REGISTRATION DOCUMENT 2010

AND

ANNUAL FINANCIAL REPORT

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REGISTRATION DOCUMENT 2010

AND ANNUAL FINANCIAL REPORT

AUTORITÉ DES MARCHÉS FINANCIERS

AMF

The French version of the Annual Report was filed by the "Autorité des Marchés Financiers" (AMF – French stock exchange commission) on March 17, 2011, in accordance with the article 212-13 of the General Regulation of the AMF.

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

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

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

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

In case of discrepancy, the French version prevails.

PROFILE

TF1 is France's leading mainstream television channel. It is also an integrated media Group that has build up a range of activities in high-growth segments alongside its core business. Its corporate mission is to inform and entertain.

In **freeview television,** the Group is present with:

- TF1, the channel for major events, ranked no. 1 in France;
- TMC, since July 1, 2010, the leading digital terrestrial channel and the fifth nationwide, and NT1.

It is also present in pay TV, with:

- Eurosport, the leading pan-European sports broadcasting platform, received by 123 million households;
- TV Breizh, the no 1 channel cable / satellite channel;
- the Discovery Division (Ushuaïa TV, Histoire, Stylía), which sets the standard for multi-channel offerings in France;
- LCI, a news and current event analysis channel;
- TF6 and Série Club, owned 50% with M6.

Since 1987, when it was privatised and became part of the Bouygues Group, TF1 has created new, high added-value activities in its main business of producing and broadcasting TV programmes.

The TF1 group's activities now span the entire value chain in the broadcasting industry:

- **upstream**:
  - audiovisual and film production,
  - acquisition and trading of audiovisual rights,
  - movie distribution;
- **downstream:**
  - sale of commercials,
  - publishing of DVDs and music CDs.

TF1 has also created a broad range of merchandising spin-offs from its main channel, covering home shopping and e-tailing, catch-up TV and video on demand content, licences, musicals and board games.

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

Going forward, the TF1 group's strategy will be to combine the broad and effective reach of mass media with the closeness of digital media, offering compelling content and seizing opportunities to reach audiences everywhere thanks to the onward march of technology.

MESSAGE FROM THE CHAIRMAN AND CHIEF EXECUTIVE

Bouncing back in 2010

Although 2009 was a tough year mired in economic crisis, it also spawned several initiatives that the TF1 group made every effort to capitalise on and bring to fruition in 2010. As a result, last year was marked by a recovery in almost all the Group's entities and by the incorporation of two digital terrestrial channels, TMC and NT1.

But 2010 will also be remembered as a year of innovation, not just in terms of programming, from drama and entertainment to news, but also technology (HD, 3D, interactive applications for smart TV), services (from the web to MyTF1, from the TF1, TMC and Eurosport Players to video on demand with TF1 Vision, and Automotocompare.fr) and e-tailing (Place des Tendances). Innovation was also in evidence at TF1 Publicité, which launched TF1 Conso, and TF1 Entreprises, with highlights such as *MasterChef* (the game and book), Spiritus Dei, *Mozart, l'Opéra Rock*, Zaz, and new licences.

Another highlight of 2010 was the implementation of the Group's 360 strategy. Further substantial progress has been made and we are no longer addressing our audiences simply as viewers but as people. Our content is present on all types of screens, allowing us to reach all our targets. Web users, owners of smart phones, viewers and consumers can access it whenever they want, whether at home or on the move, alone or with family.

By pursuing and expanding an approach that combines the broad and effective reach of mass media with the closeness of digital media, TF1 should be able to consolidate its position as the leading private TV channel in France.

All this has been made possible by the new mindset that has pervaded the Group in recent months.

The cross-cutting approach that was initially aimed at breaking down barriers has now become a shared working method, in evidence every day. No programme goes out on the air without being discussed and implemented with the subsidiaries and on digital media. The business model for digital media is beginning to take shape, particularly with the commercial success of video advertising.

These remarkable achievements result from the analyses and preparations we undertook during the bleakest year in our history. Thus 2009 was a year of crisis but also of initiative – and the first positive results are beginning to emerge.

In 2010 we delivered on our promises. Two key events were the award of Diversity certification on 14 December and the decision by France's supreme administrative court on 30 December to approve the acquisition of TMC and NT1, a successful outcome to two years' work.

Last but not least, 2010 demonstrated our ability to adapt our business model, thereby boosting the Group's profitability.

If 2010 was the year of recovery, 2011 will be the year of building on those achievements and winning (or winning back) customers.

We must once again harness all our energies so that our Group, which now operates on a 360° horizon, can consolidate its positions and continue to advance while remaining a leader in its core business, information and entertainment in all its forms.

I would like to thank our shareholders for their trust and our staff for their unwavering dedication and efforts.

Boulogne-Billancourt, February 16, 2011

Nonce Paolini, Chairman and Chief Executive, TF1

1

PRESENTATION OF THE TF1 GROUP

1.1 THE MANAGEMENT TEAM

February 2011

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, Chairman of TF1 Thématiques and TF1 Droits Audiovisuels

Martine Hollinger, Chairman of TF1 Publicité

Frédéric Ivernel, Executive Vice-President, Communication

Jean-François Lancelier, Chief Executive, Broadcasting

Benoît Louvet, Executive Vice-President, Acquisition and Negotiation of Audiovisual Rights

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, Chairman of TF1 Entreprises, Téléshopping, e-TF1 and TF1 Vidéo

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

Laurent Solly, Chief Executive, TF1 Publicité

Laurent Storch, Executive Vice-President, Broadcasting, with responsibility for programmes

Senior Management Committee, TF1 group

Édouard Boccon-Gibod, Chairman, TF1 Production

Michel Brossard, Vice-President, Diversifications

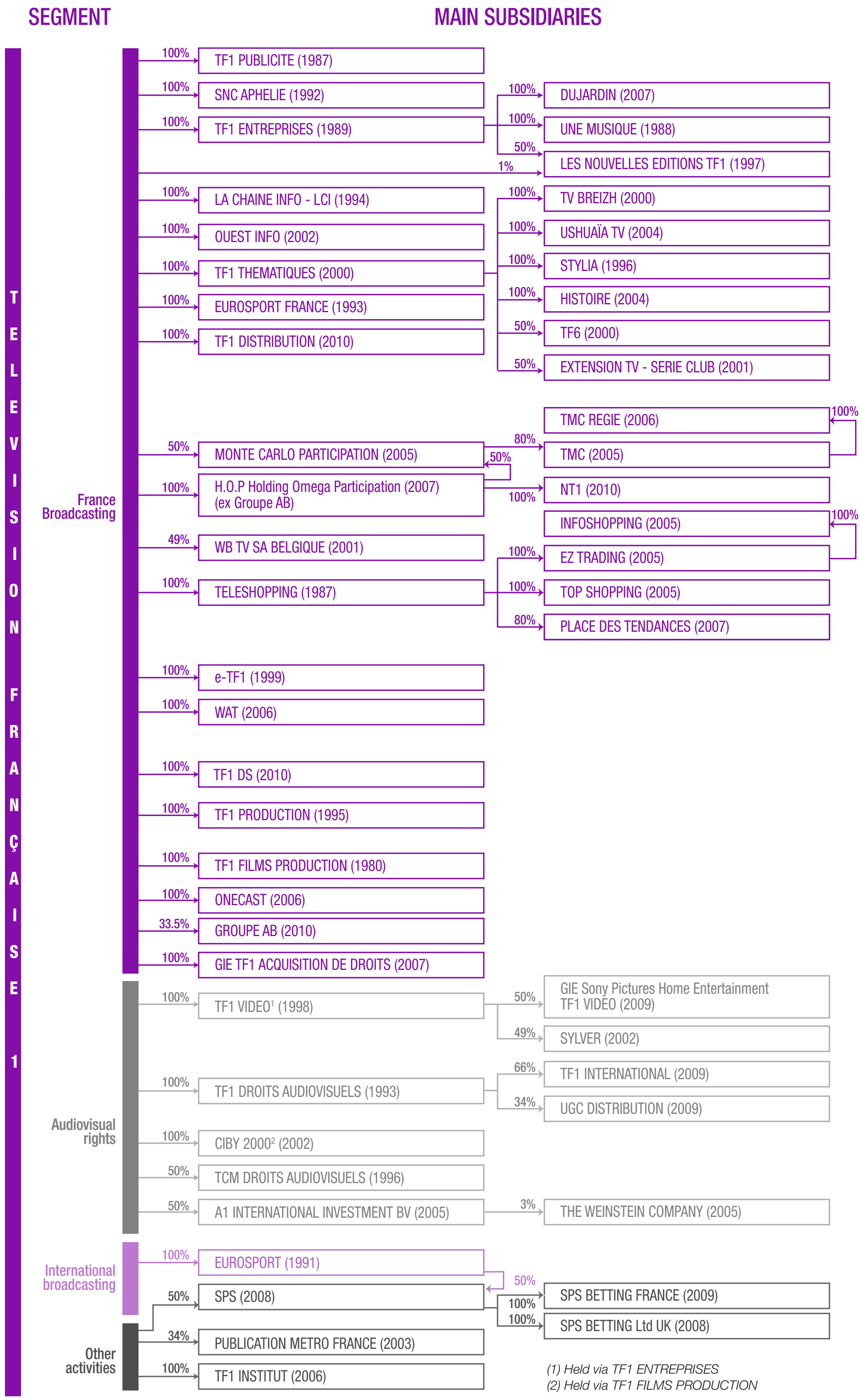
Pierre Brossard, Chairman's counsellor

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

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

Éric Revel, Managing Director, LCI

1.2 SIMPLIFIED ORGANISATION CHART AS AT 16/02/2011



Year of creation or acquisition is in brackets.

1.3 GROUP ACTIVITIES

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

1.3.1 Broadcasting France

BROADCASTING IN FRANCE

TF1 CHANNEL

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

In 2010, against a more fragmented backdrop, TF1 maintained a strong lead, with an audience share of 24.5% overall and 28.1% for advertisers' prime target: women under 50 purchasing decision makers. TF1 once again demonstrated its dynamic programming approach by notching up 97 of the year's top 100 audiences and being the only channel to attract more than nine million viewers, with 32 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 an outlet for targeted and effective communications, thus expanding the national offering of TV channels.

In 2010 TF1 Publicité confirmed its success in the radio market by selling advertising space on the 128 local stations run by the economic interest Grouping Les Indépendants. Backed up by the Sud Radio and Wit FM package, this market-leading offering combines power with local presence to promote effective advertising.

TF1 Publicité also pursued its five-screen digital strategy focused on television, IPTV, the Web, mobile phones and tablet computers. For this it leveraged the TF1 Group's brands (TF1, Eurosport, *MasterChef, Secret Story, Clem,* etc.) and broadcasting rights, including the 2010 FIFA World Cup, the matches played by the national soccer squad, and popular US series.

The department markets a broad range of video content from the TF1 channel on the TF1.fr website (catch-up TV, original content, web programming, etc.) as well as content produced by a broad range of entertainment providers (Warner Music, EMI, Ubisoft, PSG, Les Inrocks, etc.) made available on WAT.tv. As a result, TF1 Publicité is now a key player in online video advertising.

The department continues to develop its offering for mobile phones and tablets. Alongside Bouygues Telecom's portals, it sells applications produced by Eurosport (the leading audience-winner on these media) for the iPhone (Eurosport and Rugbyrama) and the iPad (Eurosport).

In addition, the channel's IPTV site, MyTF1, has significantly extended its advertising reach via its inclusion in the ADSL television packages offered by Orange and Bouygues Telecom.

Taking advantage of these new media, TF1 Publicité is launching innovative, increasingly interactive products that enable advertisers to turn a new contact into a one-to-one relationship between their prospects and customers.

TF1 Publicité adapts to advertisers' changing requirements by forging the link between the media and sales outlets via TF1 Conso, a large-scale promotion campaign advertised and carried on the channel.

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

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.

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

In March 2008 Téléshopping launched the Placedestendances.com website.

THEME CHANNELS IN FRANCE

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

The theme channels 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.

Source: Médiamétrie – Médiamat or Médiamat'Thématik.

TMC

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

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

NT1

NT1 is a freeview DTT channel offering mainstream content and focused particularly on the 15-49 age bracket. It offers a varied selection of magazine programmes, original US series, movies and documentaries on the theme of adventure and sport.

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

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 MotoGP races.

Eurosport 2, a new-generation sports channel launched in 2005, 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 for the broadest possible audience.

It is the first pay-to-view "mini-generalist" channel for viewers aged 4 and over.

LCI

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

In September 2010 LCI moved significantly upmarket, overhauling its programme grid and creating live news segments from strategic locations and prestige talk shows focused on political and economic news.

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

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

DISCOVERY DIVISION

The Discovery Division comprises the TF1 Group's pay-to-view documentary channels, broadcast via satellite, cable, ADSL and 3G in France and internationally, chiefly in French-speaking Europe and North Africa. They are available for its customers in catch-up television.

In 2010 Odyssée was replaced by **Stylía**, an all-new channel covering lifestyle, luxury and fashion.

Ushuaïa TV, the leading channel for coverage of sustainable development, was given a makeover and a new logo. It os also broadcast in HD.

Histoire continues to specialise in historical and cultural heritage issues. All three channels pursue an active production policy, especially for magazine programmes. Their prime content is offered in catch-up mode to subscribers of their main distributors.

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 is broadcast in full digital and 16/9 in the CanalSat and Numéricâble packages. A multiple language version is also available.

TF6

TF6 is the leading channel for 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 movies and reality shows.

It is broadcast in full digital and 16/9 format in the CanalSat and Numéricâble packages and is also available through pay-to-view DTT on Canal+Distribution and TV Num.

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

	Freeview DTT**	Pay DTT**	CABLE	SATELLITE	ADSL	MOBILE
	X		X	X	X	X
	X		X	X	X	X
		X	X	X	X	X
			X	X	X	X
			X	X	X	X
		X	X	X	X	X
			X	X	X	X
			X	X	X	X
			X	X	X	X
			X	X	X	X
TF6		X	X	X	X	X

** Of the 14 channels owned by the TF1 group, 11 are broadcast in France*

*** DTT: digital terrestrial television*

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

	Website	Catch-up TV	VOD or SVOD	Smartphone apps	Facebook
	www.tmc.tv	X		X	
	www.nt1.tv	X			
	www.eurosport.fr	X	http://www.eurosportplayer.fr/	X	X
	www.tvbreizh.fr				
	http://lci.tf1.fr/	X			
	www.stylia.fr	X			X
	www.ushuaiatv.fr	X			X
	www.histoire.fr	X			X
	www.serieclub.fr				X
TF6	www.tf6.fr				X

TF1 ENTREPRISES

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

- **TF1 Licences** which sells brand licences to manufacturers (*Ushuaïa, Barbapapa, Babar, MasterChef, Hello Kitty, Koh Lanta, Compagnie de Californie, etc.)* and seeks to optimise the development of the properties it manages;
- **TF1 Games/Dujardin**, which publishes board games based on television shows (*La Roue de la Fortune*, *Qui Veut Gagner des Millions, Le Juste Prix, N'oubliez pas les Paroles,* etc.) as well as popular traditional games such as *1000 Bornes* and *Le Cochon Qui Rit.* It has more than 200 games in its catalogue;
- **TF1 Musique** produces or coproduces recording projects (Spiritus Dei, Zaz) and blockbuster musical shows (*Mozart, l'Opéra Rock*). It also managers numerous partnerships (Christophe Mae, Yannick Noah, Lady Gaga, Seal, Black Eyed Peas) as well as designing and distributing merchandising spin-offs linked to shows and events. Une Musique, a subsidiary of TF1 Entreprises, publishes and produces music for television programmes and feature films;
- **TF1 Publishing** has been reorganised, selling the Editions du Toucan imprint and refocusing on books connected with the channel (*Ushuaïa*, *Esprits Criminels*, *Clem,* etc.) and the magazine *Ushuaïa*.

PRODUCTION

TF1 FILMS PRODUCTION

TF1 Films Production co-produces and buys 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, each headed by experienced producers.

- the Magazines and Documentaries Department produces magazine and information programmes and documentaries for the Group's channels,
- the Entertainment and Reality TV Department, is responsible for entertainment programming,
- the Drama Department develops and produces series and dramas,
- the Sports Department produces sporting events (football, rugby) for which TF1 holds the rights and well as sports round-ups aired on Sundays,
- 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.

The subsidiary also implements production processes that meet the quality requirements of Group channels while optimising costs. It has an international monitoring 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 monitoring and development unit.

e-TF1

The role of the New Media Department is to organise the activities of the TF1 group on the Web, IPTV, mobile phones and tablet computers, and, more particularly, on all emerging media.

e-TF1 entity is France's leading online TV media Group, with more than 19 million unique visitors monthly. It offers sites with strong appeal for advertisers, either based on the channel (TF1.fr, TFou.fr, Automoto.fr, etc.) or on specific topics (women's issues with plurielles.fr, movies with Excessif etc.).

e-TF1 is also present on the Web with games, especially those based on the channel's game shows, and with its interactive agency, which develops bespoke Web-based products.

As part of its multi-screen strategy, e-TF1 has developed its own interactive TV portal, MyTF1, in particular which provides access to a broad range of programmes in catch-up mode.

e-TF1 also manages the interactive system used by the channel, notably Audiotel and text messaging, in the form of games or voting.

And with more than 700 million videos watched every year, WAT is now France's no. 3 video platform, offering Web users an efficient content sharing platform.

GROUPE AB

(An equity affiliate as of June 30, 2010)

Groupe AB produces and broadcasts TV channels: RTL9 (65%), AB1, in France, AB3 and AB4 in Belgium. It also has one of the biggest catalogues of rights to French-language audiovisual productions, with more than 1,500 titles representing 44,000 hours of programming (including series such as *Navarro* and *Femme d'Honneur*), which it distributes in France and abroad.

On 11 June 2010, Groupe AB and TF1 finalised the acquisition by TF1 of 100% of NT1 and a 40% stake in TMC from Groupe AB. As part of the transaction, Groupe AB's management (Port Noir) received a call option to acquire a minority holding in TF1 for €155 million within two years.

TF1 has kept its 33.5% stake in Groupe AB. In 2009 the TF1 group increased its stake in WB Télévision, a holding company owned by Claude Berda that controls three Belgian French-language channels, AB3, AB4 and Videoclick, from 33.5% to 49%.

1.3.2 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 in all the main marketplaces, including Los Angeles, Cannes, Berlin, Venice and Toronto.

In France, TF1 Droits Audiovisuels is a distributor of films for the cinema, through its 34% stake in UGC Distribution.

TF1 Droits Audiovisuels has a substantial portfolio of audiovisual rights, which it markets through its catalogue of films and of TV Drama 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, on traditional markets, kiosks market and on digital thanks to a catalogue of over 4,000 programmes acquired in France and other countries. TF1 Vidéo is the leading independent publisher-distributor and a successful player in all areas: from cinema to comedy shows, children's programmes and TV series. This broad offering, combined with a constant focus on content quality and a flair for innovation, sets TF1 Vidéo apart from its competitors and has also guided recent developments at the company.

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

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 DVDs based on the biggest box office hits of recent years.

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

1.3.3 International broadcasting

EUROSPORT INTERNATIONAL

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

The complementary channel Eurosport 2, launched in 2005, extends the pan-European offering of sports channels with a consolidated portfolio of rights (Bundesliga, basket Eurocup). It broadcasts in 16 languages in 47 countries.

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

In 2008 the Group strengthened its offering with the launch of the Eurosport High Definition channel, and in 2009 it launched Eurosport 2 in HD. The two channels are available in 39 and 22 countries, respectively. Most of the major sporting events benefit from this cutting-edge technology, which illustrates the Group's innovative capacity, expertise and proactive drive.

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

Eurosport is also available as an app on the iPhone, iPad, Blackberry and Android phones.

1.3.4 Miscellaneous activities

SPS

The TF1 group has been present in the online gaming and betting market since 2010 via SPS, a subsidiary that is 50% owned by TF1 and 50% owned by Eurosport. SPS has received thee authorisations from the French online gaming regulator for betting on sports, horse racing and poker via its website EurosportBET.fr.

1001 LISTES

On 7 February 2011 the Group sold its entire stake in the Téléshopping-owned company 1001 Listes, a leader in the organisation of online wedding lists, to the Galeries Lafayette Group.

METRO FRANCE

(An equity affiliate)

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.

1.4 2010 KEY EVENTS

January

January 11, 2010: TF1 signed a Diversity Charter, underscoring the Group's commitment in this area.

January 26, 2010: The French Competition Authority cleared the purchase by TF1 of ownership of the 100% interest in the NT1 channel and the 40% interest in the TMC channel owned by the Groupe AB.

February

February 2, 2010: TF1 and La Française des Jeux, France's leading consumer gaming operator, announced a 3-year partnership deal that will give TV viewers and internet users access to a dedicated gaming zone on the TF1.fr website.

February 11, 2010: TF1 received the Top Com Corporate Business 2010 award in the Internal Communication category for its Disability Awareness campaign, devised by the Publicis Consultants agency.

February 15, 2010: TF1 launched *MyTéléfoot*, the first dedicated multi-screen football platform for younger audiences.

February 15, 2010: TF1, France Télévisions and the Canal+ Group signed an agreement on broadcasting rights for the FIFA 2010 World Cup, under which the TF1 group granted France Télévisions and the Canal+ Group live broadcasting rights to 37 of the 64 matches in the competition.

March

March 8, 2010: TF1 Publicité, e-TF1 and HighCo, the European market-leader in couponing and sampling, launched TF1 CONSO, a unique cross-media promotional offering with a presence on TV, on the web, and in the field.

March 8, 2010: TF1, which already owned 50% of SPS via its Eurosport subsidiary, raised its interest to 100% by buying out the 50% stake held by the Serendipity investment fund.

March 9, 2010: TF1 received the *Décision Achats* magazine award in the "Professionalisation of Purchasing" category in recognition of the Group's achievements in deploying the Purchasing Project launched at end 2007.

March 23, 2010: The CSA, the French audiovisual industry regulator, cleared the acquisition by TF1 of ownership of the 100% of NT1 and the 40% of TMC held by the Groupe AB.

April

April 6, 2010: The French National Assembly passed a law allowing online gaming, and establishing an Online Gaming Regulatory Authority (ARJEL).

April 22, 2010: The Conseil d'État rejected the urgent appeal lodged by Métropole Télévision against the decisions of the French Competition Authority and the French audiovisual industry regulator (CSA).

May

May 3, 2010: TF1 and Orange, the leading mobile phone operator, signed a partnership deal to offer Orange subscribers access to the MyTF1 portal on Livebox, along with a range of TF1 entertainment content on the Internet and on Orange mobiles.

May 6, 2010: The new version of WAT.tv, the TF1 Group's video platform, was launched.

May 25, 2010: TF1 announced that it would screen 5 matches from the FIFA 2010 Football World Cup in 3D.

June

June 11, 2010: The Groupe AB and TF1 finalised the purchase by TF1 ownership of the 100% interest in the NT1 channel and the 40% interest in the TMC channel owned by the Groupe AB.

June 17, 2010: Record audience figures for the France / Mexico match, which attracted 15.2 million viewers or 56% of individuals aged 4 and over[1]. This was the 15th largest audience for a football match since Médiamat ratings began in 1989.

June 29, 2010: MyTF1 won first prize in the "Design and Graphics" category of the International Interactive TV Awards.

July

July 11, 2010: The FIFA World Cup Final between the Netherlands and Spain attracted 14.1 million viewers, the highest viewing figures for a football match not involving a French team since Médiamat ratings began.

August

August 30, 2010: the new online insurance comparison site AutomotoCompare.fr was launched with Assurland, building on the expertise of the Automoto brand and policies offered by nearly 50 car and motorcycle insurers.

September

September 1, 2010: The TF1 Enterprise Foundation welcomed its third annual intake as part of its mission to provide career opportunities for young people from deprived areas.

September 1, 2010: Eurosport opened a subsidiary in Lisbon to produce a Portuguese version of Eurosport.

September 8, 2010: The *Défi Intégration* team set sail on Board the *Jolokia*: the mixed crew of six, including two disabled sailors, is hoping to break the record for the 9,000-mile voyage from Lorient in Brittany to Mauritius via the Cape of Good Hope.

September 12, 2010: TF1 won two prizes at the 12th TV Drama Festival in La Rochelle: best screenplay for the TV movie *Un divorce de chien*, and best TV movie drama for *Vieilles Canailles*.

September 14, 2010: The first-ever new season's conference for viewers was held in association with the *Métro* newspaper.

October

October 1, 2010: The TF1 group created a new post of Executive Vice President – Audiovisual Rights Acquisition and Trading, in order to adapt the Group's structures and processes to changes in the competitive environment and to optimise broadcasting of the Group's content and channels.

October 2, 2010: Odyssée was rebranded as Stylía, a new lifestyle, luxury and fashion channel.

October 6, 2010: Eurosport's monthly *Olympic Magazine* show was awarded the Bronze Trophy for Best Olympic Feature at the Golden Rings Awards ceremony organised by the International Olympic Committee.

October 27, 2010: The TF1 flagship 8 o'clock evening news programme (Monday-Sunday) was awarded 1st prize at the 11th Media Tenor Global TV Awards in recognition of the diversity of its news coverage.

(1) Source: Médiamétrie.

November

November 15-21, 2010: TF1 supported the Disabled Persons' Jobs Week initiative.

