Voting rights attached to shares are proportional to the capital they represent. At equal nominal value, each equity or dividend share entitles the holder to one vote.

III. If shares are held in usufruct, the voting rights attached to these shares shall belong to the beneficial owners in Ordinary General Meetings and to the bare owners in Extraordinary General Meetings.

ARTICLE 23

ORDINARY GENERAL MEETINGS

I. The Ordinary General Meeting shall be called upon to take all decisions that do not modify the Articles of Incorporation.

It shall meet at least once a year, within the time limits indicated by the prevailing laws and regulations, to rule on the financial statements of the previous business year.

II. The Ordinary General Meeting may not deliberate validly, upon the first notification to attend, unless the shareholders present, represented or having voted by correspondence possess at least 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.

Five percent shall be deducted from profits, after deduction of any previous losses, and appropriated to the legal reserve fund. This is no longer compulsory when the legal reserve reaches one tenth of the registered capital. This deduction shall be resumed if for any reason the legal reserve falls below this one tenth.

Distributable income shall comprise the year's profits plus retained earnings brought forward, minus previous losses and amounts credited to reserves, as required by law and these Articles of Incorporation.

This income shall be distributed between all shareholders in proportion to the number of shares they each own.

However, after deduction of the appropriations to reserves required by law, the General Meeting may appropriate any amount it deems necessary to any optional ordinary or extraordinary reserve funds, or carry it forward to future years.

Dividends are primarily taken out of the year's profits. The General Meeting may, in addition, decide to appropriate sums from available reserves, provided it explicitly specifies the reserves in question.

The Ordinary General Meeting of Shareholders may grant shareholders, in respect of all or part of the dividend and interim dividend, the option of taking the dividend and interim dividend in the form of either cash or shares.

Except in the case of a reduction in capital, no distribution to shareholders shall be allowed if the effect is or would be to reduce shareholders' equity below the amount of capital plus reserves required by the law and by these Articles of Incorporation for any distribution to be permitted. Revaluation reserves are not distributable but can be partially or fully incorporated into capital.

Any loss shall be carried forward, following the General Meeting's approval, and shall be deducted from the profits of subsequent years until such time as it is extinguished.

ARTICLE 27

DISSOLUTION-LIQUIDATION

Apart from dissolution provided for by law, the company shall be dissolved on expiry of the term as defined in the Articles of Incorporation or by the decision of the Extraordinary General Meeting of Shareholders.

One or several liquidators shall then be appointed by this Extraordinary General Meeting acting under the quorum and majority conditions stipulated for Ordinary General Meetings.

The liquidator shall represent the company. He shall be invested with the widest powers to realise the assets, even by private treaty. He shall be authorised to pay creditors and distribute the remaining balance.

The General Meeting of Shareholders may authorise him to continue any ongoing business or to undertake new business transactions for the purposes of liquidation.

The net assets remaining after repayment of the shares at their par value shall be distributed between the shareholders in the same proportions as their interest in capital.

ARTICLE 28

DISPUTES

All disputes in connection with company matters arising during the company's existence or during liquidation, either between the shareholders and the company or the members of its Board, or between the company and the members of its Board, or between the shareholders themselves and relating to company matters, will be referred to the competent courts of the registered office.

6.2 LEGAL FRAMEWORK

6.2.1 Share ownership

Under the terms of Article 39 of Act 86-1067 of September 30, 1986 as amended, an individual or entity, acting alone or with others, shall not hold, directly or indirectly, more than 49% of the capital or voting rights of a company licensed to operate a domestic free-to-air 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 Act 86-1067 of September 30, 1986 as amended, when an individual or entity holds, directly or indirectly, more than 15% of the capital or voting rights of a company licensed to operate a national free-to-air analogue television service, the same individual or entity shall not hold, directly or indirectly, more than 15% of the capital of another company holding a similar authorisation.

Under the terms of Article 40 of Act 86-1067 of September 30, 1986 as amended, no individual or entity of foreign nationality shall purchase an interest leading to foreign nationals holding, directly or indirectly, more than 20% of the capital of a company licensed to operate a domestic free-to-air analogue television service.

Under the terms of Article 41 of the Act of September 30, 1986, as amended by the Act of July 9, 2004, one and the same person can hold, directly or indirectly, a maximum number of seven authorisations for a domestic free-to-air digital television service.

6.2.2 Licence conditions

TF1 is an audiovisual communications service subject to licence. The initial period of licence for use of frequencies, for a duration of 10 years from April 4, 1987 (Act of September 30, 1986), expired in 1997.