November 27, 2010: An investigation shown on *Sept à Huit*, the news magazine hosted by Harry Roselmack and produced by Éléphant & cie, won an award at the 25th Scoop and Journalism Festival in Angers, France.

December

December 9, 2010: TF1 was awarded second prize at the inaugural Finance Department awards, organised by *Echanges* (the house magazine of DFCG, the French association of chief financial officers and financial controllers), in association with *Les Echos* newspaper.

December 14, 2010: The TF1 group companies received "Diversity Label" certification, a first in the French media sector.

December 14, 2010: At the 25th annual *Micros d'Or* awards for sports journalism in France, journalist Pierre-François Lemonnier received an award in the TV news category for a report on the extreme kayaker Tao Berman, filmed in Slovakia and shown on TF1's flagship evening news bulletin on May 23, 2010. At the same awards, Eurosport received the Jean Mamère prize for the best reportage for a documentary about French female boxer Myriam Lamare.

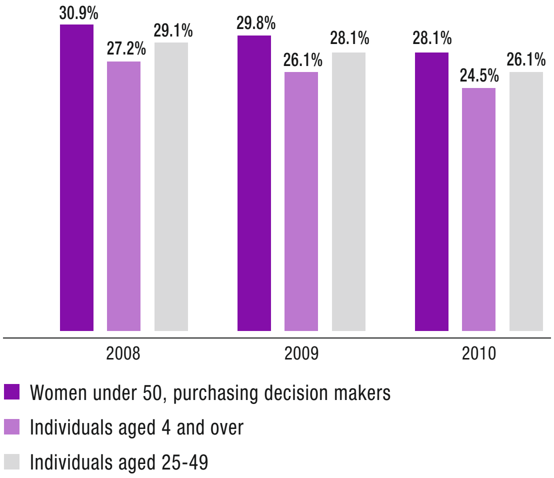
December 30, 2010: The Conseil d'État rejected the appeal on the merits lodged by Métropole Télévision against the decisions of the French Competition Authority and the French audiovisual industry regulator (CSA), thereby definitively validating the acquisition of TMC and NT1 by the TF1 Group.

December 31, 2010: TF1 attracted 97 of the top 100 viewing figures in 2010.

1.5 GROUP INDICATORS

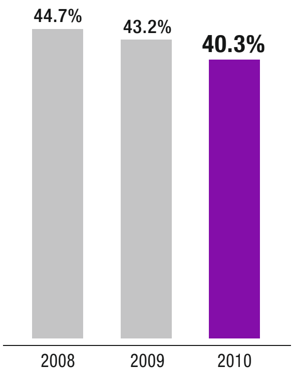
1.5.1 Management indicators

TF1 CHANNEL AUDIENCE SHARE



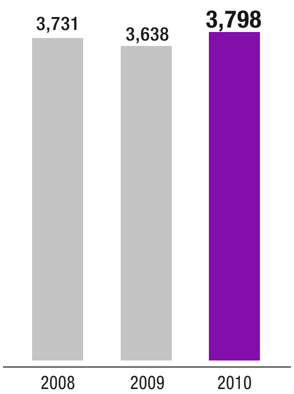
Source: Médiamétrie Médiamat

ADVERTISING MARKET SHARE AMONG ALL TV

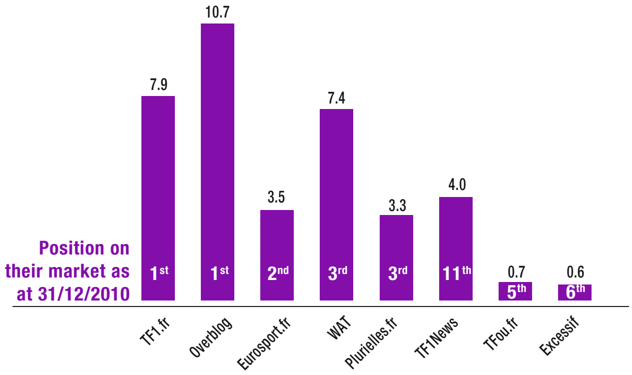


Source: Gross data, Kantar Média-France

NUMBER OF EMPLOYEES IN THE GROUP

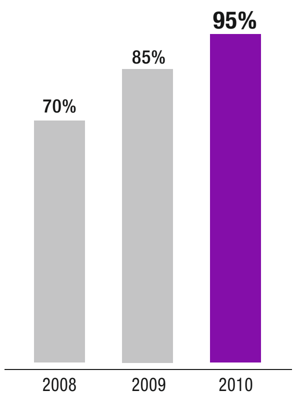


PERFORMANCE OF TF1 GROUP WEBSITE (MILLION OF UNIQUE VISITORS)



Source: Panel NNR Médiamétrie - December 2010

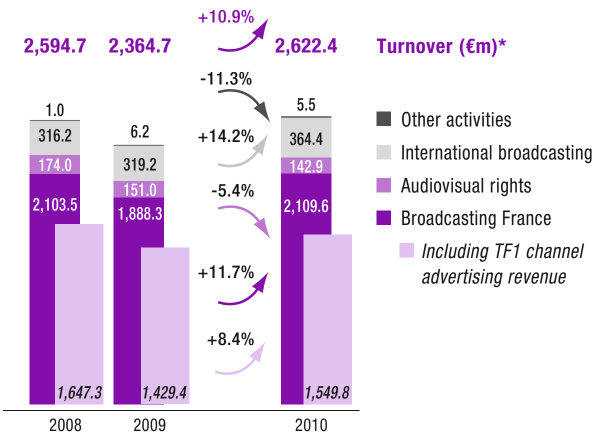
PROPORTION OF SUB-TITLED PROGRAMMING HOURS



1.5.2 Key financial figures

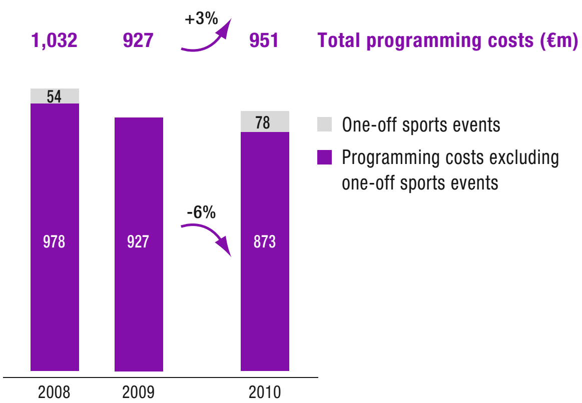
These key figures are taken from consolidated financial information of TF1.

TURNOVER BY SECTOR

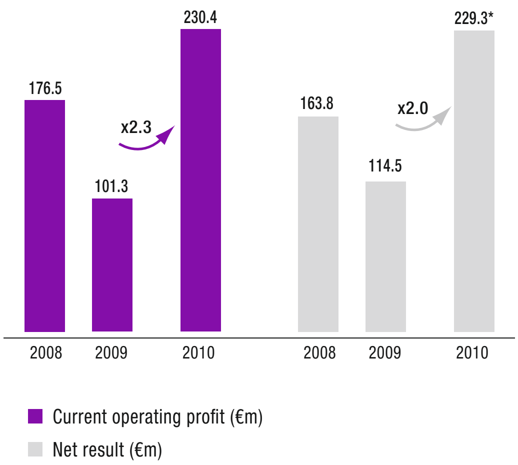


(*) In the 2009 published financial statements, 1001 Listes was included in Téléshopping and SPS in Broadcasting International. These two businesses were reclassified to "Other Activities" in 2010. The 2009 figures have been restated, and hence are comparable with those for 2010.

PROGRAMMING COSTS



CURRENT OPERATING PROFIT - NET RESULT



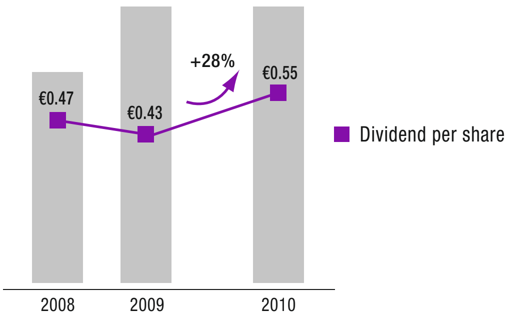
** Net profit for the year ended December 31, 2010 includes a net non-current operating income of €82.8m due to a previously-held equity interest to be remeasured when control is acquired over the investee and reduced by goodwill impairment during the year.*

EARNINGS PER SHARE

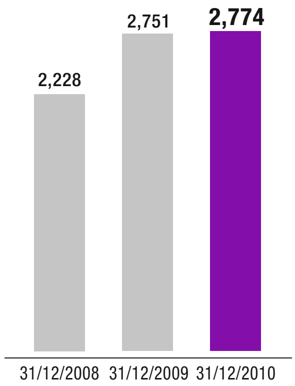
SHAREHOLDERS'EQUITY AND NET DEBT / NET CASH

1.5.3 Key trading figures

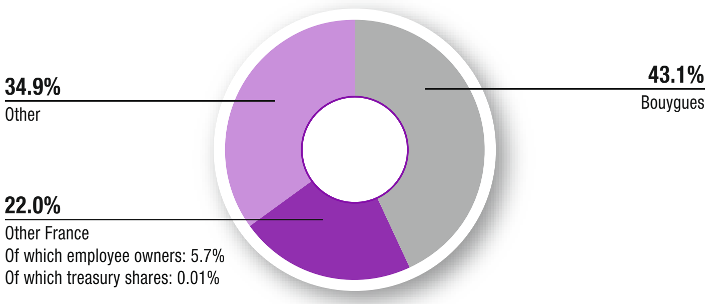
DIVIDEND PER SHARE



MARKET CAPITALISATION (IN MILLION EUROS)

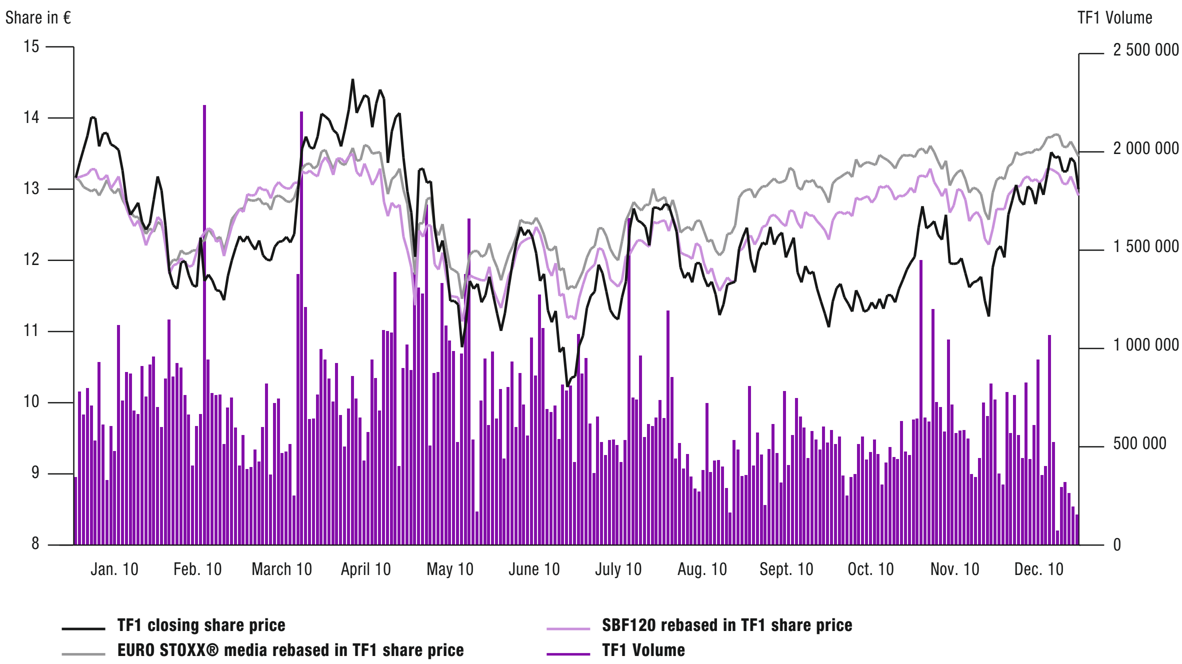


STOCK OWNERSHIP AS OF 31/12/2010 (1)



(1) Estimations Euroclear on 31/12/10, including non identified holders.

SHARE PRICE



Source: NYSE Euronext, STOXX.

1.6 RESEARCH AND DEVELOPMENT EXPENDITURE

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

In parallel, TF1 develops software and systems designed to achieve efficiencies.

The TF1 group incurred €6 million of Research and Development expenditure in 2010.

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 that are never broadcast on the TF1 channel, and are written off during the year.

R&D expenditure on technological innovation projects

The following bodies set up in 2010 have given new impetus to innovation at TF1:

- a Network, Innovation and New Technologies Unit (DRINT) within the Technology Division;
- a dedicated innovation unit within e-tf1;
- a transverse working Group considering key themes in innovation.

Ambitious objectives have been set for these new bodies:

- for DRINT: planning for the arrival of web-enabled TV, normalisation of second-generation DTT, 3D, future trends in TV set design, triple-play boxes, and all kinds of TV set add-on equipment;
- for e-tf1: development in media players, mobiles, smart phones and tablets, on which we are now systematically present in many components;
- for both these bodies: arranging conferences and innovation days for staff, demonstrations for customers, and closer contacts with suppliers.

A highlight of 2010 was the rollout of MyTF1 on various platforms, making TF1 the undisputed leader in catch-up and enhanced TV in France, through the introduction of a large number of applications for Apple and Android smart phones and for tablets.

We have also been pioneering 3D television with our broadcasts of the World Cup, major sporting events on Eurosport and pilots of many programmes to the first 3D-enabled television sets in France.

In-house software development

At the same time, we have been developing software and systems not included in R&D expenditure, with the aim of improving efficiency.

In 2010, TF1 was closely involved in the France TV Numérique public interest Grouping, which to date has overseen nearly half of the analogue signal switch-off, due to be completed in November 2011.

We continued with the upgrade of our news production system to PNS2, which is now up and running on LCI and the back-up site, and will go live in the first half of 2012 on TF1 in Sport and News.

The first installation phase of our SAP financial management and human resources software was completed in mid-2010 within a number of subsidiaries, with the main objective of deployment on TF1 achieved on time and on budget in January, 2011.

We streamlined our control room operations by switching to 100% High Definition, and introduced a new system that receives advertising spots and trailers in file format rather than on the old-style cassettes.

TF1 is the first French channel to innovate in this leading-edge technology, having for the last two years led an industry-wide working Group establishing a standard for the delivery of audiovisual content by computer file.

We produced our FIFA 2010 World Cup content on location in South Africa using our own state-of-the-art facilities, including an outside broadcast unit, all in 100% High Definition.

Finally, in November 2010, we installed the NT1 channel on the Monaco site (which already hosts the TMC channel), meeting all productivity and compliance requirements imposed by technological and regulatory constraints (content ratings, 16/9, audio fingerprinting to collect audience figures, subtitling, etc).

1.7 SOCIAL AND ENVIRONMENTAL ANALYSIS

1.7.1 Corporate Social Responsibility (CSR) policy

ADDITIONAL INFORMATION

TF1 has posted a comprehensive review of its CSR policy on its website www.TF1finance.com.

The "TF1, good corporate citizenship" report, also available on www.TF1finance.com, covers the following areas in respect of 2010:

- the company's CSR obligations, regarding in particular:
  - on air and online content,
  - social issues,
  - environmental issues,
  - responsible purchasing issues;
- milestones in 2010 and goals for 2011;
- stakeholders;
- CSR awards.

ORGANISATION

The CSR policy is managed by an Executive Vice-President of the TF1 Group, who is responsible for coordinating and reporting on CSR initiatives on a full-time basis. Each entity develops its own roadmap, placing sustainable development concerns at the core of its business. Three specific cross-functional committees have been created: Responsible Purchasing, Diversity and Philanthropy. All stakeholders including communications departments and the relevant people within the Group's subsidiaries meet twice a year during the CSR Committee to compare initiatives and progress.

The agenda of the Board of Directors now includes an update on corporate social responsibility.

CSR INDICATORS AT DECEMBER 31, 2010

ISSUES RELATING TO CONTENT

Type	Indicator	Scope	Unit	2008	2009	2010	Reporting framework
Compliance	Ethics: ■ news ■ programmes	TF1 channel	Number	 1 caution(1) 0	 1 reprimand(2) 0	 1 caution(1) 0	 GRI SO 8 Internal
	Surreptitious advertising: ■ news ■ programmes		Number	 0 0	 1 warning(3) 0	 1 warning(1) 0	 GRI SO 8 Internal
	Child protection: ■ news ■ programmes		Number	 0 1 warning(3)	 0 0	 0 0	 GRI SO 8 Internal
	Signage: ■ news ■ programmes		Number	 N / A(4) 0	 N / A(4) 1 warning(3)	 N / A(4) 0	 GRI SO 8 Internal
	Compliance with production and broadcasting quotas		%	100	100	100	GRI SO 8 Internal
	Programmes sub-titled (excl. ad spots)		%	70	85	95	GRI SO 8 Internal
TV Viewer feedback	Calls, *e-mails* and letters from viewers		Number	147,000	245,000	231,000	GRI PR 5
Philanthropy	Value of donations to charity		€m	16	18	21	GRI EC 1
	Charities and associations given airtime		Number	75	80	146	
Public awareness	News items related to climate change		Number	450	600	> 1000	GRI SO 1

(1) Cautions received from the French audiovisual industry regulator (CSA) regarding news items / programmes.
(2) Reprimands from the CSA regarding news items / programmes.
(3) Warnings from the CSA regarding news items / programmes.
(4) Not applicable.

SOCIAL ISSUES

Type	Indicator	Scope	Unit	2008	2009	2010	Best practice
Diversity	Young people from disadvantaged neighbourhoods on schemes run by the TF1 Fondation d'entreprise	TF1 Group	Number	8	9 (17 in all)	10	Internal
	Young people from disadvantaged neighbourhoods completing an internship			20	56	60	
Gender equality	Female staff as a proportion of permanent staff	TF1 Group	%	47.6	47.2	46.7	GRI LA 13 NRE 111
	Female new hires			49.0	44.8	43.2	GRI LA 13
	Female promotions			45.2	49.8	47.5	
	Female training			48.1	47.2	49.2	GRI LA 10
	Female managerial staff as a proportion of total managerial staff			47.7	47.4	46.8	GRI LA 13
	Female senior executives as a proportion of total senior executives			27.6	28.9	31.9	GRI LA 13 NRE 316
Disabled people	Disabled people hired during the year on temporary or permanent contracts	TF1 Group	Number	9	17	19	GRI LA 13 NRE 135
Reduction of job insecurity	Proportion of full-time equivalent / short-term contract workers	TF1 Group	%	9.8	7.3	7.0	NRE 113
Labour relations	Meetings with trade unions and other social partners	TF1 Group	Number	397	334	309	GRI HR 5 GRI LA 3 GRI LA 4 NRE 310 NRE 320
	Employees in permanent positions (Works Council Representatives, personnel delegates, employee representatives on the Board)			126	121	122	NRE 318
	Collective bargaining agreements in the year			25	27	9	NRE 321
Health and safety	Lost-time accidents	TF1 Group	Number	58	25	42	GRI LA 7 NRE 322
	Frequency rate			5.6	3.6	6.2	GRI LA 7 NRE 322
	Severity rate			0.3	0.1	0.2	
	Absenteeism rate		%	4.1	4.0	5.2	NRE 221
	Employees with health and safety training		Number	373	372	484	GRI LA 8 NRE 322
Life quality	Employees having benefited from housing schemes in the year	TF1 Group	Number	25	18	15	Internal
Family policy	Part-time employees	TF1 Group	Number	232	225	311	Internal
Welfare and employee benefit schemes	Membership of the company savings scheme	TF1 Group	%	83	81	78	
	Membership of the collective retirement savings scheme (PERCO)		%	11.9	12.6	13.2	
	Average net amount of contributions per employee		€	2,036	944	683	Internal
Integration	Interns under agreements with schools	TF1 Group	Number	784	487	321	NRE 326

Type	Indicator	Scope	Unit	2008	2009	2010	Best practice
Training	Employees given training	TF1 Group	Number	2,335	2,777	2,334	GRI LA 10 NRE 326
			%	63	76.3	61.4	GRI LA 10 NRE 326
	Proportion of payroll spent on training		%	3.25	3.78	2.81	GRI LA 10 NRE 326
	Total training hours under the training programme		Number	55,459	62,483	35,405	
	Hours of training per employee per year		Number	14 hours 45 minutes	17 hours 10 minutes	15 hours 10 minutes	GRI LA 10 NRE 330
	Statutory training entitlement (DIF) requests granted		Number	289	1,221	1,125	Internal
Action in the community	Employees mentoring high-school students from disadvantaged neighbourhoods	TF1 Group	Number	-	60	60	Internal

ENVIRONMENT ISSUES

Type	Indicator	Scope	Unit	2008	2009	2010	Best practice
Consumption	Electricity consumption	EMS [1]	Mwh	29,791	32,520	32,171	GRI EN 3 NRE 1
	Water consumption	EMS [1]	Cubic meter	61,658	51,964	52,054	GRI EN 8 NRE 1
	Paper consumption	EMS [1]	Metric tons per year	114	133	125	GRI EN 1 NRE 1
Waste, raw materials	Waste collected	EMS [1]	Metric tons	991 (TF1)	1,134 TF1)	1,678 (TF1+Eurosport)	GRI EN 22 NRE 1

(1) TF1's Environmental Management System now applies to the premises in Boulogne-Billancourt and Issy-les-Moulineaux (Eurosport France) housing 85% of employees.

PURCHASING ISSUES

Type	Indicator	Scope	Unit	2008	2009	2010	Best practice
Suppliers	Number of suppliers assessed by Ecovadis	Centralised purchases	Number	N / A [1]	45	89	Internal
Sheltered sector	Sales generated with the sheltered sector	TF1 Group	€	221,000	417,000	433,000	NRE 135

(1) Not applicable.

1.7.2 Corporate social responsibility analysis (in accordance with the New Economic Regulations Act)

This analysis has been drawn up on the basis on statutory indicators. The information has been obtained using internal reporting tools, notably the human resources scoreBoard, which updates a range of data every month.

WORKFORCE

The breakdown of the TF1 group workforce at December 31, 2010 was as follows:

OPEN-ENDED CONTRACTS

	2010(3)	2009
Clerical	91	71
Supervisory staff	755	685
Managers	2,365	2,300
Journalists	587	581
TOTAL	**3,798(2)**	**3,638(1)**

(1) o / w 204 people working abroad and one person at Eurosport Média.
(2) o / w 218 people working abroad and one person at Eurosport Média.
(3) The 2010 data cover a broader scope because SPS, NT1, TMC have been included.

FIXED-TERM CONTRACTS

	2010	2009
Employees on fixed-term contracts	188	182
Employees on youth work contracts	57	56
Employees on apprenticeship contracts	39	36

SHORT-TERM CONTRACT WORKERS

TF1 has drastically reduced its reliance on short-term contract workers (technical temporary workers, free-lance actors and musicians, and directors), who now account for 7% of the headcount at the TF1 group (compared with 7.3% in 2009) and just 3.3% for TF1 SA.

This is the result of a determined effort by TF1, which has hired a number of non-permanent workers over the past few years. In 2006 it signed the National Inter-industry Agreement for workers on de facto fixed-term contracts. TF1, under the auspices of STP (comprising Canal+, M6 and TF1), took an active part in drafting the agreement.

TF1 has also extended its employee welfare policy to these employees in the form of profit-sharing and incentive agreements; it has also given them access to employee-only rights issue schemes such as “Bouygues Confiance 5”.

Under the national inter-industry agreement applied by TF1, short-term contract workers can benefit from its healthcare expenditure and employee benefit regime. And they can also take part in the social and cultural events organised by the Works Councils of the TF1 Group.

Thus, for the Group as a whole, full-time equivalent workers over 12 months represented by non-permanent employees were as follows:

	2010	2009
Short-term contract workers	263.0	188.2
Stringers	69.9	51.2
Freelancer artists / musicians	18.9	89.1
Directors	17.1	10.0

The number of overtime hours remained stable due to the large-scale projects undertaken during the year (SAP, Process News and Sports 2 and the hours worked by short-term contract workers on drama series, notably *RIS)*.

	2010	2009
Overtime hours	60,495	62,509
Amount (€)	1,839,089	1,873,345

HIRING AND DEPARTURES IN 2010

	2010	2009
Employees hired on permanent contracts	345	551
Compulsory retirements	1	1
Retirements	1	5
Redundancies	18	16
Negotiated departures	77	102

Faced with a recession since 2009, the TF1 group has paid special attention to its recruitment policy by sharply limiting the number of new hires (except for cyclical or production-related jobs). The aim is to exert tighter control over new hiring requests and make sure that only essential requests are put forward. This decision paved the way for synergies between departments, helped by a proactive job mobility policy. It should be noted that these restrictions do not apply to the hiring of disabled workers under TF1 three-year agreement.

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.

In 2010 reliance on employees from outside the TF1 group (*i.e.* temporary staff) fell to its lowest level ever, at 8.7 full employee-equivalents, or 0.2% of the Group's permanent staff (the figure for 2009 was 14.0 FTEs, or 0.4% of permanent staff).

WORKTIME ORGANISATION

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 workers).

Non-management staff work 37 hours a week and are entitled to 14 supplementary work days off per year. Management staff work between 213 and 216 days annually and have 12 or 13 supplementary work days off per year.

All TF1 group companies are governed by worktime adjustment agreements that enable staff to manage their time off, provided that each department continues to operate smoothly.

Four years on from the introduction of Annex 7 to the 2006 worktime adjustment agreement, which applies to technical staff in departments operating seven days a week, it is evident that the employees concerned have a clearer and more reliable view of their schedules. The amendment has also improved pay conditions for various constraints such as Sunday work and has led to a fairer share-out of weekend work.

To ensure that all staff have the opportunity to acquire new skills, for their own personal development and with no specific links to their jobs, employees can convert supplementary 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 2010 and pay their contribution to the national "Solidarity Day".

ANNUAL WORKTIME: THE TABLE BELOW IS A SUMMARY OF THE WORKTIME ADJUSTMENT AGREEMENTS THAT APPLY IN THE TF1 GROUP OF COMPANIES

PTAS(1) status	PTAS(1) annual worktime
Non-management in constant hours and cycles (employees and supervisory staff)	1,569 - 1,576 hrs
Managers working in cycles	1,584 - 1,591 hrs
Managers with a fixed number of annual days	213 - 216 days
Senior managers	N / A

(1) Production, technical and administrative staff.

Two special agreements, one for the mobile video department, the other for the viewer hotline, were revised in agreement with the signatory trade unions in order to review worktime organisation and improve rest periods.

Journalists	Journalists' annual worktime
Journalists with a fixed number of annual days	208 - 215 days
Senior managers	N / A

ABSENTEEISM AND REASONS FOR ABSENCE IN THE TF1 GROUP

	2010	2009
Absentee rate (% of the headcount)	5.2	4.0
Total days' absence	43,425	42,921
Days absent without pay	101	559
Days absent for sickness	24,747	22,882
Days absent for occupational or commuting accidents	2,053	1,436
Days absent on parental leave	13,559	14,860
Days absent for special leave	2,785	3,561

At December 31, 2010, 311 permanent staff were employed part time, of whom 81.7% were women and 18.3% men. These percentages are stable (255 permanent staff in 2009, 81.3% women and 18.7% men). The decision to work part-time is a personal choice in practically all cases in the TF1 Group.

COMPENSATION / EMPLOYEE SAVINGS

In 1988 TF1 set up a company savings scheme for all Group employees.

At December 31, 2010 TF1 counts 2,763 (2,784 in 2009) employees that were members of the savings scheme, representing more than 78% (81% in 2009) of eligible employees of those companies of the TF1 group belonging to the scheme. On May 1, 2008 the company increased its matching contribution from 100% to 200% for the first €300 deposited in order to benefit the lowest wage-earners. The maximum matching contribution is €3,750 gross per employee per year, making a net total contribution for 2010 of €7.5 million (€7.4 million in 2009).

To help employees prepare to fund their retirement, the Bouygues Group has set up a retirement savings fund. This scheme provides for a company contribution of between 20% and 100% of the sums deposited, depending on the amount paid in by the employee. In all, 13.2% of eligible employees were members of the scheme on 31 December 2010 (12.6% at 31/12/2009).

Bouygues organised a capital increase (Bouygues Confiance 5) for Group employees in November 2010. The issue was a leveraged transaction with a 20% discount. In all, 53.8% employees took part.

A profit-sharing has been in operation for all employees since 1989. In 2010 the gross profit-sharing reserve (relating to 2009) amounted to €3.6 million (€5.3 million in 2009), or an average net amount per employee of €683 (€944 in 2009). The decline is due to the impact of the crisis on TF1's results in 2009.

To involve employees in efforts to meet financial commitments and improve personal and collective performance, management has set up a Group-wide incentive agreement which was signed for 2008, 2009 and 2010, with targets to be negotiated annually with trade unions. In 2010, for the first time, an incentive bonus was paid to employees covered by the agreement. The total gross amount was €18.2 million, or a net €3,377 on average per employee.

It should be noted that in 2010, 5.7% of TF1's capital was held by employees of the Group, compared with 5.4% in 2009.

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.

AVERAGE GROSS MONTHLY COMPENSATION FOR PERMANENT EMPLOYEES PER PROFESSIONAL CATEGORY IN THE TF1 GROUP IN 2010 (€)

(in m€)	2010	2009
Clerical	1,487	1,811
Supervisory staff	3,197	3,195
Managers	5,503	5,287
Journalists	5,953	5,910
All categories	**4,976**	**4,940**

In 2010 the average annual salary increase negotiated with the trade unions was 2% for the TF1 Group (an additional 1% allocation had already been granted to employees earning less €2,600 per month).

Over the same period, expenditure on social charges remained stable (the average pay increase in 2009 was 2.5%).

	2010	2009
Employee contributions	€55.7 million	€69.4 million
Employer contributions	€111.9 million	€142.1million
TOTAL	**€167.6 MILLION**	**€211.5 MILLION**

EQUAL OPPORTUNITIES

STATISTICS FOR THE WHOLE TF1 GROUP FOR 2009

Average gross monthly starting salary *(in €)*(1)	Clerical	Supervisory staff	Managers	Journalists
Women	1,514	2,175	2,423	2,675
Men	1,618	1,963	2,747	2,300

(1) Employees aged between 18 and 26 and with less than one year's service.

STATISTICS FOR THE WHOLE TF1 GROUP FOR 2010

Average gross monthly starting salary *(in €)*(1)	Clerical	Supervisory staff	Managers	Journalists
Women	1,605	2,127	2,535	2,500
Men	1,360	2,012	2,600	-

(1) Employees aged between 18 and 26 and with less than one year's service.

New hires	2010	2009
Women	149	247
Men	196	304
TOTAL	**345**	**551**

Promotions(1)	2010	2009
Women	295	206
Men	326	208
TOTAL	**621**	**414**

(1) With or without change of professional category.

Number of interns in 2010(1)	2010	2009
Women	1,149	1,324
Men	1,185	1,478
TOTAL	**2,334**	**2,802**

(1) On vocational training programmes

Number of training hours in 2010	2010	2009
Women	37,418	61,165
Men	33,805	67,731
TOTAL	**71,223**	**128,896**

TF1 continues to pursue its policy of not discriminating between men and women and respecting gender equality in accordance with the law, particularly in the areas of recruitment, career development and salaries.

The Gender Equality Committee of the Works Council had made significant achievements in 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.

As a result, in an industry where men have always outnumbered women, particularly in the technical professions, the TF1 group has succeeded in maintaining an even balance for some years. The TF1 Group's workforce comprises 46.7% women and 53.3% men (compared with 47.2% women and 52.8% men in 2009). This balance is also evident at management level, with 46.8% women.

A similar overall balance was maintained in 2010, both for promotions (16.6% for women and 16.1% for men compared with 12% for women and 11% for men in 2009) and for training, with 64.8% of women following training courses compared with 58.5% for men (versus 77.1% for women and 76.9% for men in 2009).

At an equivalent qualification level, men and women are hired at the same salary. A young female manager will receive the same compensation package as a man of the same age and with the same educational background.

The proportion of women in management positions continued to increase, rising from to 31.9% (32.2% at TF1 SA) in 2010 compared with 29% in 2009.

Moreover, an agreement was reached with trade unions in 2006 to allocate the negotiated rates of wage increases to all TF1 female employees who took maternity leave during the preceding year. Thus, any women who took maternity leave beginning in 2009 received a pay rise of at least 2% in March 2010, or 3% if her monthly wage was €2,600 or less.

In 2010 78.3% of the women whose maternity leave began in 2009 received a pay award that was above the rates negotiated with trade unions.

PROFESSIONAL RELATIONS AND REPORT ON COLLECTIVE AGREEMENTS

Practically all Group companies have employee representative bodies, Works Councils, Health & Safety Committees and trade union delegates. A total of 38 collective bargaining meetings took place in the TF1 group in 2010 and nine collective agreements were signed, reflecting a sustained and constructive dialogue with union organisations.

As a result of the July 2006 agreement concerning the resources to be made available to TF1 SA's unions, they now have up-to-date IT facilities, notably an intranet, and permanent representatives. In general, the agreements signed within the Group offer benefits in areas such as welfare, severance pay, holidays and union rights, which go well beyond the guarantees provided for in the Labour Code.

TRADE UNION REPRESENTATION IN 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 collective bargaining meetings with union delegates	32
Number of collective agreements signed during the year	27

TRADE UNION REPRESENTATION IN THE GROUP IN 2010 (PERMANENT MEMBERS)

	Works Council	Personnel delegates	Individual delegates	Board of Directors	Total
CFTC	13	23	33	16	85
FO	4	4	0	2	10
CGC	1	0	0	0	1
CGT	1	2	1	0	4
CFDT	7	11	3	1	22
TOTAL	**26**	**40**	**37**	**19**	**122**

Number of meetings with employee representatives (Works Council + personnel delegates + Health & Safety Committee + Board of Directors	309
Number of collective bargaining meetings with union delegates	38
Number of collective agreements signed during the year	9

	2010	2009
Number of occupational accidents with time off	42	25
Number of fatal occupational accidents (work-relatedw/ commuting)	0	0
Number of health and safety meetings	42	55
Employees trained in health and safety	484	373

HEALTH AND SAFETY

In 2010, as in previous years, TF1 continued its policy of preventing occupational hazards by raising general awareness.

A TF1 group signed an agreement titled "Working Better Together", which aims to reduce stress and, more generally, improve working conditions, was signed during the year. The agreement provides, among other things, for activities such as training, stress monitoring, preventive ergonomics and awareness of the work-life balance, as well as measures concerning the scheduling of meetings, use of email and mobile phones, and volunteer leave. In addition, an alert mechanism has been put in place to identify distressed employees.

In 2010 health and safety training courses were run for 484 employees in different categories (compared with 372 in 2009, an increase due to additional training in fire prevention). 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-gathering and technical staff on assignment).

Other training programmes covering specific risks have also been implemented – accreditation for electrical risks and training in bodily movements and postures, 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,
- "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 highly successful.

For TF1, the health of its employees is a top priority. Two medical teams comprising two occupational physicians and four nurses provide care on a daily basis as well as special care for employees with jobs involving particular risks. First-aid kits are available for staff bound for high-risk zones.

This service also covers freelancers working for the Group, as the professional bodies representing this staff category do not have a medical centre.

In 2008 a stress-monitoring unit was launched at the initiative of senior management and the occupational physicians. Employees are asked to complete a questionnaire when visiting the doctor. The aim is to identify sources of stress or worry and organise collective action according to the findings. A total of 1,264 employees filled in the questionnaire in 2010 (compared with 1,700 in 2009). The Works Councils and Health & Safety Committees were informed of the results and told that the initiative would continue.

The two medical teams run major preventive campaigns that go well beyond the basic legal requirements, including anti-influenza vaccination, prevention of cardio-vascular disease, and a campaign to prevent hearing problems.

The master occupational-hazard documents are updated with the aid of the occupational physicians and the members of the Health & Safety Committees. These documents list all the hazards in each of the companies' work units and procedures for monitoring preventive measures that have been established for each of the risks listed (instructions, training courses, etc.).

INTEGRATING NEW HIRES, PROFESSIONAL DEVELOPMENT AND JOB MOBILITY

The TF1 group ensures that all employees receive individual professional guidance with respect to career development throughout their working lives. The induction system for new staff quickly helps them get their bearings in new environment and understand the Group's activities.

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

Vocational training is a vital channel for expanding employees' skills. The aims are to improve the competencies need for each profession, develop interpersonal and managerial expertise, and support strategic projects. In 2010 these projects included migration to new management tools on the SAP application, transition to high-definition TV and special training on the topic of diversity for human resources managers, employee representatives and managers, as well as journalists and technicians involved in making newscasts and magazines programmes.

Management and human relations continue to be a priority, and there are now specialist training tracks for new managers and team leaders. Each of these modules now includes a special focus on preventing psychosocial risks.

In the field of human relations, alongside standard training courses in public speaking, communication, discussion leading techniques and negotiation, two courses are devoted specifically to the work-life balance and to stress management and prevention.

Core skills development is the primary focus of training for journalists, technicians, legal specialists, managers and human resources leaders.

Finally, language courses and theme-based days for learning about the Group's professions were continued in 2010.

After a stand-out year in 2009, when the training budget reached €8.8 million (3.8% of the total payroll) owing to high-impact projects such as PNS 2, SAP and RNA, the TF1 group earmarked €6.8 million for training in 2010, or 2.8% of the total payroll.

In all, 2,334 TF1 group employees received training in 2010, *i.e.* 16% fewer than in 2009 (2,777 people), which was an exceptional year in terms of training, as mentioned above.

The training plan for the TF1 group involved a total of 35,405 hours in 2010 (compared with an exceptional 62,483 hrs in 2009). And a total of 10,623 hours of additional training (compared with 34,453 hrs in 2009) were given by 16 Group employees as part of individual training leave (compared with 87 in 2009).

The number of accepted applications for Individual Training Entitlements in 2010 was 1,125 (compared with 1,221 in 2009), making a total of 25,195 hrs (compared with 31,960 in 2009).

The number of hours in the Individual Training Entitlement balance in 2010 was 359,157.

The Group's apprenticeship tax for 2010 amounted to €1,709,370.45 (compared with €1,663,487 in 2009).

The TF1 group has an active policy of offering work placements to young graduates, which creates an excellent recruitment pool for the Group, and establishing special relations with schools and universities. These policies enabled the TF1 group to offer placements to 321 interns (school-work experience, fixed-term holiday contracts and shadowing placements in 2010 (compared with 487 in 2009).

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 degree);
- ESCP-EAP, Paris (masters degree, media studies);
- IEP Paris;
- Télécom Sud Paris, Evry;
- École Nationale Supérieure des Télécoms, Paris;
- AUDENCIA Nantes;
- ESC Rouen.

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

The TF1 group is currently negotiating a manpower and skills planning agreement.

DISABLED EMPLOYEES

For several years the TF1 group has pursued a policy of hiring and retaining people with disabilities. The initial impetus was given by the Disability Action Taskforce in December 2007, followed shortly afterwards in 2008 by a three-year agreement between management and employee representative bodies on the recruitment of disabled workers.

The six main themes of the agreement are:

- an ambitions recruitment plan (taking on at least 30 disabled workers over three years);
- a cooperation plan with the sheltered sector;
- vocational training;
- a plan for keeping disabled staff in employment;
- accessibility and adaptability of working tools;
- information and communication.

In 2010 the Group hired 23 disabled workers on different kinds of contract. As a result, the initial target of hiring 30 workers in three years has been conformably exceeded, given that 71 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 it works with specialist recruiting firms, temp agencies and non-profit organisations that promote employment for young people with disabilities.

It has also signed partnerships with a number of target schools to take on students during their time at university (Sciences-Po Accessible agreement, the Passarelle agreement, etc.).

To raise awareness at teaching establishments, the Disability Action Taskforce 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, a non-profit organisation that helps students as they pursue professional development plans.

The Purchasing Department is lending impetus to 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 landscape management.

	2010	2009
Number of disabled workers employed by		
TF1 SA (all contract types)	42	29
TF1 group (all contract types)	79	70
Sales (ex VAT) generated with sheltered workshops		
TF1 SA	€332,000	€350,000
TF1 Group	€433,000	€417,000

As a result, the target set in the agreement (€660,000 in three years) has been amply exceeded. The TF1 group has generated sales of €1million for the sheltered sector during the three years that the agreement has been in force.

As a result of the communication campaign on the issue of disabilities, organised by the TF1 group with the aid of Publicis Consultants, an advertising agency, perceptions within the company have changed. This is reflected in the 20 personal testimonies that emerged from this exercise.

The Group is pursuing its communication campaign through publications in specialised media, as well as a dedicated website, www.toutsimplement.com.

In an effort to promote difference and turn it into a strength, TF1 has partnered with the Défi Intégration challenge. A yacht crew composed of equal numbers of disabled and non-disabled sailors embarked on a 68-day 17,000 kilometre voyage from Île de Groix to Mauritius where they arrived on November 15, 2010.

As regards the management of disabled workers, the Disability Action Taskforce studies employees' requests and makes the necessary arrangements, which can include co-financing of equipment, transport agreements, TadeoBox sign-language equipment for the hard of hearing, table-side service and modifications to the working environment.

In addition to professional training, the Disability Action Taskforce can also offer bespoke courses to people with disabilities, including Group employees and service providers from companies in the sheltered sector who work for the Group.

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).

Regarding accessibility, an audit carried out in 2010 found that all TF1 group buildings met legal standards for disabled access to public premises. As part of its continual improvement drive, the Group intends to continue its work on accessibility.

Urbilog, a company specialising in online accessibility issues, carried out a digital accessibility audit in 2009. Based on the results for audited applications, several accessibility projects were carried out in 2010.

EMPLOYEE BENEFITS AND COLLECTIVE AGREEMENTS

The Group has a highly developed family-friendly policy, with benefits such as a €915 bonus for staff when they marry or have children, and places reserved in a daycare centre. The Works Councils, at their own request, have been responsible for paying child care benefits since January 1, 2005. These benefits are allocated to staff whose children are under four and are looked after in a crèche, or by a nursery nurse or a childminder (€8 net per full day worked, up to a maximum of €1,830 per year).

Expectant mothers continue to receive normal wages throughout their maternity leave, and, from the sixth month of pregnancy, work 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 civil union 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, run by a specialised catering firm, and pays a subsidy of €4.80 per meal. The restaurant itself was designed and renovated by an architect, to the satisfaction of all staff. A second company restaurant was opened in the new Atrium building in 2009.

The company's contribution to public transport costs (including train and metro travel and bike hire) increased from 50% to 60% of the cost in 2010.

The five trade union organisations represented in the TF1 group have signed a collective Group agreement on a time-savings accounts. Set up in 2007, the account provides employees with a time budget, which is augmented each year by "paying in" any leave (annual entitlement, extra days per year of service, days off) that has not been taken by the end of the year and / or by converting all or part of their annual bonus into days off. Employees can then use this budget either to take time off when it suits them, or a maximum of five days per year can be converted into extra pay. The account can also be used by the company to arrange transitional holiday periods for employees approaching retirement. And following the negotiation of an amendment to the agreement at end-2009, employees will be able to deposit up to 10 days from their time-savings account, per period, to the Bouygues retirement savings fund and thus receive the related company contributions.

Employees benefit from excellent health insurance, with 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, decided to issue a call for bids from insurance companies and complementary health insurers in 2010. As a result, some aspects of the contractual relationship were upgraded, premiums were lowered slightly, and coverage was improved in certain areas. A special policy is available for employees travelling to high-risk areas, such as war zones and earthquake sites.

TF1 is keen to provide employees with a pleasant working environment. To this end, it has provided on-site services such as a cash dispenser, a hairdresser and a concierge service that offers dry-cleaning, organic produce shopping, etc. A health insurance representative and social worker are also regularly available for consultation. The company takes investing in its employees' health and fitness very seriously, so employees have access to a 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. Employees can also get discounts on health club fees (Forest Hill, Club Med Gym) and join an association that organises a variety of sporting activities.

As part of its housing assistance programme, TF1 offers accommodation solutions to employees in need of emergency help. Over the past 20 years, the Group has provided nearly 585 low-cost housing units for its staff. 15 employees were housed in 2010, a slight decline on the 2009 figure of 18, despite the national housing shortage and increasingly strict allocation conditions. In addition, under a new mechanism was set up in 2008, two young people under 30 with a professional development plan have been housed in temporary accommodation in a residence in Boulogne in the space of two years. Moreover, the Group offers its employees the whole range of schemes provided for in the housing assistance programme. It granted 13 Loca-pass loans to pay rental deposits, etc. (38 in 2009), 4 first-home loans (34 in 2009) and 6 home improvement loans (none in 2009). In addition, 124 employees (71 in 2009) were advised on home acquisition plans. The year-on-year changes are due to changes in local rules.

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 housing assistance programme is regularly available to employees to help them with the procedures involved and give advice about financing their home acquisition plans.

TF1 regularly convenes the Housing Committee of the Works Council to inform it of all operations undertaken as part of the programme.

Despite changes in the legislation, the number of employees benefiting from the programme remained more or less the same in 2010, i.e. 169 compared with 174 in 2009.

1.7.3 Environmental report (in accordance with the New Economic Regulations Act)

NOTE ON METHODOLOGY

The following sections describe the methods used for calculation and reporting.

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, news items (more than 1,000 environment-related stories were aired in 2010), major prime-time programmes like *Ushuaia Nature*, theme channels such as Ushuaïa TV, websites (Ushuaia.com), and an awareness campaign targeting children.

In December 2009 the News Department introduced the Eco2Climat indicator to measure France's greenhouse gas emissions. Reported in the 8 p.m. newscast, this original tool is updated and disseminated 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. The second edition, held in 2010, attracted 22,000 visitors.

The media sector is seen as having a smaller environmental footprint than other industries, but it has a similar impact in terms of greenhouse gas (GHG) emissions. It consumes transport services, purchases electronic products and uses power. Media companies owe it to their stakeholders to set an example. For this reason, the TF1 Group, with the support of the Bouygues Group, has introduced a policy of reducing GHG emissions connected with its activity.

In 2007, in partnership with the French Agency for the Environment and Sustainable Energy (ADEME), TF1 carried out a carbon audit to estimate GHG emissions caused by its main channel. The resulting action plan aims to reduce emissions from every source identified, whether internal or external. By the end of 2010 the audit had been extended to all the Group's activities (except Eurosport and Téléshopping). It will be supplemented in 2011 then updated every three years.

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, power, water, and raw materials (e.g. paper) and to waste management. The measures introduced by the Group always go well beyond legal requirements. Increasingly, energy consumption and waste management are factored in at an early stage of any project involving the technical solutions used by the Reporting Department, studios, and IT operations.

An environment management system is in place in the buildings managed directly by the Group. The environmental "roadmap" is examined on a regular basis by a specialised committee, which approves its objectives, makes sure that the action plans it sets out are duly implemented, and examines the efficiency of the measures and any feedback received.

In 2010 the Group launched a Commuting Plan in an effort to mitigate the environmental impact of travel to and from Boulogne-Billancourt.

These measures, which reflect the determination of management to adopt best practices, include involving suppliers and raising staff awareness. Employees have access to a collaborative site, MygreenTV, that recommends best practices, follows up on questions relating to the Commuting Plan and showcases employees who are committed to environmental issues.

TF1 is a member of Ecoprod, a collective campaign to make audiovisual producers more aware of the environmental impact of their activities, and in 2010 it helped to develop a carbon emissions calculator designed specially for audiovisual productions.

ENVIRONMENTAL MANAGEMENT SYSTEM (EMS)

The EMS draws on quality processes and in particular the "plan / do / check / act" cycle of ISO 9001-type systems.

The EMS 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.

SCOPE AND NATURE OF MEASURES

The EMS, along with consumption measurements and targets, apply as from 2010 at the three buildings in Boulogne-Billancourt (Tower, Atrium and Delta) and the Eurosport building, Amiral, in Issy-les-Moulineaux, which together have a total useable area of some 83,000 square metres. Moving the teams to Boulogne-Billancourt has not only brought organisational benefits, it also reduces travel between sites to a minimum and makes the buildings easier to manage.

How the indicators are read:

- electricity and water consumption measures are generally based on invoices that are read remotely. However, electricity invoices were unavailable at the beginning of 2011 because the IT system changeover was still underway. Exceptionally, therefore, the data will be obtained by reading the meters;
- waste is measured by the service provider (invoicing by weight).

To target in-house consumer profiles more accurately, TF1 continued to upgrade its building management system in 2010 by installing more meters throughout the supply networks (electricity, water, etc.). It aims to keep consumption under control through tighter management of lighting and air conditioning equipment.

In particular, the installation of meters will make it possible to identify the amount of power consumed for office use and for businesses processes:

- offices: lighting for workstations and circulation / office equipment / air conditioning;
- processes: IT server rooms and broadcasting rooms / special facilities such as studios / process-specific A/C.

DATA REQUIRED UNDER THE NEW ECONOMIC REGULATIONS ACT

WATER CONSUMPTION

In 2010 the consumption of water (primarily used in the air-conditioning system, washrooms and kitchens) was 52,000 cubic metres, stable since 2009 and down a sharp 16% since 2008.

WATER CONSUMPTION (M^3)

Site	2010	2009
Tower / Atrium / Delta	44,271	44,292
Eurosport (Amiral)	7,783	7,672
TOTAL	**52,054**	**51,964**

Action taken since 2009

- the braided system on the 40 pumps of the heat pumping system was replaced with a metal lining (the new system does not a constant supply of water for cooling);
- the faulty pumping system in the high pressure mixed-water network was replaced;
- automatic detectors and electrically operated flow control valves have been installed on the washroom basins to reduce consumption;
- leak detection campaigns are conducted on a regular basis.

In 2010

- a pit water system was installed to cool the surge tanks in the heat pump loop.

In 2006 an amendment was made to the contracts of service providers using water, such as cleaners and canteen staff, to make them more aware of the importance of reducing consumption.

Further action will be taken in 2011 to reduce washing water consumption.

To cut 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 consumption (125 tons in 2010) have been implemented, including shifting to electronic in-house publications and using the two-side printing facility of the multifunction printers.