By reason of decision no. 96-614 of September 17, 1996, TF1 received a first renewal of its licence on April16, 1997, without other candidates being considered, for five years.

In compliance with Article 28-1 of the Act of September 30, 1986, as modified by the Act of August 1, 2000, TF1 benefited from a second "automatic" renewal of its licence for the years 2002 to 2007, by decision of the CSA (the French audiovisual regulatory body) on November 20, 2001.

Under the terms of Article 82 of the Act of September 30, 1986, as amended, this authorisation can be automatically extended for five years (to 2012), by reason of the simultaneous broadcasting ("simulcast") of the channel's programmes by digital terrestrial transmission. By a decision of June 10, 2003, the CSA has modified TF1's licence in order to incorporate the provisions relating to the broadcasting of programmes on digital terrestrial television.

Under the terms of Article 99 of the Act of September 30, 1986, as amended by Act 2007-309 of March 5, 2007, this authorisation is automatically extended for five years provided the channel is a member of a public interest group responsible for implementing the measures to discontinue analogue broadcasting and to ensure continued reception of the channels by viewers; on April 26, 2007, TF1 signed the agreement creating said public interest group.

Furthermore, under the terms of Article 96-2 of the Act of September 30, 1986, as amended by Act 2007-309 of March 5, 2007, this authorisation is also automatically extended by five years as of the discontinuation of analogue broadcasting provided the channel commits to ensuring the broadcasting of its programmes via digital free-to-air transmission to 95% of the French population. TF1 has already made this commitment to the CSA.

Consequently, the TF1 licence, according to the Act of March 5, 2007, stands as follows:

1. the term of the TF1 authorisation: 2012,
2. extension of the authorisation by 5 years under Article 99: 2017,
3. extension of the authorisation by 5 years under Article 96-2: 2022.

6.2.3 Main legal provisions and obligations

THE TEXTS:

- Contract conditions set forth by Decree no. 87-43 of January 30, 1987 and the Decision regarding licensed use of frequencies of November 20, 2001, given to Télévision Française 1, complemented by the decision of June 10, 2003 and extended by the decision of February 20, 2007,
- Act 86-1067 of September 30, 1986 amended by Act 94-88 of February 1, 1994, by Act 2000-719 of August 1, 2000, by Act 2005-102 of February 11, 2005, by Act 2007-309 of March 5, 2007, and by Act 2009-258 of March5, 2009,
- European Directive on Television Without Borders 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 and Decree no. 2009-1271 of October 21, 2009 (production obligations of free-to-air analogue channels),
- Decree no. 90-66 of January 17, 1990, as amended by Decree no. 92-279 of March 27, 1992, by Decree no. 2001-1330 of December 28, 2001 and by Decree no. 2009-1271 of October 21, 2009 (broadcasting obligation),
- Decree no. 92-280 of March 27, 1992 as amended by Decree no. 2001-1331 of December 28, 2001, by Decree no. 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 8.30pm and 10.30pm No cinema film shall be broadcast on Wednesday and Friday evenings, Saturday all day, or Sunday before 8.30pm,
- broadcasting quotas apply for the whole broadcasting time and for peak viewing hours, to cinema and audiovisual works. 60% of broadcast material shall be of European origin and 40% of French origin,
- a minimum of two-thirds of the annual broadcasting airtime shall be devoted to French-speaking programmes,
- obligation to broadcast annually a minimum of 1,000 hours of children's programmes including 50 hours of magazines and documentaries,
- obligation to broadcast annually 800 hours of television news bulletins and television news magazines,
- obligation to commission audiovisual products: invest 12.5% of the previous year's net annual advertising turnover for the commissioning of national heritage audiovisual works, of which at least 9.25% from independent producers, and to broadcast 120 hours of French-speaking or European unreleased audiovisual works (including 30 hours of rebroadcast), starting between 8pm and 9pm,
- obligation to invest 0.6% of the previous year's net advertising turnover for the commissioning of French-speaking and European cartoons (obligation as to French-speaking content included in the previous 12.5%), including at least 0.45% by independent producers,
- 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 advertising turnover (with at least 2.5% dedicated to French-speaking cinema works and at least 75% commissioned from independent producers) in the co-production of European cinema works. This investment is to be achieved through a subsidiary of the broadcaster (TF1 Films Production) operating as a minority participator. The co-production element must be approximately equal to the broadcasting right element,
- obligation, within a period of five years following the publication of Act 2005-102 of February 11, 2005, to make accessible to the deaf and hearing-impaired all of the channel's programmes, with the exception of advertising. It is to be noted that the CSA may exempt a section of programming from this obligation due to its nature (this concession is included in the agreement).