PAPER CONSUMPTION (TONS)

Site	2010	2009
Tower / Atrium / Delta	81	87
Eurosport (Amiral)	44	46
TOTAL	**125**	**133**

The paper used by TF1 is now recycled or sourced from certified forests. Its weight has been reduced from 90g per sheet to 75g.

ENERGY CONSUMPTION

Most of the electricity consumed by the TF1 group is used to power the technical equipment needed to make and broadcast programmes (studio lighting, machine rooms, final production, etc), as well as for the company's everyday activities (A / C, cold rooms, surveillance and control systems, pit water pumps etc.), lighting and office equipment.

After rising for two years due to the introduction of new processes and the in-sourcing of post-production services, electricity consumption in the main buildings (Tower / Atrium / Delta) fell by 2.6% in 2010, equivalent to an overall decline of 1%.

ELECTRICITY CONSUMPTION (Kwh)

Site	2010	2009
Tower / Atrium / Delta	27,149,683	27,865,470
Eurosport (Amiral)	5,021,403	4,654,950
TOTAL	**32,171,086**	**32,520,420**

The decline is attributable mainly to the shutdown of dual systems used for final production and making LCI programmes.

A backup site, which consumes 2,498,044kWh, has been set up and will be incorporated into the EMS in 2011.

MEASURES FOR IMPROVING ENERGY EFFICIENCY

Aside from the specific factors mentioned above, many measures have been taken as part of the Environment roadmap to pursue the efforts currently underway.

Building management

2010

- relamping the entire site by replacing 1,800 dichroic lamps with new transformerless LED lights consuming just 4W;
- replacing the lighting in the south hall with lamps that have a higher initial cost but that significantly reduce maintenance expenditures;
- examining a new transmission-driven process for A / C systems, particularly the central station air handlers, which operate 24/7, to reduce energy loss, operating cycles and maintenance costs on these machines.

Routine measures

- reduction of car park lighting, shortened lighting periods;
- programmed switch-off of studio lighting and air-conditioning systems;
- occupancy sensors 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 10pm;
- replacement of dichroic bulbs with LED bulbs;
- building management improved by Central Facilities 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;
- installation of chilled beams during renovation of Atrium.

2011

- a study will be carried out with IBM on the oversizing of A / C systems in technical facilities;
- an action plan will be undertaken with a catering services provider to cut consumption by reducing the operating cycle for ventilation hoods, warm-up cycles for dishwashers, and cooking and keep-warm times;
- implementing AFNOR EN 16001 is under consideration.

IT management

2010

Energy-saving measures

The virtualisation drive was extended to include at least 50 more servers. The installation of future servers running under Windows Server 2008 will also generate energy savings.

- Existing machines are being replaced with less energy-hungry equipment (the “Star Energy” and “EPEAT Gold” standards are included in the specifications for call for tender).
- Implementation of the Econoposte process, which switches IT workstations off if they stand idle for four hours, was continued.

Purchasing and hardware lifecycle management

- an efficient system for managing the collection and recycling of obsolete hardware was introduced. (Equipment is recycled via the company or the manufacturer.);
- a system was put in place to allow paperless handling of documents (expense claims, performance appraisal reports, etc), to lower consumption of paper, ink and DVDs (by 1,000 units per year) and to reduce waste;
- the policy of replacing printer ink cartridges with less polluting models was continued.

Use of IT system

- an audit was carried out to assess the accessibility of the information system for disabled employees.

2011

Further energy-saving measures

- installing software to optimise electricity consumption (processor clock speeds, standby mode, etc.);
- auditing data centres to find suitable energy-saving solutions: temperatures, hot aisles, etc.;
- extending the virtualisation drive still further.

Purchasing and hardware lifecycle management

- expanding the purchasing policy to include lifecycle analysis and rates of return for all purchases, and apply the EcoVadis assessment to all suppliers.

Use of IT system

- broaden the analysis of the IT system to consider the adoption of rules to make applications more accessible;
- analyse and discuss the advantages and importance of year-round teleworking.

USE OF RENEWABLE ENERGIES

The survey into turning the studio roofs into a green roof-garden and installing photovoltaic panels continued in 2010.

SOIL USE

N / A.

EMISSIONS INTO THE ATMOSPHERE, WATER AND SOIL

Greenhouse gases

A first carbon audit of the main TF1 channel was carried out with the assistance of ADEME in 2007. Greenhouse gas (GHG) 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 GHG emissions, caused by electricity consumption by viewers watching TF1 programmes, have been calculated to represent 190,000 tons of carbon equivalent.

In 2010 the audit was extended to include all the Group's activities (excluding Eurosport, other channels in France and Téléshopping) based on 2009 data. It will encompass all remaining activities in 2011. The data will be aggregated with those of the Bouygues Group with a view to introducing a carbon accounting system by 2012. Since the bulk of the figures obtained (particularly for inputs) depend on financial factors, a substantial margin of approximation (40%) must be allowed.

ESTIMATES ON 2009 DATA

Consumption item	Emissions, tons of CO_2 equivalent
Building energy	3,700
TF1 programme grid	87,400
Other inputs	73,100
Travel	19,700
Direct waste	270
Fixed assets	3,500
TOTAL	**187,670**

Action plan for in-house GHG emissions, with the assistance of the Bouygues Group

- A purchasing and depreciation policy incorporating environmental criteria for IT hardware and broadcasting equipment.
- Corporate fleet: emissions limit of 170g / km of CO_2 set for fleet cars and incentives to use vehicles that emit less than 160g / km. Incentives to use public transport, reimbursement of public transport passes and bike-hire subscriptions raised from 60% to 70%.
- Efforts to reduce recurring sources of electricity consumption (see above).
- Launch of the Commuting Plan in 2010.
- Trials with car pooling in electric vehicles scheduled for 2011.

Carbon footprint of programme production

Programme production, whether internal or external, is the second-largest source of GHG 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 autonomous. They also fitted with batteries that recharge as the vehicle moves, thus reducing energy consumption. All the units meet the Euro 4 standard and are fitted with a six-speed gearbox to cut fuel consumption.

A small generator, connected to a Vitron system, provides energy when needed. Equipment is switched on individually and only as required.

- 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 7kW on average – a tenth of the consumption of a studio lit with conventional systems.

- Ecoprod: making audiovisual production more environment-friendly

In 2009 TF1 and five partners (ADEME, AUDIENS, Commission du Film d'Ile de France, DIRRECTE IDF and France Télévisions) launched an online information campaign to make producers and other industry professionals aware of their carbon footprint. A online resource centre featuring best practice guides and personal testimonies for each sector of the industry was opened at www.ecoprod.com.

In 2010 a calculator for measuring the carbon footprint of audiovisual productions was posted on the site.

These tools are presented to industry professionals on a regular basis.

In 2011 Ecoprod will purse three work streams:

- prepare a charter on environment-friendly film shoots;
- publicise the efforts and achievements of production teams;
- conduct educational and awareness-raising campaigns with the vocational training sector.

- Eco2climat: an innovative indicator featured on TF1's 8pm newscast

In 2009 TF1 and the consultancy Carbone 4 developed Eco2climat, an indicator that measures average GHG emissions by French households. Featured on TF1's 8pm newscast, the findings of this innovative tool are then discussed on-air to explain the link between consumption patterns and climate change. http://lci.tf1.fr/eco-climat/

Other gases

Ahead of implementation of regulations concerning the gradual elimination of gases that damage the ozone layer (Regulation (EC) no. 2037/2000 of 29 June 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 obsolete equipment before scrapping it.

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 handling facilities, generators) is now expected to achieve specific performance levels in terms of noise pollution. An acoustics specialist is called in to verify the quality of these products.

During renovation of the headquarters generators, a venturi-type ventilation system was installed on the generator exhausts to improve the air mixture and consequently reduce the impact of exhaust gases.

WASTE MANAGEMENT

Waste tonnage was 1,678t in 2010. It increased at the Point du Jour site as a result of work carried out to refurbish the areas vacated by LCI.

WASTE COLLECTION

Site	2010	2009
Tower / Atrium / Delta	1,237 o / w recycled 40%	1,134
Eurosport (Amiral)	441 o / w recycled 83%	450
TOTAL GROUP	**1,678**	**1,584**

Office waste

Taking into consideration the specific features of Group sites, waste sorting has been developed wherever feasible. Eurosport has installed dual-container waste bins (paper / other waste). At TF1 headquarters, the volume of waste to be removed and the associated logistics prompted Corporate Services to install a waste compressor that has been in operation since August 2003. Sorting is managed by a service company that re-sells the waste collected for recycling. The service provided includes detailed sorting by hand, and 80% of the content is recycled. Only plastics are excluded.

Waste from the Atrium building is collected and sorted by municipal services.

The "Cleaning Day" initiative launched in 2009 for the relocation programme was repeated in 2010, when a total of 41 tons of waste was recycled. In addition to reducing storage requirements, the initiative fosters employee awareness of waste management issues and will therefore be conducted on a systematic basis.

Neon light bulbs and toners

Exprimm, the company responsible for on-site electrical maintenance, collects used neon light bulbs. All changed neon light bulbs are sent for recycling. Toner cartridges are also collected and recycled. Copier filters are changed regularly.

Batteries

A battery collection point has been installed in the cafeterias. Employees are encouraged to use them for both professional and personal battery collection. The weight of batteries collected rose from 700kg to 1 ton in 2010.

Cooking oil

Cooking oil 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.

Electronic waste

End-of-life equipment in working order can be given away to non-profit organisations and the sheltered sector or be sold to brokers. In 2010 1,600 personal computers, printers and screens were overhauled. Three hundred mobile phones were processed (80% were recycled, 20% dismantled and reprocessed). Under an agreement signed with the entire Bouygues Group in late 2010 to improve the different stages of processing of e-waste, ATF Gaia[1], a sheltered sector company and subsidiary of the ATF Group, was selected to recycle and sell discarded electrical and electronic goods.

(1) A social enterprise having at least 80% of disabled workers on its production staff, working in conditions suited to their disability.

DVDs

TF1 Vidéo ensures collection by the distributor of unsold or faulty DVDs, which are then completely recycled by sheltered workshops or specialised companies. In the sheltered workshops, the case is resold and reused, the paper insert is recycled and the discs are transformed into plastic bottles or fleeces.

A system for collecting DVDs has also been set up in-house.

2011

- Waste elimination at-source by reducing the number of rubbish skips from 12 to 1, in collaboration with a service provider.
- For food waste:
  - introduction of composting bins;
  - introduction of a self-sorting system.

Measures taken in 2010

- Glass:
  - a bottle bank was set up in 2010
- Recyclable bags:
  - recyclable bags have been introduced for takeaway food services, saving some 36,000 disposable bags and eliminating 1 ton of waste per year.

Product	What becomes of it?
Paper	Paper handkerchiefs and tablecloths
Batteries and car batteries	Re-used by industry after extraction of iron, manganese, zinc and mercury
Used cooking oil	Filtered and used as fuel
Printer toners	Container is dismantled, cleaned, refilled and sold
Used IT equipment	Equipment in fair condition is renovated and given to the sheltered sector, otherwise dismantled or destroyed
Furniture	Unusable items are destroyed and materials recycled. Items in satisfactory condition are donated to charities
Wet waste	Incinerated
DVDs	Cases resold and reused, paper insert recycled and discs transformed into plastic bottles or fleeces

MEASURES TO LIMIT IMPACT ON THE ECO-BALANCE

The Group's activities, which take place primarily in France, have no impact on the 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 contributes €10,000 annually to the Ecoprod initiative, which seeks to develop tools to measure and reduce the environmental footprint of audiovisual productions.

RESOURCES ALLOCATED TO MITIGATING ENVIRONMENTAL RISK

N / A.

ORGANISATION IN PLACE IN CASE OF ACCIDENTAL POLLUTION OCCURRING OFF COMPANY PROPERTY

N / A.

MEASURES TAKEN TO ENSURE COMPLIANCE WITH LEGAL PROVISIONS

Legislation on environmental issues and on health, safety and security is closely monitored before action plans are put in place. A cross-functional Group involving the Legal Department, Social Affairs, Corporate Services and Security has been set up for this purpose.

TF1 continues to monitor regulations governing its technical facilities that are rated as having a potential ecological impact ('ICPE' under the French environmental code).

The installations governed by this legislation are classified according to activity, extent of activity and level of risk or nuisance involved, and are therefore subject either to authorisation or to declaration.

TF1 has several installations subject to ICPE regulations, including:

- 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

Aside from its legal obligations, TF1 checks air quality (dust content, hygrometry) and water quality (coffee machines) 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.).

There are no plans to audit the Environmental Management System itself, even though it is based on recognised standards.

It should be noted that TF1 is already included in three of the main stock market indices relating to socially responsible investment: the FTSE4Good, Aspi Eurozone and Ethibel. While TF1's inclusion in these stock market indices does not constitute an evaluation or certification, it nevertheless provides a positive indication of the Group's consideration of social and environmental demands.

Effects of radiowaves on health

The broadcasting aerials located on the roof of the main TF1 building in Boulogne were monitored in 2007. The resulting measurements, which were passed on to the Health & Safety Committee, showed that authorised levels in the approach area around the aerials were not exceeded. Entrance to this area is reserved for a few technicians only, and the security zone is clearly marked and off-limits to unauthorised personnel.

Mobile aerials (broadcasting vehicles, air-transportable aerials) were assessed by APAVE, which found no anomalies. Operators must follow safety procedures when installing such aerials, and a one-and-a-half metre safety zone is marked out around such equipment when on the ground.

The Medical Department is highly vigilant and examines every radiowave-emitting system that is put into service.

IN-HOUSE ENVIRONMENTAL MANAGEMENT STRUCTURES

To handle issues concerning risk management, health and safety and the environment, TF1 has opted for a networked system rather than dedicated departments. This structure enables operational staff to be involved and suits the cross-cutting nature of these issues. The same principle applies to the task force responsible for taking action subsequent to the carbon audit.

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 *Regards*, published three times a year) 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 rooting the approach more firmly in the Group ethos.

In addition, TF1 is a founding partner of the Nicolas Hulot Foundation.

2

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

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

Ladies and Gentlemen, Shareholders,

To supplement the Management Report of the Board of Directors, and in compliance with statutory and regulatory requirements, the Chairman of the Board of Directors is reporting to you in this document, as approved by the Board of Directors at its Meeting on February 16, 2011, on the composition of TF1's Board of Directors and the application of the principle of balanced male / female representation, the way in which the Board conducts and organises its activities, the procedures relating to corporate governance, the principles and rules adopted by the Board to determine the compensation and benefits of any kind awarded to the corporate officers, the procedures governing the participation of shareholders in the company's Combined Annual General Meetings, and the internal control and risk management procedures implemented by the company.

The company follows the recommendations set forth in the Code of Corporate Governance published 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 27, 2006 Bouygues has been the sole participant in the privatisation of TF1. In that capacity it is responsible for honouring the commitments made by the Group of investors, particularly with regard to continuity of operations.

2.1 COMPOSITION OF THE BOARD OF DIRECTORS AND BOARD COMMITTEES

2.1.1 Composition of the Board of Directors

The Articles of Incorporation state that the company is managed by a Board of Directors of twelve members, of whom ten are appointed by the Combined Annual General Meeting, and two are selected by electoral colleges of employees in compliance with Article 66 of Act 86-1067 of September 30, 1986 on freedom of communication. This Act states that at least one-sixth of the company Board of Directors should be made up of employee representatives, and that one seat should be reserved for engineers, executives, and those in a similar category.

The term of office of Board members is two years.

As part of its assessment, the Board of Directors places particular emphasis on the skills and experience, both national and international, of each of its members, as well as their knowledge of the Group's business lines, which will enable them to make an effective contribution to the work of the Board and to that of the three committees that assist it: the Audit Committee, the Compensation Committee and the Selection Committee.

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

With respect to this point, the Directors aim to increase the number of independent Directors.

The Board of Directors of the TF1 group is also seeking to diversify the composition of the Board in terms of the number of women. Following the appointment of Laurence Danon, as a Director, the Board now has three female Directors.

At the preceding Combined Annual General Meeting, held on April 15, 2010, 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.

Following the Combined Annual General Meeting of April 15, 2010, at its Meeting of May 11, 2010, the Board of Directors noted the resignation of Haïm Saban as Director from April, 27. At its Meeting on July 22, 2010, the Board of Directors, having sought the opinion of the Selection Committee, appointed Laurence Danon as Director, replacing Haïm Saban for the remainder of his term of office.

On February 16, 2011, the Board of Directors examined the terms of office that are scheduled to expire at the next Annual General Meeting, taking account of the expertise of existing Directors and the need to pursue the process of appointing more women, alongside the new provisions of Act 2011-103 of January 27, 2011 concerning the balanced representation of men and women on Boards of Directors and supervisory Boards, and gender equality in the workplace.

Listed below are the terms of office and functions exercised by the Directors of TF1 in any company, in 2010 and over the past five years.

INFORMATION ON DIRECTORS AS AT FEBRUARY 16, 2011

NONCE PAOLINI Born April 1, 1949 – French citizenship

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

CEO of TF1 since May 22, 2007

Chairman and CEO of TF1 since July 31, 2008

Director of TF1 since May 22, 2007

Most recent renewal: April 17, 2009 expiring 2011

Holds 100 shares in TF1

Business address: 1, Quai du Point du Jour – 92 100 Boulogne-Billancourt

Current appointments within the TF1 group

In France: Chairman and Director of the TF1 Fondation d'entreprise and Monté Carlo Participation; Chairman of TF1 Management, H.O.P-Holding Omega Participations, and NT1; standing representative of TF1, Director of Groupe AB, WB TV, GIE TF1 Acquisitions de droits, TF6 Gestion and Extension TV; standing representative of TF1 Management, manager of La Chaîne Info and TF1 D.S

Appointments held outside the TF1 group

In France: Chairman of the Association des Chaînes Privées (ACP); Director of Bouygues(1) and Bouygues Telecom

Other appointments held within the last five years

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

2009 - Member and Vice Chairman of the supervisory Board of France 24; standing representative of TF1, Director of Médiamétrie

2008 - CEO of TF1; standing representative of TF1, member of the Board of Directors of Monté Carlo Participation, Director of Télé Monté Carlo

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

PATRICIA BARBIZET Born April 17, 1955 – French citizenship

A graduate of the *École Supérieure de Commerce* de Paris (ESCP) in 1976, Patricia Barbizet began her career with the Renault Group as treasurer of Renault Véhicules Industriels, then Finance Director of Renault Crédit International.

She joined the Pinault Group in 1989 as Finance Director. She became managing Director of Artémis in 1992, and of Financière Pinault in 2004. She was Chairman of the supervisory Board of Pinault Printemps-Redoute to May 2005 and has been Vice Chairman of the Board of Directors of Pinault Printemps-Redoute since May 2005.

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

Director of TF1 since July 12, 2000 – independent

Most recent renewal: April 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

Business address: 12, rue François 1er – 75 008 Paris

Appointments held outside the TF1 group

In France: CEO and Director of Artémis; CEO (non-proxy) and member of the supervisory Board of Financière Pinault; Director and Vice Chairman of the Board of Directors of PPR(1); Director and Deputy CEO of Société Nouvelle du Théâtre Marigny; standing representative of Artémis, Director of Agefi, Sebdo le Point; member of the supervisory Board of Yves Saint Laurent; member of the Management Board of Société Civile du Vignoble de Château Latour; Director of Bouygues(1), Fonds Stratégique d'Investissement, Total(1), Air France – KLM(1), and Fnac

Outside France: Chairman of the Board of Christies International (UK); non Executive Director of Tawa PLC (UK); member of the Board of Gucci (Netherlands); CEO and Director of Palazzo Grassi (Italy)

Other appointments held within the last five years

2010 - Chairman of the Board of Directors of Tallandier Editions

2009 - Standing representative of Artémis on the Board of Directors of Top Tickets; manager of Misarte

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

2007 - Chairman and CEO of Piasa

2006 - Director of Afipa.

(1) Listed company.

CLAUDE BERDA Born February 3, 1947 – French citizenship.

Claude Berda founded the independent record label AB Productions in 1977. In 1987 he decided to diversify into audiovisual production. His Group quickly became market leader and added a new business: the distribution of TV programme rights. In 1996 Claude Berda floated Groupe AB on the New York Stock Exchange to finance growth in the new market for satellite-borne digital TV in France. He then positioned the Group to benefit from the creation of freeview Digital Terrestrial Television by founding NT1 in 2002 and acquiring TMC, alongside TF1, in 2005. In parallel, Claude Berda diversified his wealth management business, moving into real estate. In 2007 he sold 33.5% of Groupe AB to TF1. In 2010 he finalised an agreement for the sale of NT1 and TMC to TF1, thus refocusing Groupe AB on its catalogue and pay-TV channels.

Director of TF1 since February 17, 2010

Holds 663,330 shares in TF1

Business address: 132, Avenue du Président Wilson – 93 210 Saint-Denis la Plaine

Appointments held outside the TF1 group

In France: Chairman and non-Executive Director of Groupe AB(1); manager of Port Noir Investment; Chairman and CEO of RTL 9; Director of WB Télévision

Other appointments held within the last five years

2010 - Chairman of Monté Carlo Participation (MCP); Executive Vice President and Director of Télé Monté Carlo (TMC); member of the supervisory Board of Groupe Lucien Barrière (SAS); Chairman and non-Executive Director of H.O.P- Holding Omega Participations (formerly Groupe AB)

MARTIN BOUYGUES Born May 3, 1952 – French citizenship

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

Director of TF1 since September 1, 1987

Most recent renewal: April 17, 2009, expiring 2011

Chairman and member of the Selection Committee of TF1

Holds 100 shares in TF1

Business address: 32, Avenue Hoche – 75 008 Paris

Appointments held outside the TF1 group

In France: Chairman and CEO of Bouygues SA(1); member of the supervisory Board of Paris Orléans (SADCS)(1), Chairman of SCDM; standing representative of SCDM, standing Chairman of ACTIBY, SCDM Participations and SCDM Invest – 3

Other appointments held within the last five years

2010 - Standing representative of SCDM; Chairman of SCDM Invest – 1; Director of SODECI(1) (Ivory Cost), CIE(1) (Ivory Cost)

2009 - Representative of SCDM, Chairman of Investaq Energie

2007 - Director of HSBC France

(1) Listed company.

OLIVIER BOUYGUES Born September 14, 1950 – French citizenship

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 Works in France and the Special Projects Division. From 1988 to 1992, he was Chairman and CEO of Maison Bouygues. In 1992, he became Group Executive Vice President of Utilities Management, combining 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

Business address: 32, Avenue Hoche – 75 008 Paris

Appointments held within the TF1 group

In France: Director of Eurosport

Appointments held outside the TF1 group

In France: Deputy CEO of Bouygues(1); standing representative of SCDM, Director of Bouygues; CEO of SCDM; Director of Colas(1), Bouygues Telecom, Bouygues Construction, Alstom(1), Finagestion; Chairman of SAGRI-E and SAGRI-F; standing representative of SCDM, Chairman of SCDM Energie; manager (non-partner) of SIB and SIR; member of the Executive Committee of Cefina

Outside France: Chairman and managing Director of SECI (Côte d'Ivoire); Director of Sénégalaise des Eaux (SDE) (Senegal), SODECI – Société de Distribution d'Eau de la Côte d'Ivoire(1) (Ivory Cost), and Compagnie Ivoirienne d'Électricité(1) (Ivory Cost)

Other appointments held within the last five years

2010 - Standing representative of SCDM, Chairman of SCDM Investur, and SCDM Investcan

2006 - Director of Novasaur

LAURENCE DANON Born January 6, 1956 – French citizenship

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

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

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

Laurence Danon then joined Edmond de Rothschild Corporate Finance in 2007, as member of the Executive Committee, and is now Chairman of the Executive Committee.

Laurence Danon also chairs the "Prospective" (outlook) commission of the MEDEF.

Director of TF1 since July 22, 2010 - independent

Holds 100 shares in TF1

Business address: 47 rue du Faubourg Saint-Honoré - 75 008 Paris

Appointments held outside the TF1 group

In France: Chairman of the executive Board of Edmond de Rothschild Corporate Finance; Director of Rhodia; member of the supervisory Board and Chairman of the Appointments and Remuneration Committee of BPCE (Banques Populaires – Caisse d'Épargne)

Outside France: Director of Diageo plc, (UK)

Other appointments held within the last five years

2010 - Director of Plastic Omnium

2009 - Director of Experian

2008 - Director of Lafuma

(1) Listed company.

ALAIN POUYAT Born February 28, 1944 – French citizenship

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 15, 2010, expiring 2012

Member of the Selection Committee of TF1

Holds 100 shares in TF1

Business address: 32, Avenue Hoche – 75 008 Paris

Appointments held outside the TF1 group

In France: Director of Bouygues Telecom, ETDE, C2S, Société Parisienne d'Études d'Informatique et de Gestion (SPEIG); non-voting Director of Bouygues(1)

Other appointments held within the last five years

2006 - Director of Bouygues

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

Business address: 32, Avenue Hoche – 75 008 Paris

Appointments held outside the TF1 group

None

Other appointments held within the last five years

None

OLIVIER ROUSSAT Born October 13, 1964 – French citizenship

A graduate of INSA in 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.