Respect of these legal obligations is monitored. The CSA can impose fines in compliance with the provisions of Articles 42 to 42-11 of the above Act of September 30, 1986.

In view of the need to protect children and young people, the TF1 channel has committed to adopt a 5-category signage code enabling viewers to gauge the acceptability of broadcast programmes.

6.2.4 Discontinuation of analogue broadcasting on November 30, 2011

Act 2007-309 of March 5, 2007 amending Act of September 30, 1986 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 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 agreement 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.

6.3 SHAREHOLDERS' GENERAL MEETING OF APRIL 15, 2010

6.3.1 Agenda

ORDINARY PART

- Reading of the reports of the Board of Directors and Statutory Auditors,
- Approval of these reports and the annual company and consolidated financial statements for the 2009 business year – Granting of discharge to Directors,
- Approval of agreements and commitments described in Article L. 225-38 of the French Commercial Code,
- Appropriation and distribution of profits for 2009,
- Ratification of the appointment of a Director,
- Renewal for two years of a Director's term of office,
- Notice of the election of staff representatives to the Board of Directors,
- Authorisation to be given to the Board of Directors for a share buy-back.

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 eliminating preferential subscription rights, by a public offer,
- Authorisation to be given to the Board of Directors to increase the number of shares to be issued in the case of a capital increase without preferential subscription rights,
- Authorisation to be given to the Board of Directors to set the price for a new share issue without preferential subscription rights, by a public offer or by an offer as described in paragraph II of Article L. 411-2 of the French Monetary and Financial Code, for immediate or delayed issue,
- Delegation of competence given to the Board of Directors to increase the share capital, without preferential subscription rights, to compensate the contribution of shares in case of a public share offer,
- Delegation of competence given to the Board of Directors to increase the share capital with elimination of preferential subscription rights, by an offer addressed exclusively to persons providing third-party investment portfolio management services, to qualified investors or a limited number of investors within the meaning of paragraph II of Article L. 411-2 of the French Monetary and Financial Code (private placement),
- Powers to file documents and complete formalities.

6.3.2 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 2009, 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 2009 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 2009 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 2009, and in the Statutory Auditors' report on the consolidated accounts for the said business year, approves these reports together with the consolidated accounts for 2009 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 €342,439,459.84, taking into account the net income for the period of €198,396,033.56 and retained earnings of €144,043,426.28, approves the following appropriation and distribution proposed by the Board of Directors:

- distribution of a cash dividend of €91,766,511.56

  (i.e., a dividend of €0.43 per share with a par value of €0.20),

- appropriation of the balance to Retained Earnings €250,672,948.28

The ex-dividend date for the Euronext Paris market shall be April 28, 2010.

The cut-off date for positions qualifying for payment shall be April 30, 2010.

The dividend shall be paid in cash on May 3, 2010.

The General Meeting notes that, in accordance with paragraph 2, section 3 of Article 158 of the General Tax Code, this dividend is entirely eligible for the 40% allowance provided for individuals domiciled in France for tax purposes.

The General Meeting notes that it has been informed that persons domiciled in France for tax purposes, for whom dividends received are eligible for this treatment, have the option of subjecting this income to an 18% withholding tax; this option should be selected at the time of each payment. It is irrevocable and cannot be exercised post-payment.

The General Meeting authorises the appropriation to Retained Earnings of the dividends arising on the TF1 shares that TF1 is authorised to hold as treasury shares, in accordance with Article 225-210 of the Code of Commerce.

The General Meeting notes that the dividends distributed for the last three business years were as follows:

Year ending:	Dividend per share	Allowance*
31/12/2006	€0.85	Yes
31/12/2007	€0.85	Yes
31/12/2008	€0.47	Yes

* *Dividend eligible for a 40% allowance for individuals domiciled in France for tax purposes, in accordance with Article 158.3.2 of the General Tax Code.*

FIFTH RESOLUTION

(Ratification of the appointment of a Director)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, ratifies the appointment of Claude Berda as Director made by the Board Meeting of February 17, 2010, replacing resigning Director Patrick Le Lay. His term of office will be for the unexpired duration of the term of office of his predecessor or until the close of the General Meeting called to approve the 2010 accounts.