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

Business address: 32, Avenue Hoche – 75 008 Paris

Appointments held outside the TF1 group

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

Other appointments held within the last five years

2008 - Director of Stock com

2007 - Deputy CEO of Bouygues Telecom

(1) Listed company.

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 91 946 297 shares in TF1

Business address: 32, Avenue Hoche – 75 008 Paris

Appointments held outside the TF1 group

Director of Bouygues Telecom, Colas(1), Alstom(1), Bouygues Immobilier, GIE 32 Hoche, C2S , Bouygues Construction; associate member of Organisme Gestionnaire du Centre Gustave Eiffel (Association Loi 1901 – not-for-profit organisation); member of the Board of Directors of Organisme Gestionnaire du Centre Gustave Eiffel (Association Loi 1901).

Other appointments held within the last five years

2008 - Director of Bouygues Bâtiment International, SOTEGI, Bouygues Travaux Publics, Bouygues Bâtiment Île-de-France, CATC

PHILIPPE MARIEN Born June 18, 1956 – French citizenship

A graduate of *École des Hautes Études Commerciales* (HEC), Philippe Marien joined the Bouygues Group in 1980 as international finance manager. He was special advisor in 1984 for the takeover of the AMREP oil services Group before being named Finance Director of Technigaz, a liquefied gas engineering contractor, in 1985.

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

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

In March 2003 Philippe Marien became Chief Financial Officer of the Saur Group. He managed the sale of Saur by Bouygues to PAI partners, then by PAI partners to a new Group of shareholders led by Caisse des Dépôts et Consignations. He was named Chief Financial Officer of the Bouygues Group in September 2007. On February 18, 2009 Philippe Marien was appointed Chairman of Bouygues Telecom's Board of Directors, replacing Philippe Montagner.

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

Most recent renewal: April 17, 2009 expiring 2011

Member of the Audit Committee of TF1

Member of the Compensation Committee of TF1

Business address: 32, Avenue Hoche – 75 008 Paris

Appointments held outside the TF1 group

In France: Chairman of the Board of Directors of Bouygues Telecom (SA); standing representative of Bouygues, Director of Colas(1), Alstom(1), Bouygues Construction, Bouygues Immobilier; CEO of SCDM; liquidator of Finamag

Other appointments held within the last five years

2009 - Standing representative of Bouygues, Director of Bouygues Telecom

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

(1) Listed company.

GILLES PÉLISSON Born May 26, 1957 – French citizenship

Graduate of ESSEC and holder of an MBA from the Harvard Business School, Gilles Pélisson started his career in 1983 with the Accor Group, first in the United States and then in Asia-Pacific. At Accor he served as the co-Chairman of the Novotel hotel chain. He was named CEO of Euro Disney in 1995 and Chairman and CEO in 1997. He moved to the Suez Group in 2000 and then to Bouygues Telecom, where he served as CEO before being appointed as Chairman and CEO (a position he held from February 2004 to October 2005). He was appointed CEO of Accor in January 2006, then Chairman and CEO up to December 2010.

Director of TF1 since February 18, 2009 - independent

Most recent renewal: April 17, 2009 expiring 2011

Holds 3,000 shares in TF1

Business address: Odyssey – 110 Avenue de France – 75 210 Paris Cedex 13

Appointments held outside the TF1 group

In France: Director of BIC and Groupe Lucien Barrière; Chairman of the supervisory Board of Lenôtre

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

Other appointments held within the last five years

2011 - Chairman of the Board of Directors of Accor

2010 - Chairman and CEO of Accor; Chairman of la Fondation Accor; Vice Chairman and member of the supervisory Board of Groupe Lucien Barrière; standing representative of Accor on the Board of Directors of ASM and the supervisory Board of Lenôtre; Director of Accor Partecipazione Italia (Italy), Sofitel Italia (Italy), and Accor Hospitality Italia (Italy)

2009 - Chief executive officer of Accor; Chairman of the supervisory Board of Essec

2007 - Director of Scapa Italia (Italy)

2006 - Director of Club Méditerranée

JEAN-PIERRE PERNAUT Born April 8, 1950 – French citizenship

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

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

He presented the programme "*Combien Ça Coûte*" on TF1 between July 1991 and June 2010.

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 broadcast professionals who best respect the French language.

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

Most recent renewal: April 15, 2010 expiring 2012

Holds 49,402 shares in TF1

Business address: 1, Quai du Point du Jour – 92 100 Boulogne-Billancourt

Appointments held outside the TF1 group

None

Other appointments held within the last five years

None

(1) Listed company.

CÉLINE PETTON Born February 20, 1971 – French citizenship

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

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

Most recent renewal: April 15, 2010 expiring 2012

Holds 10 shares in TF1

Business address: 1, Quai du Point du Jour – 92 100 Boulogne-Billancourt

Appointments held outside the TF1 group

None

Other appointments held within the last five years

None

PROPOSALS FOR THE COMPOSITION OF THE BOARD OF DIRECTORS SUBMITTED TO THE COMBINED ANNUAL GENERAL MEETING OF APRIL 14, 2011

RATIFICATION OF THE APPOINTMENT OF A DIRECTOR

The Combined Annual General Meeting of April 14, 2011 will be asked to ratify the decision of the Board of Directors, at its Meeting on July 22, 2010, to appoint Laurence Danon as Director, replacing an outgoing Director, Haïm Saban, for the remainder of Mr Saban's term of office.

RENEWAL OF THE TERMS OF OFFICE OF DIRECTORS

On the recommendation of the Board of Directors and following the review of the Selection Committee, the Combined Annual General Meeting of April 14, 2011 will be asked to renew, for a period of two years, the terms of office of Patricia Barbizet, Claude Berda, Martin Bouygues, Olivier Bouygues, Laurence Danon, Nonce Paolini, Gilles Pélisson, the company Bouygues and the company SFPG- Société Française de Participation et de Gestion.

2.1.2 Composition of Board Committees

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

AUDIT COMMITTEE

As of April 17, 2010 (renewal), the members are Patricia Barbizet, Chairman, and Philippe Marien.

COMPENSATION COMMITTEE

As of April 17, 2010, the members are Patricia Barbizet, Chairman, and Philippe Marien.

DIRECTOR SELECTION COMMITTEE

As of April 17, 2010 (renewal), the members are Martin Bouygues, Chairman, and Alain Pouyat.

2.2 CHAIRMAN'S REPORT

2.2.1 Chairman's report on corporate governance

TF1'S POSITION ON PREVAILING CORPORATE GOVERNANCE RULES

The TF1 Board of Directors operates in a manner that complies with legal and regulatory provisions, the rules set out in the company's Articles of Incorporation and the Board's regularly updated rules of procedure. In particular, the Board has created three committees and incorporated the recommendations of the Corporate Governance Code published in December 2008 by *Association Française des Entreprises Privées* (AFEP) and *Mouvement des Entreprises de France* (MEDEF). The Directors deliberate the governance of the company while ensuring that essential requirements are met, *i.e.* 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 MEDEF and AFEP. The Board of Directors decided to comply with these recommendations by adding new provisions to its own rules of procedure and to those of the Selection Committee.

In early 2008, at the February 20th 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 Board 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 code may be consulted on MEDEF's website: www.medef.fr.

In 2010 the Directors updated the rules of procedure relating to the Audit Committee.

In addition, in late 2010 TF1 harmonised its black-out schedule for insiders to comply with the recommendations published by the AMF on November 3, 2010 in its guide to preventing insider misconduct by senior executives of listed companies.

From 2011 onwards, black-out periods will begin 30 calendar days before the publication of annual, half-yearly and quarterly accounts and run until the day after publication.

The rules of procedure, which are available on the company's website at www.tf1finance.fr, describe the operating methods, powers, duties and assignments of the Board and its specialised committees; they also set the principles for the annual assessment of how the Board works.

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

- number of independent Directors: according to the AFEP / MEDEF Code, independent Directors should make up at least one-third of the Board of controlled companies. As at February 16, 2011, three out of 12 Directors were independent, or 25%. This reflects the special situation of the company, arising from Act 86-1067 of September 30, 1986 on freedom of communication and privatisation. Two of the Directors represent employees and are elected by electoral colleges of employees under Article 66 of Act 86-1067 of September 30. A further six Directors represent the major shareholder. The 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 plays a major role in TF1's governance.

- composition of committees, which have only two members: the AFEP / MEDEF Code recommends that two-thirds of Audit Committee members should be independent. The TF1 Audit Committee has one independent Director out of two. Note, however, that the Chair of the Audit Committee, who is independent, has the casting vote in the event of a tie.
- staggering of directorships: the AFEP / MEDEF Code recommends staggering directorships to avoid having to change many Directors at the same time and promote the smooth renewal of the Board. The company has been in the habit of appointing Directors on a frequent basis for two-year terms. It is now considering extending Directors' terms of office to three years, so that one-third of the Board can be reappointed at a time.

COMPOSITION OF THE BOARD OF DIRECTORS AND INDEPENDENCE OF DIRECTORS

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

The Board of Directors has 12 members, including three independent Directors.

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

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

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

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

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

The Directors considered that the arrival of Laurence Danon, co-opted on July 22, 2010, would increase the Board's competencies because of her extensive knowledge of French manufacturing. Based on the criteria of the AFEP MEDEF Code, the Selection Committee found Ms. Danon to be fully independent.

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

The Directors are considering opening up the Board to other independent Directors and continuing efforts to increase the presence of women on the Board.

The TF1 Board of Directors is currently composed of 12 Directors, three 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, ensure a high standard of discussion and deliberation within the Board. The Board of Directors is balanced, diversified, experienced and accountable.

The Board has not appointed any non-voting Directors.

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.

BOARD ASSESSMENT

Each year, in accordance with the AFEP / MEDEF Code, the Directors scrutinise Boardroom practices particularly with regard to operating methods. They assess the Board's actual role and whether it is appropriately organised; and they do the same for its committees. The Board of Directors of TF1 conducts a peer assessment of its own operating methods.

The assessment looks at 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 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 – sustainable development, risk management and mitigation, R&D – could be expanded. Directors representing employees called for more dialogue with Group senior management.

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

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

ROLE – WORK AND ORGANISATION OF THE BOARD OF DIRECTORS

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

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.

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

The TF1 Board of Directors met four times in 2010.

The following table details the Board's main decisions and attendance rates for 2010.

Board Meeting	Main decisions	Attendance
February 17	Co-opting of Claude Berda as Director; review of activity in 2009 and prospects for 2010; approval of 2009 annual parent company and consolidated financial statements and proposed appropriation of income; approval of accounting and forward-looking documents; review of TMC / NT1 takeover file and major broadcasting contracts; review of legal and regulatory developments in the audiovisual field; approval of reports and resolutions presented to the General Meeting.	92%
May 11	Review of consolidated financial statements for Q1 2010, strategic areas of focus, plan update, progress report on risk mapping, review of TMC / NT1 takeover, review of General Meeting on April 15, HR update.	73%
July 22	Co-opting of Laurence Danon as Director; review of financial statements for H1 2010; update of accounting and forward-looking documents; review of TMC / NT1 takeover; broadcasting agreements, sustainable development and HR update.	83%
November 9	Review of financial statements for Q3 2010, analysis of business and estimated earnings for FY2010, three-year plan, development and strategy, Board assessment.	92%

On average, the attendance rate of Directors in 2010 was 8%.

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

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, the Director of Human Resources, and the Director of Legal Affairs, who is in charge of secretariat duties, all attend Board Meetings. The Statutory Auditors are invited to all Board Meetings convened to examine the financial statements. Group senior executives regularly participate in Board Meetings to help Directors understand the situation in the Group's market and businesses and provide information about developments and strategy.

The role of the Board Secretary is to ensure that the Board operates smoothly. The Secretary draws up the Board's Meetings schedule, prepares the agendas and organises Meetings with the Chairman and CEO. The Secretary also prepares the draft minutes that are submitted for Directors' approval at the following Meeting. The Secretary organises the Board assessment process, participates in preparing the documents provided to shareholders ahead of the General Meeting and looks after relations with individual shareholders.

Directors receive a Notice of Meeting at least two weeks before each scheduled Meeting, 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.

On being appointed to the Board, every TF1 Director receives training on the company, its business lines and sectors of activity and gets to meet the heads of the Group's main divisions. And during their terms of office, Directors can obtain additional training from key managers of TF1 and its subsidiaries.

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

COMBINATION OF THE DUTIES OF CHAIRMAN OF THE BOARD AND CEO

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

That decision has proven a factor that contributes to efficient governance, notably in view of the organisation of the TF1 group, which is based on a TF1 senior Management Committee and a Group senior Management Committee that meet alternately every week with 15 or 21 members. They coordinate the implementation of strategic policies and monitor the achievement of objectives.

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

The Board of Directors of February 17, 2010 authorised the CEO to give guarantees and endorsements in the name of the company up to a total amount of €50 million. At the same Meeting, the Board authorised the CEO to give guarantees and endorsements in the name of the company to tax and customs administrations in an unlimited amount. Both these authorisations are valid for one year.

The Board has placed no special limits on the CEO's powers. However, its rules of procedure stipulate that it must examine and decide upon operations 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, while that of the CEO, in compliance with law, is 65.

POTENTIAL CONFLICTS OF INTEREST

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.

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, and they shall abstain from voting on any matter directly or indirectly concerning them".

OTHER INFORMATION

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

- the Chairman and CEO is required to hold a minimum number of bonus shares or option shares throughout his 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 persons with close personal ties to them. Such dealings must be reported within five days of the trade in accordance with Article 222–14 of the General Regulation of the French securities regulator, Autorité des Marchés Financiers (AMF). TF1 reports this information, which includes the individual's name, to the AMF and makes it public in a press release.

BOARD COMMITTEES

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

The committees are chaired by persons who are not members of the company's management bodies and who have a casting vote. The committees are composed of two 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 scope of consolidation;
- the effectiveness of the internal control and risk management systems;
- the audit of the consolidated and parent company accounts by the Statutory Auditors;
- the independence of the Statutory Auditors, and hence to;
  - examine in detail the fees paid by the company and its Group to the Statutory Auditors and check that the proportion of these fees in the revenues of each audit firm will not affect its independence,
  - direct the procedure for selecting and reappointing the Statutory Auditors,
  - make a recommendation on the Statutory Auditors proposed to the General Meeting for commitment;
- to issue reports and recommendations to the Board of Directors on the foregoing matters, not only on a periodic basis and at the balance sheet date, but whenever a noteworthy event occurs.

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

The committee met four times in 2010 and once in the first two months of 2011. 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 2010 and once during the first two months of 2011. The attendance rate was 100%. In particular the committee prepared information for the Board concerning the compensation of the executive Director. 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 2010 and once in the first two months of 2011, with a 100% attendance rate. It gave its position on the composition of the Board and recommended co-opting Claude Berda and Laurence Danon to the Board as Directors. Minutes of each Meeting were sent to the Directors.

PROCEDURES FOR THE PARTICIPATION OF SHAREHOLDERS IN THE GENERAL MEETING

Detailed procedures for the participation of shareholders in the General Meeting are provided in Part 7, "General Meeting", page 234 of the present registration document.

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

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

- capital structure: the information is provided in Part 6, "Information about the company and its capital", 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 6, "Information about the company and its capital", 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 6, "Information about the company and its capital", under the heading "Capital".

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 accounting recognition of operations.

Objectives

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

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

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

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

Rules and principles

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

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

Similarly, in 2006, TF1 joined the United Nations' Global Compact, demonstrating its determination to adopt and promote respect for the principles and values of human rights, environmental protection, working standards and the fight against corruption in 2010 TF1 became the first media Group to be awarded the *Label Diversité*, an accreditation given to companies that take affirmative action to promote diversity and prevent discrimination. The award, which is based on stringent criteria and regularly monitored, constitutes formal recognition by an independent body that our equality-promotion and anti-discrimination procedures are compliant and effective in the fields of hiring, career management, training, communication and relations with customers and service providers.

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. 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 second assessment campaign was conducted in 2010 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, which informed the Board of Directors.

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

Beginning in 2011 an additional organisational structure and appropriate tools will be deployed progressively in the third stage of the assessment campaign, with the aim of extending the programme systematically.

INTERNAL DISSEMINATION OF INFORMATION

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

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

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

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

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

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

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

RISK MANAGEMENT

TF1's risk management system has two major components:

- control of operational risk:
  - **a general approach to risk management** focused on quality, security, environmental factors and sustainable development. Part of the framework established by the Bouygues Group, TF1's approach involves two committees composed of representatives of the Group's business lines, which meet regularly to discuss these issues,
  - **a business continuity approach** initiated in 2004 specifically targets the identification of major risks that could affect day-to-day business. The goal is to develop a decision-making system for crisis management, along with a process for its implementation. The initial work on this programme led to the creation of the "Réagir" programme, which seeks to devise and regularly update plans for restoring business-critical processes after an incident. In 2009-2010, in addition to conducting regular tests of processes and backup tools, the Réagir plan was updated to include an H1N1 flu scenario. In 2010 a business continuity audit identified measures for improving the system, which were implemented during the year. Particular attention was paid to extending the processes covered by the backup site and broadening the scope of risk analysis to cover the activities of TMC / NT1 and TMC Broadcasting,
  - **an information systems security approach**. For the past several years, the IT Division has been formalising a data security policy to set down common security standards for the Group. This effort continues on a daily basis as the constant technology advances are factored into security principles and rules;
- a system for mapping risks systematically:

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

  This was followed in 2009 and 2010 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 2.4 of this report, "Risk factors", which also describes the Group's policies concerning insurance. Financial market risks (interest rate and foreign exchange risk, etc.) are also covered in paragraph 31 of the notes to the consolidated financial statements.

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

Procurement processes

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

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. In addition, a "responsible purchasing" approach has been in place for two years as part of the TF1 group's Corporate Social Responsibility (CSR) policy. Significant results have been achieved in terms of making greater use of the sheltered sector and assessing avec suppliers' CSR policies.

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

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

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 bring up to date 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 2010 this approach was used in certain subsidiaries. By 2011 cockpits should be used systematically 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 job mobility between companies in the Group. Thus, in 2010, one out of every two positions was filled through internal transfers.

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

A dual training programme was launched in 2010 to disseminate best practices in the field of diversity to all companies and employees in the TF1 group. One part of the programme was aimed at the 500 top managers, the other at 500 journalists, technicians and programme advisers who contribute to ensuring that diversity is well represented on-screen.

General Secretariat and Legal Affairs Divisions

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

MONITORING SYSTEMS

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

Audit Committee

Formed in 2003 the Audit Committee is composed of at least 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

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

All these assignments follow an annual audit plan validated by the senior management and the Audit Committee of the TF1 group. A progress report on the plan, along with its main findings and recommendations, is presented to the quarterly Audit Committee Meetings.

Assignments are carried out according to a rigorous methodology. They result in a report containing recommendations, which systematically give rise to action plans that are implemented by the audited entities. The Internal Audit Department monitors this process.

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

As part of its duties, Internal Audit verifies the application of internal control principles and rules, in collaboration with 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 and regular anti-hacking tests).

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

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

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 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).

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 processes in the areas of human resources, finance, and purchasing. The Group has also been replacing some or all of the applications currently used in these three functions by the SAP package. The first releases of the new solution were implemented in 2010.

In January 2010 the Human Resources module went live in all TF1 group companies, while the new Purchasing-Accounting and Financial Control processes and modules have been in use in seven "pilot" companies in the TF1 group since July 2010.

The Finance and Purchasing solution will continue to be rolled out in several Group companies in 2011.

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, Sustainable Development and Finance Divisions, and in some cases by the Board of Directors.

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

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

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

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

CONCLUSIONS AND OUTLOOK

Throughout 2010 TF1 continued to reorganise its key business processes, including rights acquisition and purchasing, to make them more effective and achieve greater cross-functionality among the Group's entities. These efforts culminated in a major project to install a shared IT tool for the human resources, finance and purchasing functions.

Dubbed SIGMA, the project involves teams from the business areas and from the IT and technical functions. The aim is to facilitate and streamline the preparation of information while optimising processes in the areas of human resources, finance, and purchasing. In 2010 the Human Resources module went live in all TF1 group companies, while the Finance and Purchasing solution was applied in the so-called pilot entities.

Also in 2010, the Group conducted a second campaign to assess the application of internal control procedures across an area that was representative of its sales and costs and the risks inherent in its business areas. The campaign focused on a set of principles common all business areas in the Bouygues Group, as well as those specific to TF1's businesses (broadcasting, acquisitions, programming, inventories, rights purchases, programme grid management, royalties, etc.).

TF1 also pursued its risk mapping activities in 2010 by updating, reassessing and prioritising the risks identified in previous years. New risks that could potentially affect the Group's ability to reach its medium-term objectives were taken on Board, while the processes of administering action plans were incorporated into the company's management cycle.

The Audit Committee was regularly informed of these activities.

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

2.3 REMUNERATION OF THE EXECUTIVE DIRECTOR OF TF1 IN 2010

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

This chapter contains the reports required by the Commercial Code as well as the tables recommended in the Code of Corporate Governance issued by AFEP / MEDEF in December 2008 and in the AMF Recommendation of December 22, 2008 on the remuneration of corporate officers of listed companies.

2.3.1 Procedures for determining remuneration for TF1's Executive Director for 2010

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

FIXED REMUNERATION AND BENEFITS IN KIND

Nonce Paolini

The fixed remuneration paid to Nonce Paolini stands at €700,000 in 2010 and has not changed since his arrival at TF1 on May 22, 2007.

Fixed remuneration is determined according to the level and complexity of the person's responsibilities, his experience in the post and his length of service with the Group, as well as the practices followed by the Group or companies carrying on similar businesses.

The in-kind benefits received by Nonce Paolini in 2010 remain unchanged, consisting of the use of a company car and the part-time assignment of a personal assistant and a chauffeur / bodyguard. The benefits are valued at €5,037.

VARIABLE REMUNERATION

Nonce Paolini

Nonce Paolini's variable remuneration for 2010 is based on the performance of the TF1 and Bouygues Groups, which is measured on the basis of quantitative and qualitative indicators, namely:

- quantitative indicators:
  - the consolidated net profit attributable to the Bouygues Group,
  - the consolidated net profit attributable to the TF1 Group;
- qualitative indicators: a greater importance to qualitative criteria has been granted, on the grounds that the performance of senior managers during an exceptional crisis extends to areas other than simply financial results. These criteria depend both on the duties assigned to the manager and on special situations.

The theoretical level of the variable portion has not been changed. By contrast, the Board of Directors decided to review the criterion concerning the increase or decrease in TF1's consolidated net profit, compared to the results achieved in the previous year.

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

Nonce Paolini's variable remuneration for 2010 amounted to €1,050,000.

Nonce Paolini's fixed and variable remuneration for 2010 for his duties as Chairman and CEO of TF1 totalled €1,750,000.

OTHER INFORMATION CONCERNING REMUNERATION AND SUPPLEMENTARY PENSION

Nonce Paolini

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

In addition to his duties as Chairman and CEO of TF1, Nonce Paolini was given an additional assignment by Bouygues in 2009. The assignment, which began on July 1, 2009, consists in studying technological convergence between the Internet, the media industries and fixed and mobile telephony, and developing strategies and proposals for managing this convergence. Mr Paolini was paid €290,000 for the assignment in 2010. This amount is not re-invoiced to TF1 because it concerns an assignment for the Bouygues Group.

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

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

TABLE 1 – SUMMARY OF REMUNERATION, BENEFITS IN KIND AND STOCK OPTIONS GRANTED TO THE EXECUTIVE DIRECTOR IN 2010

Nonce Paolini – Chairman and CEO since August 1, 2008 *(in euros)*	2010	2009
Remuneration paid by TF1 for the year (details in Table 2)	1,811,037	1,271,386
Remuneration paid by Bouygues for the year (details in Table 2)	290,000	145,000
Value of options awarded during the year (details in Table 4)	201,916	829,035
Value of performance shares awarded during the year (details in Table 6)	0	0
TOTAL	**2,302,953**	**2,245,421**

TABLE 2 – REMUNERATION OF THE EXECUTIVE DIRECTOR

Nonce Paolini - Chairman and CEO since August 1, 2008 *(in euros)*	2010		2009	
	Amount due	Amount paid	Amount due	Amount paid
Fixed remuneration	700,000	700,000	700,000	700,000
Change	-	-	-	-
Variable remuneration	1,050,000(1)	510,230	510,230	551,530(2)
Change	*x 2.1*		*-7.5%*	
% Variable / Fixed	*150%*		*73%*	
Cap	*150%*		*150%*	
Other remuneration(3)	290,000	290,000	145,000	145,000
Directors' fees(4)	56,000	56,000	55,696	55,696
Benefits in kind	5,037	5,037	5,460	5,460
TOTAL	**2,101,037**	**1,561,267**	**1,416,386**	**1,457,686**

(1) The variable remuneration paid in March 2011 to Nonce Paolini for his service as CEO in 2010 is €1,050,000 (150% of fixed remuneration), reflecting the performance of TF1.
(2) As CEO of the TF1 group from January 1st to July 31, 2008 and as Chairman and CEO from August 1st to December 31, 2008.
The variable remuneration for 2008 paid in March 2009 was €551,530, 47.47% less than the possible maximum (150% of fixed remuneration), reflecting the performance of TF1.
(3) Remuneration paid for the assignment on technological convergence. This remuneration is paid directly by Bouygues. The preceding information is provided in accordance with Article L. 225-102-1, paragraph 2 of the Commercial Code (remuneration paid by companies that exercise control or by controlled companies).
(4) In 2009, this comprised €18,500 for TF1, €25,000 for Bouygues, and €12,196 for Bouygues Telecom.
In 2010 this comprised €18,500 for TF1, €25,000 for Bouygues, and €12,500 for Bouygues Telecom.

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

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

Directors' fees for 2010 were allocated as follows:

- to Directors: the theoretical fee for each Director is €18,500 per year, of which half is allocated on the basis of his or her responsibility, and half on the basis of the attendance at Board Meetings;
- to committee members:
  - Audit Committee: €2,250 per quarter to each member,
  - Remuneration Committee: €1,350 per quarter to each member,
  - Selection Committee: €1,350 per quarter to each member.

Not all of the €350,000 available for Directors' fees was used in 2010.

Directors' fees totalling €240,786 were paid to Directors, as indicated below.

DIRECTORS' FEES PAID TO THE EXECUTIVE DIRECTOR

	Amounts paid in 2010	Amounts paid in 2009
Nonce Paolini	€56,000(1)	€55,696(2)
TOTAL	**€56,000**	**€55,696**

(1) Comprises €18,500 paid by TF1, €25,000 by Bouygues, and €12,500 by Bouygues Telecom.
(2) Comprises €18,500 paid by TF1, €25,000 paid by Bouygues and €12,196 paid by Bouygues Telecom.

DIRECTORS' FEES AND OTHER REMUNERATION PAID TO NON-EXECUTIVE DIRECTORS

Non-Executive Directors	Amounts paid in 2010	Amounts paid in 2009
BARBIZET Patricia	€30,587	€32,900
BERDA Claude(1)	€18,500	-
BOUYGUES Martin	€23,900	€23,900
BOUYGUES Olivier	€11,562	€18,500
DANON Laurence(2)	€9,250	-
LE LAY Patrick(3)	-	€18,500
MARIEN Philippe	€32,900	€32,225
PELISSON Gilles	€13,875	€16,650
PERNAUT Jean Pierre(4) (representing employees)	€16,187	€15,262
PETTON Céline(4) (representing employees)	€18,500	€18,500
POUYAT Alain	€23,900	€23,900
ROUSSAT Olivier	€18,500	€15,250
SABAN Haim(5)	€4,625	€17,575
TOTAL	**€222,286**	**€233,162**

(1) Appointed as a Director on the recommendation of the Board of Directors (Board Meeting February 17, 2010).
(2) Appointed as a Director on the recommendation of the Board of Directors (Board Meeting July 22, 2010).
(3) Resigned on December 20, 2009.
(4) Directors' fees due to employee representatives were paid to two trade unions: CFTC (€16,187) and FO (€18,500).
(5) Resigned on April 27, 2010.

The remuneration received in 2010 by Martin Bouygues and Olivier Bouygues is mentioned in Bouygues' registration document.

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

2.3.2 Stock options and performance shares in 2010

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

This chapter contains the reports required under the Commercial Code. It also includes the tables recommended by the AFEP / MEDEF Corporate Governance Code of December 2008 and by the AMF Recommendation of December 22, 2008 on the information to be provided in registration documents concerning the remuneration of corporate officers. The Board of Directors awarded no stock options or performance shares in 2010.

PRINCIPLES AND RULES FOR GRANTING STOCK OPTIONS AND BONUS SHARES

The 15th resolution of the Combined Annual General Meeting on April 17, 2008 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 companies related to it. To that end, the General Meeting delegated powers to the Board of Directors to set rules for grants of bonus shares.

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 benefit from each plan. The beneficiaries are selected and individual grants are decided upon in accordance with each beneficiary's responsibility and performance, with particular attention paid to potential high-flyers;
- no discount is applied to grants of options and shares;
- a rule has been set that prohibits employees from exercising their options or selling option shares in the fifteen calendar days leading up to the TF1 Board of Directors Meetings that approve the quarterly, half-year and full-year financial statements, or during the two trading days following such Meetings.

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

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

GENERAL INFORMATION: CHARACTERISTICS OF STOCK OPTIONS

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

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

STOCK OPTIONS GRANTED TO OR EXERCISED BY THE EXECUTIVE DIRECTOR AND SALARIED DIRECTORS IN 2010

No TF1 options were granted in 2010.

TABLE 4 – OPTIONS GRANTED TO THE EXECUTIVE DIRECTOR

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

Name of Executive Director	Plan number and date	Nature of options (purchase or subscription)	Valuation of options according to method used in consolidated financial statements	Number of options granted during the year	Exercise price	Exercise price
Nonce Paolini	Plan Bouygues Date of Board Meeting: 01/06/2010 Grant date: 30/06/2010	Subscription	€1.5532	€130,000	€34.52	June 30, 2014 to December 30, 2017
TOTAL			**€201,916**	**€130,000**		

TABLE 5 – OPTIONS EXERCISED BY THE EXECUTIVE DIRECTOR OF TF1 IN 2010

No options were exercised by the Executive Director of TF1 in 2010.

PERFORMANCE SHARES

TABLE 6 – PERFORMANCES SHARES ALLOTTED TO THE EXECUTIVE DIRECTOR

No performance shares were granted by the company in 2010.

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

No performance shares became available the Executive Director, Nonce Paolini, since none have been granted to him.

TABLE 8 - STOCK OPTION ALLOCATION HISTORY

	Plan n° 8	Plan n° 10	Plan n° 11
Date of General Meeting	23/04/2002	17/04/2007	17/04/2008
Date of Board Meeting	31/08/2004	20/02/2008	18/02/2009
Grant date	16/09/2004	20/03/2008	20/03/2009
Total options granted	€1,008,000	€2,000,000	€2,000,000
to corporate officers	*0*	*€56,000*	*€56,000*
Paolini Nonce	0	€50,000	€50,000
Pernaut Jean-Pierre	0	€6,000	€6,000
to the 10 employees receiving the highest grants	*€100,000*	*€340,000*	*€340,000*
Options exercisable beginning	16/09/2007	20/03/2011	20/03/2012
Expiry date	16/09/2011	20/03/2015	20/03/2016
Subscription/purchase price	€23.46	€15.35	€5.98
Exercise rules	Exercisable on 3rd anniversary. Negotiable on 4th anniversary		
Number of shares subscribed as of 31/12/2010	0	0	0
Total number of cancelled or lapsed options	€127,500	€141,500	€180,103
Options outstanding at the end of the year	€880,500	€1,858,500	€1,819,897

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

In view of the average TF1 share price in 2010, a dilutive impact has been taken into account for plan no. 11.

Earlier matured plans:

- plan no. 1 lapsed on October 10, 2002;
- plan no. 2 lapsed on April 8, 2004;
- plan no. 3 lapsed on March 18, 2005;
- plan no. 4 lapsed on September 20, 2006;
- plan no. 5 lapsed on December 6, 2007;
- plan no. 6 lapsed on December 11, 2008;
- •plan no. 7 lapsed on March 12, 2010.

PLAN NO. 9: BONUS 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 shares: existing shares

■ Number of bonus 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(1)	*82,500*
to 10 employees receiving the most shares	*42,375*
– subject to performance-related and market-related conditions	0
■ Number of bonuses shares held at December 31, 2010:	44,775

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.

(1) The corporate officers concerned by this bonus share plan were Patrick Le Lay, Etienne Mougeotte and Claude Cohen.

TABLE 9 – STOCK OPTIONS GRANTED TO OR EXERCISED BY THE TEN TF1 EMPLOYEES (NON-CORPORATE OFFICERS) RECEIVING THE HIGHEST GRANTS IN 2010

No TF1 stock options were granted or exercised in 2010 by employees not holding a corporate office at TF1.

TABLE 10 – OTHER INFORMATION CONCERNING THE EXECUTIVE DIRECTOR

	Employment contract(1)		Supplementary pension plan (see § 1.3)(2)		Remuneration or benefits due or likely to be due in connection with relinquishing or changing post(3)		Remuneration related to a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Nonce Paolini – Chairman and CEO since 01/08/2008	X		X			X		X

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

(2) The annual supplementary pension entitlement, i.e. 0.92% of the reference salary for each year of scheme membership, is capped at eight times the annual upper limit for social security contributions (currently €282,816). Note that the Bouygues Group does not have to set aside a provision for the supplementary scheme, which takes the form of an insurance policy taken out with an insurer outside the Group. The annual supplementary pension has been brought within the scope of the regulatory agreement procedure.

(3) Golden parachutes: neither the company nor its subsidiaries have made any commitment or promise to award severance pay either for the Executive Director or for salaried Directors.

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

2.4 RISK FACTORS

The risk factors presented in this chapter are the following:

- **operational risks**
  - risk of losing key programmes,
  - risk of non-reimbursement of advances paid,
  - risks related to the economic crisis;
- **industrial and environmental risks**
  - industrial risks related to TF1 programme broadcasting: risk of signal transmission interruption and non-execution risk,
  - competition risks,
    - risks related to the growth of Digital Terrestrial Television and the development of Internet,
    - risk related to the transition to digital transmission;
- **legal risks**
  - risks related to regulation: authorisation to transmit and CSA sanctioning power,
  - risks related to the review of the France Télévisions advertising ban,
  - risks related to the rights of individuals (privacy, slander, libel),
  - risks related to intellectual property rights (copyright, related rights),
  - risks related to certain reality TV shows,
  - risks related to competition rights,
  - process of acquiring 100% of NT1 and Groupe AB's 40% shareholding in TMC;
- **credit and/or counterparty risk;**
- **financial risks**
  - liquidity risk,
  - market risk.

2.4.1 Operational risks

RISK OF LOSING KEY PROGRAMMES

Thanks to the talent of its creative staff and its privileged, long-standing relations with French and foreign producers, TF1 has always presented superior programming. The expertise of the channel's teams in programming and communication enable TF1 to highlight its key programmes. All these factors considerably reduce the risk that TF1 will lose these programmes, which would result in smaller audiences and, in the pay television field, strained relations with the distributors of channels in a market that is increasingly limited to a handful of players.

Although the level of advertising revenue is correlated with a channel's viewership and audience share, the relationship is not linear. A one-point decrease or increase in audience share does not necessarily result in an equivalent variation in advertising market share or gross or net advertising sales.

RISK OF NON-REIMBURSEMENT OF ADVANCES PAID

TF1 enters into long-term contractual agreements for major events (for example, the World Cups of football and rugby) that require advance payment of broadcasting rights. TF1 is thus exposed to the risk that such advances will not be reimbursed if the event is totally or partially cancelled because of *force majeure*. TF1 negotiates clauses covering the reimbursement of advances, and whenever possible considers the advisability of hedging this risk.

RISKS RELATED TO THE ECONOMIC CRISIS

TF1, like the rest of the global economy, was affected by the 2009 economic crisis. To soften the impact of any future shocks to the economy and to be able to react even more effectively in the event of another downturn, the Group has reorganised, introduced new processes, made part of its costs variable, and adapted its business model. In 2010, the Group continued efforts in the area of programming costs and purchasing policy, in particular by better matching its rights acquisitions with its needs based on its confirmed audience.

RISK MANAGEMENT POLICY

The TF1 group has put in place systems for monitoring and controlling risk across all the Group's activities. These risk management policies are detailed in the report of the Chairman on Corporate Governance and Internal Control in section 2.2.2.

With regard to operational risk, the TF1 group carries:

- Civil liability insurance covering the consequences of TF1 or its current or future subsidiaries' being found liable for damages caused to third parties. The amount of coverage is based on the risks incurred.
- Property damage insurance covering TF1 and its current and future subsidiaries in France and abroad, wherever the TF1 group conducts activities. This policy covers material damages to TF1 group assets in an amount usually equal to the insured assets' value. The policies provide coverage for events involving acts of terrorism.

The Legal Affairs Division takes out policies with major insurance companies for the TF1 group.

The deductible for each of these policies has been set according to the risks incurred and the premium reductions offered to optimise the overall cost of covering the Group's risks.

2.4.2 Industrial and environmental risks

INDUSTRIAL RISKS

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

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

- radio waves *via* TDF's 68 main transmission sites and 2,492 retransmission stations in the regions where the transition to all-digital is planned for 2011;
- non-scrambled satellite *via* a Eutelsat Atlantic Bird 3 transponder operated by Globecast;
- radio waves in free standard definition DTT *via* the 123 main and 892 secondary transmission sites operated by TDF, TowerCast, OneCast, and ITAS TIM;
- radio waves in free High Definition DTT *via* the 71 main transmission sites operated by TDF, TowerCast, OneCast and ITAS TIM;
- 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;
- cable (the "must-carry analogue" obligation at the cable operators' expense) in SECAM analogue;
- cable in standard definition digital;
- satellite in standard definition digital in the packages offered by CanalSatellite (SES Astra 1) and AB (Eutelsat AB3);
- ADSL and fibre-optic cable in standard definition digital *via* all Internet access providers: Orange, Free, SFR, Bouygues Telecom and Darty;
- cable, satellite, and ADSL in High Definition digital *via* a growing number of networks;

TDF is by far the leading national TV signal transmission operator, with a network and technical resources currently unmatched by any other company.

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

Multi-platform radio wave transmission (analogue, SD DTT, and HD DTT) will gradually reduce the impact of any failures, since these networks are not connected to each other and have separate staffs.

Broadcasting sites are generally reliable because of the redundancy of broadcast transmitters. However, incidents can occur with the antenna system (antenna, wave guides and frequency multiplexers), and the power supply is not under TDF's control (responsibility of EDF).

There have been disruptions of TF1 signal transmissions for technical reasons such as transmitter failures or power outages. The contract penalties are not commensurate with potential operating losses to TF1 during these incidents (including loss of audience, damage to TF1's image, reductions demanded by advertisers, loss of merchandising rights, etc.).

Furthermore, the current labour climate brings a risk of malicious actions that could have an impact on TF1's broadcasting. There have been several minor interruptions of service at transmission sites in the past.

The loss that TF1 could incur in the event of a transmitter failure is proportional to the number of television viewers served by the transmitter. A failure in the Paris region (10 million viewers) could have serious economic repercussions. For this reason, TF1 has negotiated an agreement for its digital transmissions requiring TDF to intervene very quickly in the event of a failure, and it has requested reinforced back-up measures. Since analogue transmission is being phased out and will end entirely at the end of 2011, equivalent measures are applied only in the case of the analogue transmitter at the Eiffel Tower, the most strategic for TF1's analogue broadcasting, which shut down on March 8, 2011.

Additionally:

- with the continued phase-out of analogue broadcasting in 2011, new risks are going to arise: first, in high-density population areas (the Paris region, for example), with possible consequences for apartment buildings, and second, in mountainous regions, where there is a risk with regard to the rate of dish antenna installation owing to the lack of digital capability at sites formerly providing analogue coverage to very small areas. Also, TDF's limited capacity to switch second-tier sites from analogue to digital could result in transmission outages lasting several days.
- the reallocation of frequencies with the deployment of new multiplexers (R7 and R8, for example) could have an impact on existing multiplexers and cause local disturbances in our networks.
- the transition to fully digital infrastructures (PNS2 – Process News and Sport 2) could result in problems that need to be taken into account when they affect prime-time programming.

INDUSTRIAL RISK MANAGEMENT POLICIES

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

A secure external backup site set up in 2007 is operational for programme transmission, the production of newscasts (TF1 and LCI), and the preparation of advertising spots for the TF1 channel. The company's vital functions are included in the security plan through an alert and activity-resumption process. Besides real-time security, numerous areas such as accounting, treasury, payroll, Eurosport, e-tf1 and the IT are protected by multiple-level security systems. Procedures are tested periodically so that the system can be adjusted, if necessary. Broadcasting continuity is ensured 24/7, and an operations simulation is performed every month.

In 2010, seventy people in the company took part in a daylong simulation to test the back-up site. This exercise showed that it was possible to resume TV newscasts, ensure broadcast continuity and transmit advertising in conditions as complex as the normal situation. The new news production system (le PNS2 – Process News and Sport 2) has been installed at the back-up site to ensure that current stories are always available.

The "Réagir" plan was implemented twice in 2010 for incidents having no direct impact on the broadcast channel.

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

COMPETITION RISKS

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

(Source: Médiamétrie)

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

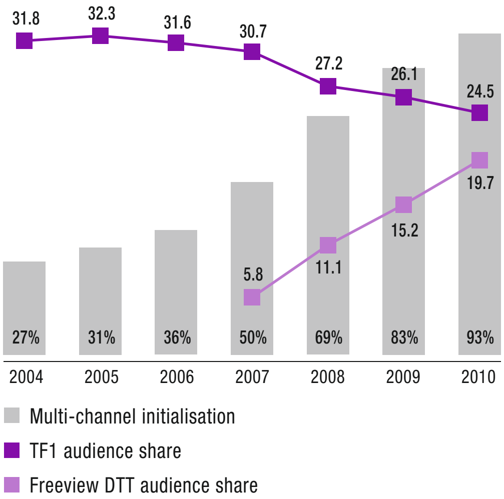
- the development of digital terrestrial television (DTT); and
- the gradual evolution in entertainment consumption behaviour due to the development of Web-based media, whose revenues will grow in coming years, in part from below-the-line budgets and whose non-linear television consumption should grow at the expense of part of our pay-television activities (pre-packaged programs).

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

The deployment of DTT has brought new channels and split the television audience among a larger number of players. The audiovisual landscape is changing rapidly. In January 2007, 40% of French households received multi-channel offerings; by the end of December 2010, that figure had risen to 98% (93% for the entire year of 2009).

With this growth in free television offerings, it would be normal to expect TF1's audience share to decline. However, the channel's audience has held relatively stable: while multi-channel offerings have increased by a factor of three in five years, TF1's audience share for people four years of age or older declined from 31.8% in 2004 to 24.5% in 2010, or 7.3 points. Meanwhile, DTT's aggregate market share increased from 5.8% in 2007 to 19.7% in 2010, or 13.9 points. TF1 is the only channel that continues to attract an audience of more than nine million viewers, and it also had 97 of the 100 most-watched shows in 2010. The risk of audience fragmentation facing TF1 will be reduced by TF1's move into DTT with the acquisition of full ownership of TMC and NT1.

TF1 AND FREEVIEW DTT AUDIENCE SHARES – MULTI-CHANNEL INITIALISATION – INDIVIDUALS AGED 4 AND OVER (%)



With leisure time spent on entertainment – including television media – steadily increasing, the Group has consolidated TF1's leadership position by limiting the impact of these changes on viewership in three ways: by airing appealing programmes, by becoming a major DTT player with TMC (the DTT leader in 2010) and NT1, and by establishing TF1.fr as the leading French media website.

In addition, TF1 is presented on the connected television market with reasonable investments by signing partnerships with manufacturers.

RISK RELATED TO THE TRANSITION TO DIGITAL TRANSMISSION

One risk related to the competitive environment is the reallocation of frequencies to new players (e.g. reallocation to broadcasting of some bandwidth from the digital dividend). Also, the formal notice from the European Commission to France creates some uncertainly concerning the allocation of compensatory channels to incumbent broadcasters once analogue broadcasting has entirely ended. This notice could result in a freeze on compensatory channels or in making the allocation of these new channels contingent on a bidding process.

2.4.3 Legal risks

At the present time, there are no governmental, legal or arbitration procedures, or other procedures of which the company is aware that are pending or that threaten it that could have or have had over the past twelve months a material impact on the financial situation or the profitability of the company / Group.

REGULATION RISK

AUTHORISATION TO TRANSMIT AND CSA (FRENCH AUDIOVISUAL INDUSTRY REGULATOR) ENFORCEMENT POWER

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

The TF1 channel's broadcast authorisation was automatically renewed by the CSA for the period 2002-2007 on November 20, 2001. Under the provisions of Article 82 of the amended Act of September 30, 1986, this authorisation could be automatically extended to 2012 on account of the simulcasting of the freeview digital terrestrial channel. In a decision dated June 10, 2003, the CSA modified the TF1 authorisation and its agreement to include the provisions relating to DTT broadcasting of the programming.

A law passed on March 5, 2007 aimed at modernising future audiovisual broadcasting included two automatic five-year extensions of TF1's authorisation. The first is compensation for the early termination of analogue broadcasting on November 30, 2011, on condition the channel is a member of a public interest Group implementing the measures necessary for such termination. The second extension is on account of the channel's commitment to provide DTT coverage to 95% of the French population.

It should be noted that the TF1 group must meet a variety of general obligations regarding broadcasting and investment in production, either because of its Terms of Reference or regulations applicable to its activity. A change to the regulations could add to current constraints on TF1, with a possible negative impact on the company's profitability.

If TF1 fails to meet its contractual obligations, the CSA can, after giving formal notice, impose one of the penalties set forth in Article 42-1 of the Act of September 30, 1986, *i.e.* fines; a temporary ban (not to exceed one month) on publishing, broadcasting, distribution of service, a category of programming, a part of the programming, or one or more advertising slots; or the reduction of its broadcast authorisation period by up to one year.

RISK RELATED TO THE REVIEW OF THE FRANCE TÉLÉVISIONS ADVERTISING BAN

Article 53 of the Act of September 30, 1986 calls for a complete end to advertising on France Télévisions, the public service broadcaster, in 2012. An amendment to this article in the 2011 Finance Act deferred the ban until January 1, 2016. In exchange for this postponement, the tax paid by the channels to make up the deficit of France Télévisions was lowered to 0.5% of their revenues, a rate that will apply until January 1, 2016.

It is important to note in this regard the economic risk to which television channels are exposed owing to the introduction of new taxes like the tax on advertising investments on the Internet. Thus, the recently adopted increase in the VAT on triple-play operators could have an impact on future negotiations between pay-television distribution platforms and the Group's theme channels.

RISKS RELATED TO THE RIGHTS OF INDIVIDUALS (PRIVACY, SLANDER, LIBEL)

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

RISKS RELATED TO INTELLECTUAL PROPERTY (COPYRIGHT, RELATED RIGHTS)

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 alleged damages in the period 1997 to 2005 (€33 million for SPPF and €57 million for SCCP). In connection with these lawsuits, 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 appearing in 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, audiovisual works, and videos, which were excluded from the negotiations from the outset). 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. These agreements have been extended for one year, as from January 1, 2011.

The TF1 group has been the victim of pirating of content on which it has rights. Legal action was taken in 2008 to put a stop to it and to claim damages from media such as Dailymotion and YouTube. These cases were originally brought before the Paris commercial court, but have been transferred to the Paris magistrates' court, which under amended laws is now the only court with jurisdiction over copyright violations. The TF1 group was obliged to update its claims in these two cases, as the alleged violations continued after the writs were issued. No rulings are expected before the end of 2011.

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

TF1 International, which on September 17, 2009 became TF1 Droits Audiovisuels, has sued the US producer On My Own. TF1 Droits Audiovisuels contends that the version of the film "Miracle at Santa Anna" delivered to it did not comply with the provisions of the deal memo signed with the producer in October 2007. The company thus asked the Paris commercial court to cancel the deal memo for noncompliant delivery by On My Own, and it demanded €3 million in damages. On My Own and Spike Lee (the filmmaker) then sued TF1 Droits Audiovisuels in the Paris magistrates' court for non-performance of the deal memo, demanding payment of the €7.3 million stipulated in the memo, plus damages. Both lawsuits have now been referred to the Paris magistrates' court. The parties are pleading their cases, and the court is expected to hand down its ruling at the end of the first half of 2011.

RISKS RELATED TO CERTAIN REALITY TV SHOWS

Glem, which on January 1, 2009 became TF1 Production, TF1's audiovisual production subsidiary, is the defendant in a number of legal proceedings concerning the programme *Île de la Tentation*. The plaintiffs are seeking not only to convert the "participation contracts" into "work contracts", but also to be recognised as "actors". In 2008, differing rulings were handed down in these cases. In three of them, the Paris appeals court ruled on February 11, 2008 that three contestants in the programme were salaried employees of the producer, Glem, but said they did not qualify for actor's status. In its decision of December 22, 2008, the Saint Étienne industrial tribunal held that no work contract existed.

Glem then appealed the three decisions that agreed the participants were salaried employees.

In a ruling on June 3, 2009, the Court of Cassation held that there had indeed been a work contract, but it rejected the appeals court's finding that there was concealed employment, as intent of concealment had not been proven.

The industrial tribunal of Boulogne Billancourt has also heard other suits brought by contestant in other seasons of *Île de la Tentation*. There are also suits targeting other programmes for which TF1 has acquired the rights from external producers, such as *Koh Lanta*. Some of the plaintiffs have named the channel TF1 (the purchaser of the broadcasting rights), along with the producer of the programme, as possible "co-employers".

This tribunal has either (i) ruled against the producer, but awarded relatively modest sums (about €1,000 per plaintiff), while rejecting the claims of "concealed employment"; or (ii) referred the cases to arbitration. However, there have been no adverse rulings against TF1 SA. In decisions issued on September 15, 2009, the tribunal decided the cases involving *Koh Lanta* in the same way as it had *Île de la Tentation*, while ordering one of the plaintiffs, who had been declared the winner, to repay TF1 the money he had received.

Several plaintiffs were dissatisfied with the monetary damages awarded in the initial judgements and filed appeals.

The Versailles appeals court, under the terms of the November 9, 2010 judgements, assessed only the claims of contestants whose "employee" suit was time-barred, but awarded them damages for the harm they allegedly suffered because of the way in which the programme was recorded. TF1 Production has decided to appeal the decision. The court is expected to hand down its initial rulings in the first half of 2011 concerning the contestants whose "employee" suit is not time-barred.