SIXTH RESOLUTION

(Renewal, for two years, 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 Alain Pouyat, 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 2011 business year.

SEVENTH RESOLUTION

(Notice of the election of staff representatives to the Board of Directors)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, and having been informed of the names of the staff representatives to the Board of Directors elected by the electoral colleges on March 18, 2010 and transmitted by the Chairman of the Board of Directors prior to the reading of this resolution, notes their election and their appointment as staff representatives to the Board of Directors.

The terms of office of the staff representatives to the Board of Directors will be for two years and will end at the next announcement of results of the election of staff representatives to the Board of Directors, in accordance with the stipulations of Article 10 of the Articles of Incorporation.

EIGHTH 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:

   - to cancel the shares under the conditions provided for by the law, subject to authorisation by the Extraordinary General Meeting,
   - to 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,
   - to 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 securities regulator, the AMF,
   - to retain the shares and, when appropriate, use them for payment or exchange in the framework of external growth operations,
   - to 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,
   - to 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, in over-the-counter markets, 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 €20 per share and that the selling price may not be lower than €5 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 split or reverse split 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 limit of €300,000,000 (three hundred million euros) as the maximum amount of funds destined for this share buy-back programme,
5. notes that, in compliance with 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.

6.4 PEOPLE RESPONSIBLE FOR INFORMATION

6.4.1 Legal information and Investor Relations

Philippe Denery

Deputy General Manager, Finance

Tel.: +33 (0)1 41 41 44 11

Fax: +33 (0)1 41 41 29 10

E-mail: pdenery@tf1.fr

Legal documents can be consulted at:

TF1

Legal Affairs

1, Quai du Point du Jour

92656 Boulogne Billancourt Cedex

E-mail: ibrosset@tf1.fr

Documents available for public consultation

Documents such as the internal rules of the Board of Directors, the registration document, the other reports of the Board of Directors to the General Meeting of April 15, 2010 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 Billancourt, 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 Billancourt Cedex

- by internet: http://www.tf1finance.fr
- e-mail: comfi@tf1.fr

6.4.2 Schedule of financial announcements for 2010

February 18, 2010: 2009 turnover and annual full year accounts, Analysts Meeting

April 15, 2010: General Meeting

April 28, 2010: Ex-dividend date

May 3, 2010: Dividend payment

May 11, 2010: First quarter 2010 turnover and accounts

July 23, 2010: First half 2010 turnover and accounts, Analysts Meeting

November 9, 2010: Third quarter 2010 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, 2008, the relevant report of the Statutory Auditors and the Group's management report appearing on pages 49 to 170 of the registration document registered with the AMF on March 26, 2009 with number D.09-0159.
- 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 48 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.

6.6 ADDRESSES OF MAIN SUBSIDIARIES AND PARTICIPATIONS

(February 2010)

1, quai du Point du Jour -
92656 BOULOGNE- BILLANCOURT CEDEX - FRANCE
TF1 DIGITAL

LA CHAÎNE INFO – LCI

USHUAIA TV

SOCIÉTÉ D'EXPLOITATION ET DE DOCUMENTAIRES – ODYSSÉE

HISTOIRE

CIBY 2000

SOCIÉTÉ D'EXPLOITATION DU MULTIPLEX R6 – SMR6

ONECAST

Immeuble Le Delta - 3-7 Quai du Point du Jour -
92100 BOULOGNE-BILLANCOURT
TF1 PRODUCTION

Atrium- 6, place Abel-Gance - 92100 BOULOGNE-BILLANCOURT
TF1 ENTREPRISES

TF1 VIDÉO

UNE MUSIQUE

TF1 PUBLICITÉ

TF1 FILMS PRODUCTION

TF1 DROITS AUDIOVISUELS

WAT

e-TF1

L'Amiral - 3, rue Gaston et René-Caudron -
97988 ISSY- LES- MOULINEAUX CEDEX - FRANCE
EUROSPORT

EUROSPORT France

EUROSPORT EVENTS

57, rue Pierre Charron - 75008 PARIS
SPS

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

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

PLACE DES TENDANCES

6 bis, quai Antoine-Ier - MONACO
TÉLÉ MONTE CARLO (TMC)

69, rue de Richelieu - 75002 PARIS - FRANCE
1001 Listes

6.7 REGISTRATION DOCUMENT AND CROSS-REFERENCE TABLE

Cross-reference table – Subjects of the first appendix of EU regulation 809/2004

Registration document is available on www.tf1finance.fr

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ON SE RETROUVE SUR TF1

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