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

Although the financial impact of these cases is not non-existent, it remains relatively small with regard to these latest decisions. The rulings awaited in cases of contestants whose "employee" suits are not time-barred should provide a clearer indication of the financial impact. However, given the current trend in judicial practice, the industry may be obliged to reconsider the conditions under which these reality shows are produced, and this could affect the cost of these shows.

RISKS RELATED TO COMPETITION RIGHTS

It will be recalled that on January 12, 2009, TF1 received a statement of complaint from the French competition authority relating to practices in the pay television sector.

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

In a ruling on November 16, 2010, the Competition Authority rejected the complaint for anti-competitive practice on the ground that the decision to authorise the CERES operation, whereby TF1 had granted this exclusivity, constituted a vested interest for the parties.

Nevertheless, the Competition Authority decided to refer a number of points to its investigative offices:

- the definition of the relevant fibre-optic and catch-up television markets;
- a determination as to whether such exclusive agreements can have the cumulative effect of locking up the pay television market.

It should be noted that France Telecom has appealed this decision. This is the context in which the conditions for continuing the distribution of the TF1 group's theme channels by pay-television distributors after December 31, 2011 are going to come up.

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

The TF1 group and Groupe AB signed an agreement on June 11, 2009 for the acquisition by TF1 of 100% of NT1 and Groupe AB's 40% stake in TMC.

The French Competition Authority approved the deal on January 26, 2010 on condition that TF1 complied with certain «behavioural commitments».

COMMITMENTS MADE BY TF1

The Competition Authority ruled on January 26, 2010 that the deal would strengthen TF1's position in the markets for rights and advertising. To remedy the identified risks to competition, TF1 made a number of substantial commitments to the Competition Authority.

The commitments were made as from the date of the Authority's decision to approve the deal, and they are to be implemented as of the formal notification of the decision. They are made for a five-year period and may be reviewed at TF1's request or at the behest of the Authority in the event of a substantial change in the *de jure* or *de facto* circumstances prevailing when the Authority made its decision.

The commitments with regard to rights and audiences are aimed at facilitating the circulation of rights for the benefit of competing channels and to limit the rebroadcasting of programmes to no more than two non-scrambled channels.

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

In the advertising market, these measures are intended to keep TF1's offer of advertising space independent from that of TMC and NT1. TF1 has undertaken in particular not to engage in any form of coupling, subordination, rebates or quid pro quos between the advertising space on TF1 and that on TMC and NT1. It has also promised that TMC and NT1's advertising space would be marketed independently by a different company from the one that manages TF1's advertising offer.

An independent, authorised representative of the Competition Authority, ensures that these commitments are met.

The commitments have been posted on the Competition Authority's website at http://www.autoritedelaconcurrence.fr/pdf/engag/10DCC11 engagementsversionpublication.pdf.

Failure to abide by these commitments can result in the imposition of the penalties specified in Article L. 430-8 of the Commercial Code.

The French audiovisual industry regulator (CSA) reviewed the acquisition to determine whether it complied with the Freedom of Communication Act of September 30, 1986. The CSA concluded that it did comply with the rules restricting concentration in the digital terrestrial television (DTT) market and obtained from TF1 commitments to ensure pluralism and programming diversity for the benefit of television viewers:

- some of the commitments made to the Competition Authority will be included in the channels' agreements for the same duration (no cross-promotion; limitation of the rebroadcast of certain programmes already shown on TF1 to one of the two channels; no bidding for sports broadcasting rights for more than two non-scrambled channels);

- commitments will be made in terms of audiovisual regulations for the duration of the agreements (with a period review clause), including:
  - extension of TF1's production obligations (Group agreement), with the guarantee of original programming on TMC and NT1,
  - revision of NT1's prime-time slot, with noon-to-midnight maintained in 2010 and a transition to 6pm-to-11pm as of 2011,
  - the obligation for TMC and NT1 to broadcast, respectively, 365 and 456 hours of original programming a year,
  - enhancement of NT1's content with innovative programming, cultural programmes and live entertainment,
  - early release of rights to audiovisual works as of their last broadcast,
  - better accessibility to NT1's programmes for people with partial or total hearing disabilities.

The commitments made by the TF1 group to the two oversight authorities do not diminish the economic or operational benefits of these acquisitions, which make TF1 a leading player in freeview DTT.

The transaction between TF1 and Groupe AB was concluded on June 11, 2010.

Métropole Télévision, part of the M6 Group, filed an interim appeal and main appeal of the decisions of the Competition Authority and the CSA with the Conseil d'État, France's supreme administrative court. The court rejected the interim appeal on April 22, 2010 and the main appeal on December 30, 2010.

These decisions constitute final validation of the TF1 group's acquisition of TMC and NT1. The representatives of the parties are proceeding with their remit. On January 26, 2010, the TF1 group set up the structures and procedures needed to perform all commitments to the Competition Authority.

RISK MANAGEMENT POLICY

To manage legal risk, the TF1 group carries civil liability insurance to cover the consequences if TF1 or its current or future subsidiaries are found liable for damages caused to third parties. The amount of coverage is based on the risks involved.

The Legal Affairs Division obtains this insurance for the TF1 group from major insurance companies.

The deductible for this policy has been set according to the risks incurred and the premium reductions offered to optimise the overall cost of covering the Group's risks

2.4.4 Credit and / or counterparty risk

Credit and / or counterparty risks are dealt with in the present registration document in chapter 4, note 31, on pages 158-165.

2.4.5 Financial risks

Financial risks, which are liquidity risks and market risks, are dealt with in the present registration document in chapter 4, note 31, on page 158-165.

3

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

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 2010 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 2010 are presented for both the TF1 group (consolidated accounts) and for the parent company, Télévision Française 1.

The consolidated accounts have been prepared in accordance with IFRS, as adopted by the European Union (EU), while the accounts for TF1 SA have been prepared according to accounting rules and principles applicable in France (French GAAP). The change made to the format of the financial statement is indicated page 122.

These financial statements were approved by the Board of Directors of TF1 SA on February 16, 2011.

Post balance sheet events are disclosed in this chapter.

3.1 2010 MARKET TRENDS

3.1.1 Television

In 2010 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 2010, 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 53% have two or more sets.

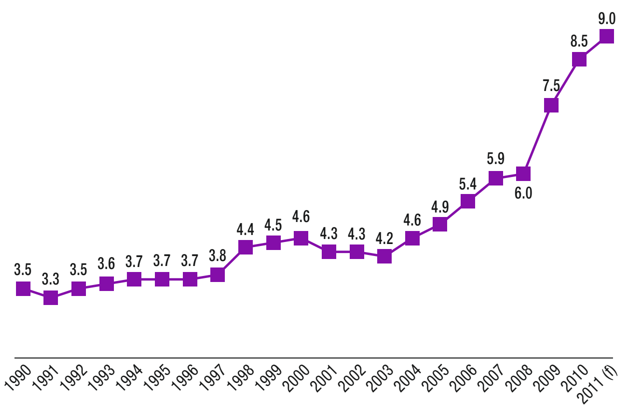
The growing presence of TV sets in the home is partly attributable to new screen formats. Today, 65% of households have a 16/9 television set and 63% have a high-definition (HD) set, and penetration rates for these types of sets are growing rapidly (11-point and 17-point year-on-year increases, respectively).

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 2010, driven by the 2010 Soccer World Cup and the move to all-digital broadcasting.

The switchover to digital went ahead in 10 regions in 2010 and 12 in 2011, including Ile-de-France on March 8, 2011. Overall, people in France are embracing the change: 89% of households have at least one digital television set and 63% possess only digital television sets (digital television sets in every French home).

SALES OF TELEVISION SETS, MILLIONS OF UNITS



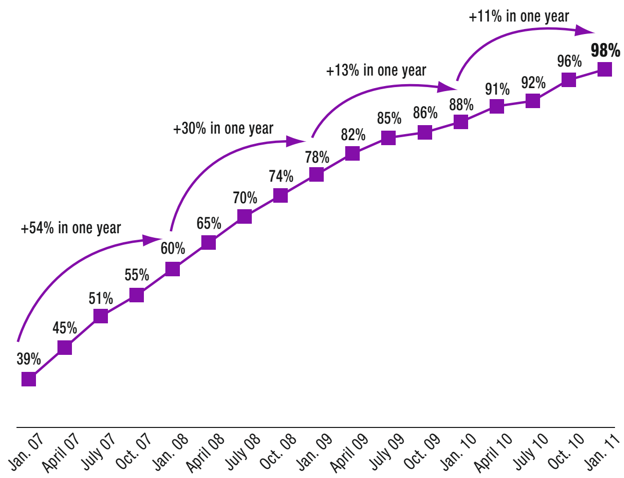
MORE AND MORE PEOPLE CAN ACCESS OVER 19 CHANNELS

By end-December 2010, 98% of the French population could receive 19 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 19 channels or more.

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

PROPORTION OF INDIVIDUALS RECEIVING 19 CHANNELS OR MORE

Proportion of people with a TV set receiving 19 channels or more / people aged 4 and over.



DTT is now the number-one means of receiving an expanded channel selection, with 59% 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 (9-point increase in one year, 23 points in two years).

Television via ADSL has overtaken cable and satellite to become the second-ranked means of accessing multiple channels. A full 24% of households use ADSL, which is also growing fast, although less quickly than DTT (6-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 relatively stable at 15% of subscriber households, as was the number of cable subscribers (7%)(1).

(1) Source: Médiamétrie/Référence des Équipements Multimédias/October-December 2010 – Households with TVs.

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

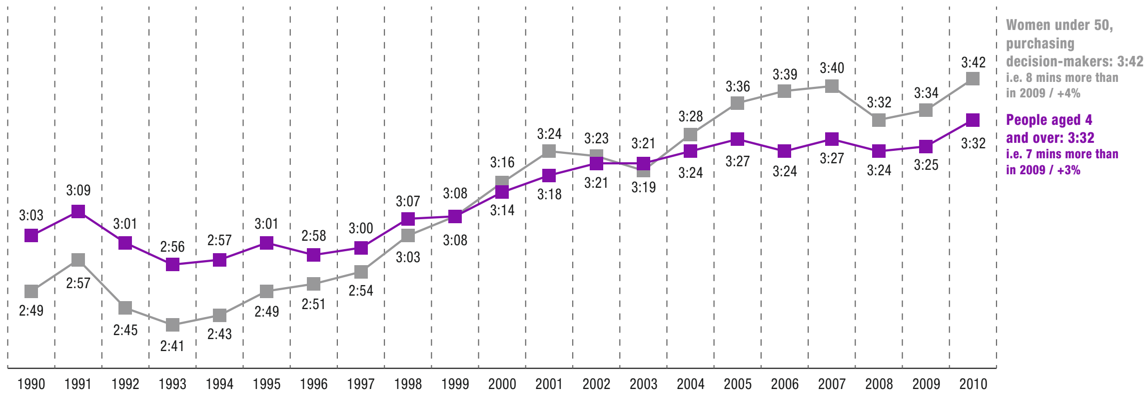
In all, 89% of French people have at least one contact per day with television, compared with 77% for radio, 47% for printed media and 41% for the Internet. In other words, television leads all media in terms of coverage[1].

Concerning time spent[2], television was also the top choice of the French population in terms of their 2010 media consumption. The average French person watches television for 3 hours 32 minutes per day, listens to the radio for 2 hours 10 minutes, and spends 31 minutes on the Internet.

Television consumption reached record levels this year, increasing for all target adult audiences. Television consumption actually increased among people aged 15-24 – by 5 minutes compared with 2009, while radio consumption decreased and Internet remained stable in 2010.

TV CONSUMPTION

Viewing time, people aged 4 and over and women under 50 purchasing decision-makers.



Source: Médiamétrie.

HOW TV IS CONSUMED – SLOW CHANGE[2]

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 32 minutes a day watching television at home.

Time spent watching TV out of the home ("anywhere" viewing) amounted to one minute a day in 2010, or 0.5% of "traditional" television consumption. Time spent watching television on non-TV devices such as computers and phones ("any device" viewing) also amounted to one minute a day, or 0.5% of measured TV consumption. Meanwhile, offline or "anytime" viewing accounted for six minutes of viewing time per day, or 3% of home TV consumption. Within the offline viewing category, recordings accounted for three minutes, while catch-up TV accounted for three minutes.

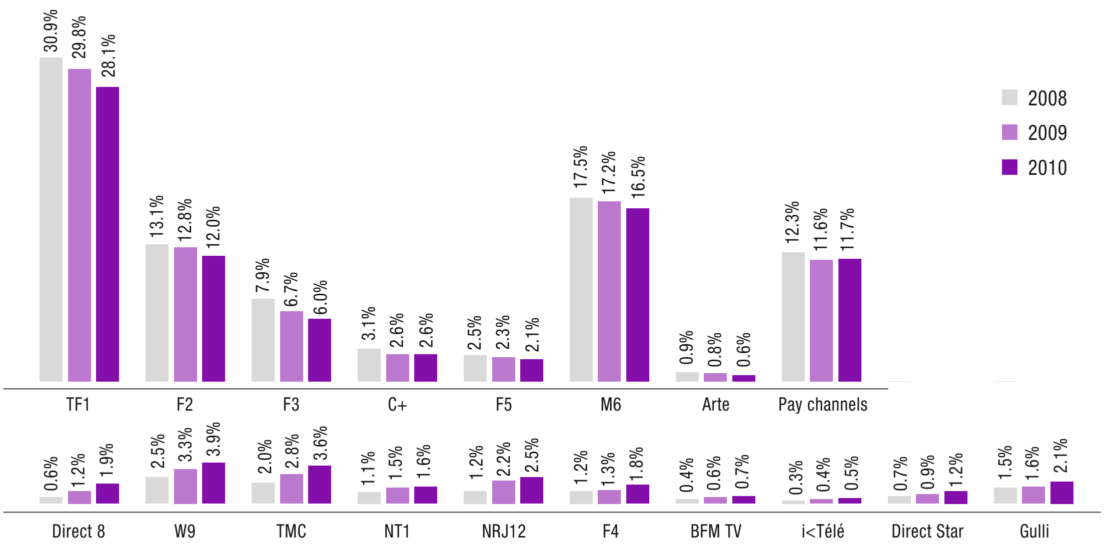
The following charts show how the market shares of the main channels have changed in response to the increased selection on offer and the shifting audiovisual landscape.

AUDIENCE SHARE – INDIVIDUALS AGED 4 AND OVER

(1) *Source: Médiamétrie-EPIQ July 2009/June 2010.*

(2) *Source: Médiamétrie.*

AUDIENCE SHARE – WOMEN UNDER 50 PURCHASING DECISION-MAKERS



NT1, Direct 8 and NRJ 12 are now measured on a national, daily basis, alongside channels that were previously covered by Médiamétrie's audience measuring system (TF1, France 2, France 3, Canal+, France 4, France 5, M6, Arte, W9, TMC and Gulli).

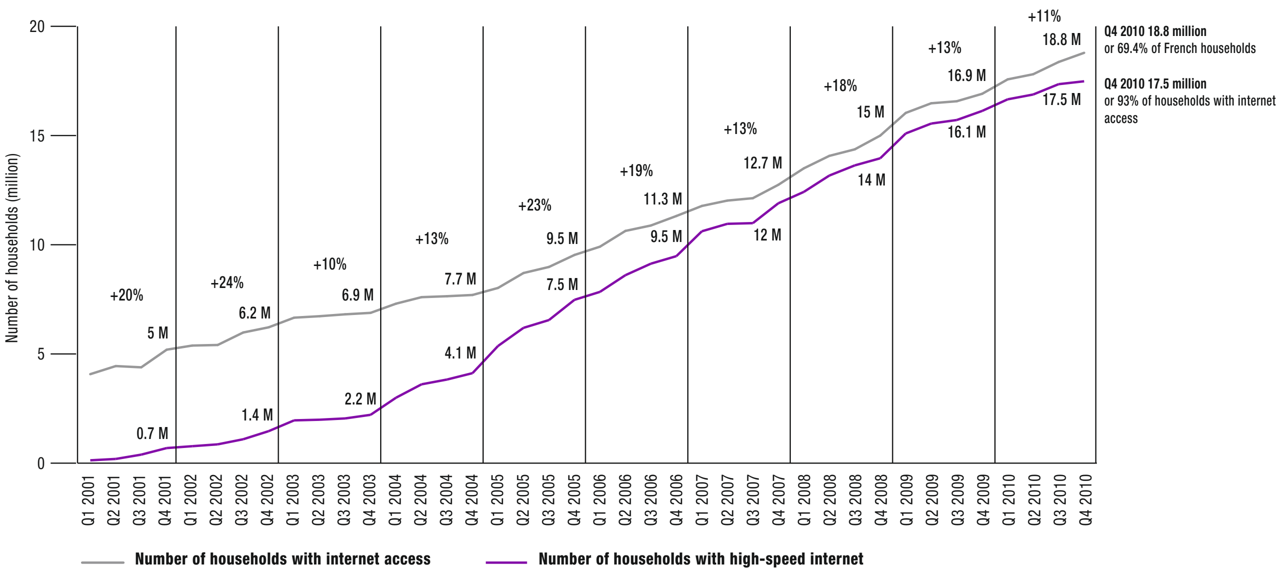
On January 3, 2011, Médiamétrie deployed phase one of its ATAWAD measuring system, which captures consumption AnyTime (i.e. offline), AnyWhere (i.e. out-of-the-house), and on Any Device (i.e. on devices other than TVs). "Anytime" viewing by means of home recordings and time-shifting (i.e. excluding catch-up) is now included in the daily measurement of TV viewing time, resulting in a 1.6% increase in the viewing audience, or 3 minutes 40 seconds per day, per person. Over 40% of anytime viewing is VOSDAL (viewing-on-same-day-as-live).

3.1.2 Internet

PENETRATION OF INTERNET ACCESS DEVICES AMONG FRENCH HOUSEHOLDS

French households are increasingly connected to the Internet. In the fourth quarter of 2010, 18.8 million households (69.4% of all French households) were connected, a 5-point increase over Q4 2009. High-speed has become the preferred means of access: 93% of households (17.5 million) connected to the Web have high-speed connections.

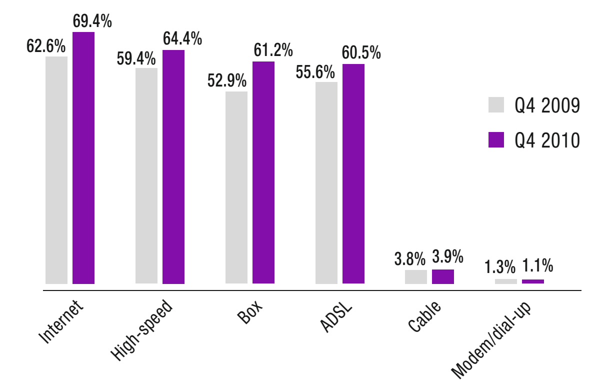
INTERNET ACCESS AND HIGH-SPEED SERVICES – HISTORICAL DATA 2001-2010



Source: Observatoires Médiamétrie, REM, Q4 2010, base = French households

INTERNET ACCESS SOLUTIONS

(Base = French households in 2010: 27.1 million)

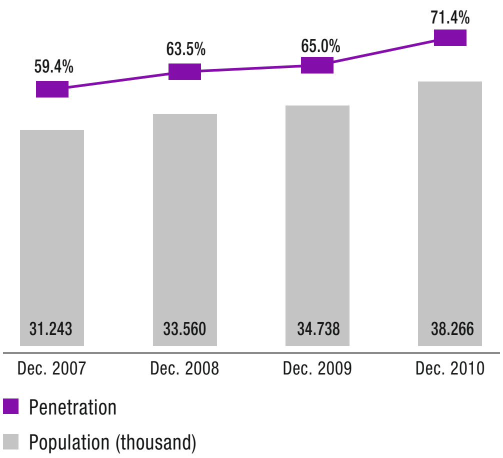


Source: Médiamétrie, Observatoires Médiamétrie, REM, Q4 2010.

INTERNET USE IN FRANCE

At end-2010, there were 38.3 million internet users in France (base = December 2010, 11 years and over), i.e. a penetration rate of 71%.

PROPORTION OF INTERNET USERS AMONG PEOPLE AGED 11 AND OVER

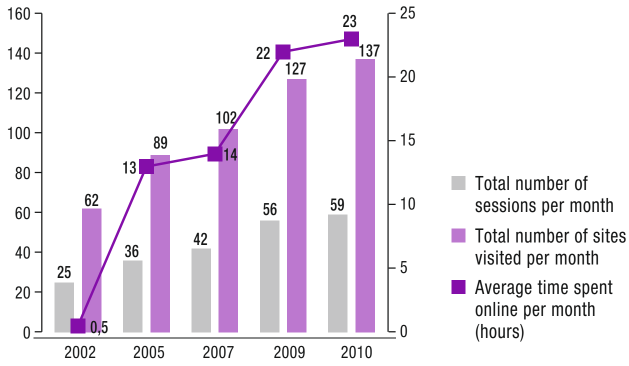


CHANGE IN MONTHLY USAGE TRENDS, BY UNIQUE VISITOR

The number of internet users is increasing in France, as is internet usage.

In December 2010, internet users went online on average 59 times in the month, compared with 56 times in 2009, and visited an average of 137 different sites, compared with 127 in 2009.

On average, an internet user in December 2010 spent the equivalent of 23 hours online per month, compared with 22 hours in December 2009.



Source: NNR panel, December 2010, all connection locations.

2010 TRENDS IN ONLINE SOCIAL NETWORKING

Facebook continues to grow its audience, which now exceeds 27.2 million unique visitors (UVs), very close to Microsoft. The social networking site is third on the top ten websites of French parents[(1)], not far behind Microsoft (27.5 million UVs), Google is top with 36.5 million.

As well as boasting impressive audience numbers, Facebook is also beating records for loyalty, with 5 hours 44 seconds in time spent per UV and 55% of members connecting at least once a day. France has 16 million members, making it fifth worldwide.

Twitter, another social networking site, has approximately 225,000 users in France (145 million people are signed up worldwide). Just 5% of users account for three-quarters of tweets, although these heavy users are considered to be influencers.

These social networking sites have very specific uses, meaning that the approach to each one has to be considered individually.

TF1 stepped up its partnership with Facebook in 2010 by integrating modules (Facebook Connect) and extending its community strategy through fan pages (32) and a variety of games, including *MasterChef, Le Plus Grand Quizz de France, Doc Martin, Totally Spies, Bola and Secret Bluff.* These pages now total over 4 million fans.

There are also seven Twitter accounts (not including presenters' accounts), with over 78,000 followers.

Traffic from these two social networking sites is growing steadily (while still making up a very small portion) and will be a key area of focus in 2011 (Secret Story did extremely well in 2010, with over 1 million monthly visits by the end of the season).

Another highlight of 2010 was the arrival of tablet computers, most notably the iPad. Tablets, smart phones and the mobile uses that they allow will help to drive growth in social networking by encouraging more location-based networking through sites such as Foursquare.

(1) Parent (group owner): this is the entity that has control of web pages (or URLs) measured. This control is usually financial (+ 50%). (source: Médiamétrie).

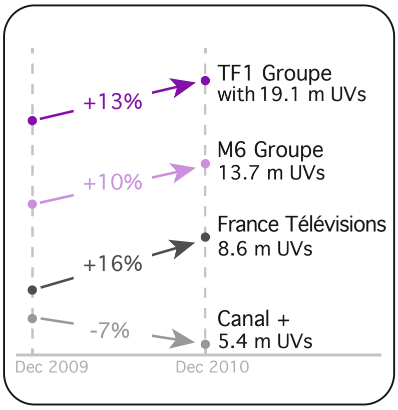
RANKING OF FRENCH INTERNET SITES

The TF1 group is the seventh-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 7th-ranked group on the web

1	Google	36.5 m UVs
2	Microsoft	27.5 m UVs
3	Facebook	27.2 m UVs
4	France Telecom	24.6 m UVs
5	CCM Benchmark	20.3 m UVs
6	Pages Jaunes	20.1 m UVs
7	Groupe TF1	19.1 m UVs
8	Vivendi Universal	18.4 m UVs
9	Iliad - Free	18.2 m UVs
10	PPR	18.1 m UVs

TF1 No.1 media group on the web

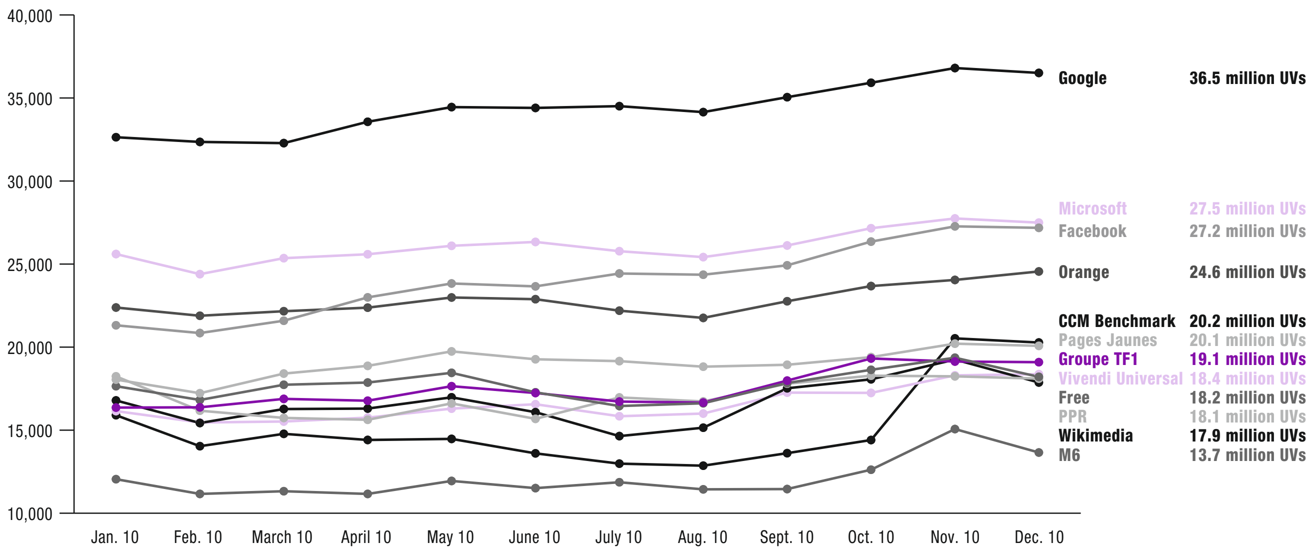


TF1 well placed in all key theme areas

Medias	TF1.fr	1st with 7.9 m UVs
Blogs	overblog	1st with 10.7 m UVs
Videos	wat	3rd with 7.4 m UVs
News	TF1 News	11th with 4.0 m UVs
Sports	Eurosport.fr	2nd with 3.5 m UVs
Women	Plurielles.fr	3rd with 3.3 m UVs
Youth		5th with 705 k UVs
Cinema	excessif.com	6th with 641 k UVs

Source: NNR panel, December 2010, all connection locations, internet applications excluded
(UVs = Unique Visitors)

PARENTS' TOP TEN WEBSITES, 2010



Source: NNR panel, all connection locations, internet applications excluded.
(UVs = Unique Visitors)

Yahoo!'s exit from the top ten was a noteworthy development in 2010.

NEW USES AND NEW TECHNOLOGIES

THE FUTURE OF TELEVISION: MORE FOCUS ON ENTERTAINMENT

Internet-connected TV sets

The TV market is in the throes of major change. A key area of focus is internet-connected TVs, which raise a number of questions, including the actual use made of these sets, market education issues, and the specific features of the French market (heavy proportion of set-top boxes).

The French market is more challenging for internet-connected TVs than, say, the US market, because of competition from telecom companies, whose set-top boxes are built into the firms' triple-play subscriptions. Apple faces the same problem and moreover cannot offer direct channel access. The arrival of the latest generation of set-top boxes (SFR, Free) makes this question even more topical. Telecom firms can provide an end-to-end service, managing devices remotely and controlling customer relations. There are also considerations in terms of legal and regulatory provisions, which tend to emphasise local storage of content – something that internet-connected sets cannot do (for now).

Even so, the rise of internet-connected sets could have a major impact in terms of reorganising the value chain. The following scenarios are possible: manufacturers could add service distribution and subscription management to their device marketing activities; publishers and producers could bypass distributors to market content directly to end customers; and network operators could be reduced to once again merely providing infrastructure.

It will also be fascinating to track the social impact of internet-connected TVs, as the many services that they offer transform TVs into “personal televisions” and impact uses in each target Group.

A total 750,000 internet-connected televisions were sold in France in 2010, and the number could rise to 2.6 million in 2011 according to some analysts. Internet-connected televisions could account for over half of all TV sales by 2014.

3D TV

Although the entire market (from film makers to TV channels and access providers) has stepped up efforts to promote 3D TV, the public does not seem convinced yet.

In 2010, 150,000 3D-compatible TVs were sold, out of total sales of 8.5 million units. Simavelec is forecasting sales of 900,000 3D TVs in 2011. Numerous obstacles still stand in the way of major deployment for this segment: a lack of compatible video content, high prices, different technical standards, and the need to wear glasses (although glasses-free 3D technology was presented at the 2011 Consumer Electronics Show).

MOBILITY-RELATED PROSPECTS: INCREASED MEDIA CONSUMPTION IN MOBILE SETTINGS

Digital Terrestrial Radio (DTR)

The introduction of Digital Terrestrial Radio (DTR) has been seriously delayed. Because the schedule for implementing DTR in France was suspended, LCI Radio was unable to broadcast programmes via digital or analogue media and stopped broadcasting on February 1, 2011.

The launch of DTR was written into the 2007 Audiovisual Broadcasting Modernisation Act, but no date was set, and the main French radio stations oppose its introduction. However, a trial began in Nantes in May 2010 to test digital sound quality.

David Kessler, a former head of Radio France, submitted a report on the question on October 23, 2010. In it, he highlighted divergent views within the radio community (opposition from public, regional and community radio stations, contrasted with national private radio stations, which think DTR is not profitable). DTR raises numerous issues. Not only will the additional cost be hard for radio stations to bear, but the consumer benefits are less obvious than with DTT: while DTT has allowed 75% of French TV viewers who had access to only five channels to receive 15 new ones without having to change their set, there is already huge choice in FM radio. Even so, DTR would offer a wider selection of radio stations, particularly outside the capital region, and would allow regional radio stations to extend their reach. IP radio is sometimes mentioned as an alternative solution but it has several drawbacks: it requires a fee-paying high-speed internet connection, it is not constantly accessible nationwide; and the business model still has problems.

Tablet computers and e-books

Apple’s iPad proved hugely successful in 2010, which was also a breakthrough year for Amazon, as sales of its Kindle e-book reader more than tripled from 2.4 million in 2009 to around 8 million, according to independent estimates. The arrival of e-readers with colour screens should be a big boost for this segment.

Smartphones and application stores

New generations of smart phones, such as iPhone, Android and Bada, 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 smart phones are proving highly successful, even if they raise the issue of multiple addresses for publishers. With over 300,000 available applications, iTunes is the mobile platform with the most extensive catalogue.

The application that generated the highest revenues in 2010 was the NBA app, which lets fans check in on game results. The application can be freely downloaded, but contains many paying options, offering a useful way forward for a freemium strategy.

In the iPad category, the most widely downloaded paid applications are Apple’s office automation apps, including Pages for word processing, PDF Good Reader and the Numbers spreadsheet application. In the free market, the iBooks e-reader is the leader, followed by Pandora Radio and the Netflix video application.

At the end of January 2011, TF1 put out a free iPad / iPhone application with two components: live viewing and catch-up TV.

New audience measuring systems

Médiamétrie began the first round of mobile internet audience measurements in late October 2010. In 2011, work is to be done on the video panel, as well as on measuring hybrid audiences.

3.1.3 Advertising

After a downbeat 2009 put heavy pressure on prices across all media, advertising investment recovered in 2010.

The following are gross data and therefore must be read with care, given the heavy pressure on prices throughout 2010 and the consequent size of final price adjustments for different media. While gross levels appear to have returned to 2008 levels, the same is not true for net investment (IREP-France Pub publication of March 15, 2011).

Furthermore, the method used to collect gross data on internet advertising was changed in 2010, making it impossible to compare 2010 investment levels with those of previous years for this medium. Another effect is that media market shares are unchanged in the overall multiple-media rankings and are unavailable.

TRENDS IN MULTIPLE-MEDIA ADVERTISING INVESTMENT IN 2010

(Gross data – source: Kantar Média; net data-source: IREP).

Gross multiple-media advertising investment was up 10.0%, excluding the Internet[1].

In 2010, television (excluding sponsorship) became the number-one medium, drawing in 31.5% of gross multiple-media advertising revenues. Gross TV investment increased by 15.2% to €8.1 billion (the largest increase in gross value). Revenues for incumbent TV rose 9.4% to €5.4 billion, freeview DTT channels gained 40.0% to €1.9 billion, and the cable-satellite market was up 9.6% to €0.8 billion. On a net basis, in 2010, TV advertising investment was up almost 11% compared with 2009.

On a gross basis, the press fell to second place, with gross revenues up 7.4% to €7.4 billion and market share of 28.7%. Three categories accounted for most of the growth: magazines (9% increase) made up more than 50%, national dailies (15%) accounted for over 34% and the free press (20% increase) for 27%. On a net basis, in 2010, investment was down by around 2% compared with 2009.

Gross advertising investment on the Internet (display advertising) was €3.3 billion in 2010. However, the method used to collect gross data on internet advertising was changed in 2010, making it impossible to compare 2010 investment levels with those of previous years. The medium attracts 12.8% of advertising investment. On a net basis, in 2010, investment was up by 12% compared with 2009.

Radio was up 6.2% to €3.9 billion, giving market share of 15.2%. The increase was attributable to growth in investment at non-specialised stations (9%) and music stations (5%). On a net basis, in 2010, investment was up by 5% compared with 2009.

Outdoor advertising climbed 7.1% to €2.8 billion in gross terms, and market share was 10.7%. On a net basis, in 2010, investment was up by 5% compared with 2009.

Cinema put on 18.9% (although this amounted to an increase of just €41 million) to €0.3 billion, and market share was 1.0%. On a net basis, in 2010, investment was up by 18% compared with 2009.

	Gross revenues	Change	Market share
Gross revenues and change	**Jan.-Dec. 2010**	**Jan.-Dec. 2010 / Jan.-Dec. 2009**	**Jan.-Dec. 2010**
TELEVISION	€8,099.5 million	+15.2%	31.5%
o/w incumbent TV	*€5,421.2 million*	*+9.4%*	*21.1%*
o/w freeview DTT	*€1,873.2 million*	*+40.0%*	*7.3%*
o/w Cab/Sat TV	*€805.1 million*	*+9.6%*	*3.1%*
PRESS	€7,372.0 million	+7.4%	28.7%
RADIO	€3,909.4 million	+6.2%	15.2%
INTERNET	€3,280.2 million	-	12.8%
OUTDOOR	€2,756.4 million	+7.1%	10.7%
CINEMA	€256.8 million	+18.9%	1.0%
TOTAL	**€25,674.3 million**	**+10.0% (excl. internet)**	**100.0%**

TELEVISION IN 2010

(Gross data – source: Kantar Média)

Drawing 40.3% of TV investment, TF1 is the leading channel for advertising spending, with revenues up 7.8% to €3.3 billion.

Advertising investment in freeview DTT channels (BFM TV, Direct 8, France 4, Gulli, i-Télé, NRJ12, NT1, TMC, Virgin 17 and W9) continued to grow swiftly (40.0%) to €1.9 billion in 2010, accounting for around 23.1% of the gross TV investment spend.

(1) The method used to collect gross data on internet advertising was changed in 2010, making it impossible to compare 2010 investment levels with those of previous years.

Cable and satellite channels were up 9.6% to €805 million. TF1 Publicité is the number-two advertiser on cable / satellite channels, with a 23% 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	2010
TOTAL MEDIA TELEVISION	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Incumbent TV	89.9%	87.0%	82.1%	76.1%	70.5%	66.9%
TF1	48.9%	47.7%	45.1%	44.9%	43.0%	40.3%
M6	20.8%	20.1%	19.8%	19.6%	19.3%	18.4%
FRANCE 2	10.8%	10.3%	9.0%	5.7%	3.5%	3.9%
CANAL +	1.9%	1.7%	1.7%	2.0%	2.2%	2.0%
FRANCE 3	6.4%	6.3%	5.7%	3.6%	2.1%	2.0%
FRANCE 5	1.0%	0.9%	0.9%	0.4%	0.4%	0.4%
Freeview DTT	0.9%	3.0%	6.2%	12.5%	19.0%	23.1%
Other channels	9.1%	10.0%	11.8%	11.4%	10.5%	9.9%

MARKET SHARE OF FREEVIEW DTT CHANNELS (TOTAL MEDIA TELEVISION)

	2008	2009	2010
Freeview DTT	**12.5%**	**19.0%**	**23.1%**
W9	1.9%	3.2%	4.1%
TMC	2.2%	3.4%	3.9%
i<Télé	1.2%	1.8%	2.7%
NRJ12	1.4%	2.3%	2.6%
Direct 8	0.7%	1.5%	2.3%
BFM TV	0.9%	1.5%	2.0%
NT1	1.3%	1.8%	1.9%
Gulli	1.0%	1.4%	1.9%
Direct Star	1.3%	1.3%	1.4%
FRANCE 4	0.5%	0.7%	0.2%

DIGITAL MEDIA AND DEVICES IN 2010

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

In net terms, the online display advertising market (excluding search, affiliation, directories, e-mailing and price comparers) was up 12% to €540 million in 2010. At the same time, the mobile internet market (mobile websites and applications) continued to post double-digit growth (23%), climbing to €27 million.

There were three main trends in 2010:

- surge in instream advertising

  With 150% growth in net advertising investment, this type of marketing more than doubled its share of the total spend, accounting for 6% of online display advertising. Interest in catch-up viewing explained much of the growth.

  TF1 Publicité is strongly positioned, first through TF1.fr's premium catch-up selection, which covers 80% of the channel's 6pm-midnight programming, but also through IPTV (MyTF1) and WAT.tv, which provides a range of video channels aimed at 15-34 year olds, a target Group that is a heavy consumer of video over the Internet.

- large increase in special operations on all digital channels

  Advertisers are increasingly using "special operations" to make inroads into specific advertising areas. The food & beverages, telecommunications, health & beauty, cleaning and auto sectors are creating more and more "special operations" for events and media brands and on media and devices that are familiar to people in France.

TF1 Publicité boasts a portfolio of well-known, recognised brands (TF1, Eurosport, *MasterChef, Secret Story, Le Plus Grand Quiz de France*), and a wide array of digital media (internet, mobile, IP TV and tablets) and solutions (website creation, video production), offering advertisers many ways to promote and grow their brands.

- more advertising on mobile internet and applications

  More advertisers are including mobile components in their marketing plans to keep step with the rise of iPhones (and smart phones generally) and applications, which are helping to increase the place of this digital medium in everyday life.

TF1 Publicité offers numerous advantages and has a solid place on this burgeoning market, with, among others, the fifth-most visited website in France (Bouygues Telecom portal) and the country's number-one mobile sports application (Eurosport.com).

A host of developments are planned for 2011, including the introduction of TF1 Publicité brands on tablets (Eurosport, TF1 and soon TF1 News, WAT and Tfou), which began in January 2011, more catch-up for the mobile and tablet segments (TF1 Puissance 5), and work on internet-connected TVs.

OUTLOOK FOR 2011

There was a recovery in 2010 but conditions remain weak (economic difficulties, pressure on prices).

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

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.

The new supply / demand balance, combined with persistently weak economic conditions, suggest that prices will remain under sustained pressure in 2011. However, the story will be different for certain segments, such as devices that can reach mass audiences and that offer scarce, premium products and services.

3.1.4 Regulation

TAX ON TV ADVERTISING

The 2011 Supplementary Budget Act of December 29, 2010 reduced the tax on television advertising (to compensate for France Télévisions' revenue loss) to 0.5% from 2010 through to the definitive end of advertising on France Télévisions' analogue channels (which the same Act has scheduled for January 1, 2016). In the case of DTT, the tax is 0.25% until analogue broadcasting ceases and will then be raised to 0.5% until advertising is discontinued on France Télévisions. From 2016, the tax will be 3%, It is levied on advertising revenues in excess of €11 million of the private-sector channels.

DECREE ON PRODUCTION OBLIGATIONS

Decree 2010-747 of July 2, 2010 took all the production obligations applicable to analogue and digital free-to-air channels and Grouped them under a single piece of legislation. Previously, the obligations were covered by two separate decrees.

DECREE ON PRODUCTION AND BROADCASTING OBLIGATIONS APPLICABLE TO ON-DEMAND MEDIA SERVICES

Audiovisual Communication and New Public Television Service Act 2009-258 of March 5, 2009, which partly implemented the Audiovisual Media Services Directive, established the principle of applying audiovisual regulations to on-demand audiovisual media services. Decree 2010-1379 of November 12, 2010 specifies the rules applicable to on-demand media services broadcast on free-to-air terrestrial TV or distributed by networks that have not been assigned frequencies by the CSA, such as cable, satellite, and ADSL networks. The decree contains provisions:

- concerning obligations to contribute to the production of cinematographic and audiovisual works;
- designed to ensure the inclusion and effective promotion of European and French cinematographic and audiovisual works in packages of on-demand audiovisual media services;
- concerning advertising, sponsorship and teleshopping in relation to these services.

RIDER TO CSA AGREEMENTS FOR TF1 GROUP CHANNELS

The agreements signed with TF1 group channels were amended by rider to transpose the provisions of the new decrees on production obligations and, in the case of TF1, TMC and NT1, to incorporate commitments made to the CSA (French audiovisual industry regulator) following the purchase of TMC and NT1.

BILL ON REGULATING AND OPENING UP COMPETITION IN ONLINE GAMBLING AND BETTING

Act 2010-476 on regulating and opening up competition in the online gambling sector was adopted on May 12, 2010.

The act states that advertising of gambling and betting operators is forbidden in televised programmes that are "presented as being aimed at minors". In a decision published on May 21, 2010, the CSA (French audiovisual industry regulator) said exactly which programmes were covered by this provision. The decision remains in force until January 31, 2011. Before that date, the CSA will adopt a new decision that reflects actual practice.

3.2 2010 ACTIVITY AND RESULTS

3.2.1 The Group

CONSOLIDATED INCOME STATEMENT IN MANAGEMENT ACCOUNTING FORMAT

(€m)	2010	2009
TF1 channel		
Advertising revenue	1,549.8	1,429.4
Advertising costs	(75.9)	(71.7)
NET BROADCASTING REVENUES	**1,473.9**	**1,357.7**
Royalties and contributions		
Royalties	(58.5)	(54.8)
CNC	(84.2)	(77.6)
Tax on broadcast advertising	(6.1)	(9.3)
Broadcasting costs		
TDF, satellites, transmission costs	(44.9)	(51.5)
Programming costs – excluding one-off sporting events	**(873.6)**	**(926.9)**
Programming costs – one-off sporting events	**(77.6)**	**-**
GROSS PROFIT	**329.0**	**237.6**
Diversification revenue and other revenues from operations	1,070.9	933.2
Other operating expenses	(1,064.5)	(955.6)
Depreciation, amortisation and provisions, net	(105.0)	(113.9)
CURRENT OPERATING PROFIT	**230.4**	**101.3**
Non-current operating income and expenses	82.8	-
OPERATING PROFIT	**313.2**	**101.3**
Cost of net debt	(18.2)	(22.3)
Other financial income and expenses	(2.5)	36.2
Income tax expense	(68.9)	(15.3)
Share of profits / (losses) of associates	5.7	14.6
NET PROFIT	**229.3**	**114.5**
NET PROFIT ATTRIBUTABLE TO THE GROUP	**228.3**	**114.4**
Attributable to minority interests	1.0	0.1

CONSOLIDATED DATA

(€m)	2010	2009	Var.%
REVENUE	**2,622.4**	**2,364.7**	**+10.9%**
TF1 channel advertising revenue	*1,549.8*	*1,429.4*	*+8.4%*
Other activities	*1,072.6*	*935.3*	*+14.7%*
CURRENT OPERATING PROFIT	**230.4**	**101.3**	**x2.3**
OPERATING PROFIT	**313.2**	**101.3**	**x3.1**
NET RESULT	**229.3**	**114.5**	**x2.0**

CONSOLIDATED REVENUE

Although 2009 was a tough year as the economic crisis hit hard, it also marked a series of initiatives on which the TF1 group sought to build and consolidate in 2010. Virtually all of the Group's businesses achieved a turnaround in 2010, which also saw the digital terrestrial TV (DTT) channels TMC and NT1 being fully consolidated by the Group from July 1.

Full-year consolidated revenue for the TF1 group reached €2,622.4 million in 2010, an improvement of €257.7 million (10.9%) on the 2009 full-year figure. The 2010 figure includes a revenue contribution of €39.7 million from the acquired equity interests in TMC and NT1, which have been included in the consolidated financial statements since July 1, 2010, the date on which control of these entities was acquired. On a comparable structure basis, consolidated revenue growth would have been 9.2%.

Revenue for the year comprised:

- €1,549.8 million of TF1 channel advertising revenue, an improvement of €120.4 million (8.4%), thanks largely to increasing volumes of advertising spend throughout the year;
- €1,072.6 million of diversification revenue, an improvement of €137.3 million (14.7%), including €33 million from the resale of 2010 FIFA World Cup rights in the second quarter of 2010.

  Excluding the resale of 2010 FIFA World Cup rights and on a constant structure basis, diversification revenue rose by 6.9%, largely driven by organic growth at TMC and by fine performances from Eurosport International.

Advertising revenue for the TF1 group as a whole was €1,793.3 million, an improvement of €188.7 million (11.8%). On a constant structure basis, growth reached 9.3% thanks to strong advances in revenues for the TF1 channel, TMC, and internet activities.

TF1 group 2010 fourth-quarter consolidated revenue was €796.4 million, up €60.2 million (8.2%). On a comparable structure basis, revenue growth was 4.8%.

Fourth-quarter consolidated revenue comprised:

- €478.7 million of TF1 channel advertising revenue, an improvement of €16.2 million (3.5%), bearing in mind that the channel's advertising revenue had already started to recover in the fourth quarter of 2009 (0.7% up on the fourth quarter of 2008).
- €317.7 million of diversification revenue, an improvement of €44.0 million (16.1%). On a constant structure basis, growth was 7.0%.

The geographical split of revenue was 85.1% from France, 10.4% from the rest of the European Union, and 4.5% from other countries.

PROGRAMMING COSTS

TF1 channel programming costs, including non-recurring sporting events like the 2010 FIFA World Cup, were €951.2 million for 2010 as a whole, compared with €926.9 million for 2009.

This €24.3 million increase reflects the following factors:

- €77.6 million of additional costs arising from the showing of 27 FIFA World Cup matches in June and July 2010. The rights to the 27 matches that TF1 chose to broadcast in June and July cost €70.0 million, while production costs amounted to €7.6 million;
- €53.3 million of savings, comprising:
  - €14.3 million due to the replacement of some programmes by football matches in June and July;
  - €39.0 million of savings across the rest of the channel's output, reflecting the significant efforts made to optimise schedules, renegotiate the unit cost of programmes, and make better use of inventories in order to reduce programme retirements and the lapsing of rights.

Excluding one-off sporting events, TF1 channel programming costs improved by €53.3 million to €873.6 million. These savings come on top of the €51.3 million of savings achieved in 2009 relative to 2008.

Most of the channel's programme units managed to achieve savings:

- 33.2% for Children, by broadcasting less expensive programmes;
- 18.1% for Sport (excluding the 2010 FIFA World Cup), largely by renegotiating the contracts for the Champions League and the French national football team;
- 15.0% for Movies, by reducing the number of films screened;
- 2.9% for Drama, TV Movies and Series, by optimising the number of drama slots in 2010.

The News and Entertainment units saw programming costs rise by 2.6% and 2.7% respectively in 2010, due to an increase in the number of news magazine and entertainment programmes shown on the channel.

TF1 channel programming costs for the fourth quarter of 2010 were €258.1 million, compared with €262.6 million for the fourth quarter of 2009, a saving of €4.5 million. Bear in mind that 2009 fourth-quarter programming costs were already €21.0 million lower than 2008 fourth-quarter costs.

ONGOING OPTIMISATION MEASURES

Of the €4.5 million savings on programming costs achieved in the fourth quarter of 2010, €3.0 million can be regarded as recurring. These savings came from further contract renegotiations and optimising programme schedules.

Of the programming cost savings achieved over 2010 as a whole, €19.0 million can be regarded as recurring.

Renegotiations of supplier contracts (other than rights contracts) generated savings of €4.0 million in the fourth quarter of 2010, taking recurring full-year savings to €13.0 million for the year as a whole.

Following the €32 million of savings achieved in 2008, and the €74 million achieved in 2009, TF1 therefore achieved a further €32 million of recurring savings during 2010.

CURRENT OPERATING PROFIT

The TF1 group reported a current operating profit of €230.4 million for the year ended December 31, 2010, an improvement of €129.1 million on the 2009 full-year figure of €101.3 million.

Current operating margin was 8.8% in 2010, compared with 4.3% in 2009.

Fourth-quarter current operating profit was €105.5 million, *versus* €68.6 million for the comparable period of 2009, an increase of €36.9 million.

Current operating margin was 13.2% in the fourth quarter of 2010, *versus* 9.3% for the comparable period of 2009; this was the best fourth-quarter performance since 2006.

OPERATING PROFIT

On June 11, 2010, the TF1 group acquired control of TMC, TMC Régie and NT1.

In the consolidated financial statements for the year ended December 31, 2010, the TMC / NT1 acquisition resulted in the recognition of a gain of €95.9 million (net of transaction costs). The treatment applied was in line with the revised IFRS 3 (Business Combinations), which requires a previously-held equity interest to be remeasured when control is acquired over the investee.

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

Impairment losses charged against the goodwill of SPS and 1001 Listes generated non-current operating expenses of €12.2 million and €7.0 million respectively.

After taking account of these various factors, operating profit for 2010 totalled €313.2 million.

PROFIT FOR THE PERIOD

The cost of net debt fell from €22.3 million in 2009 to €18.2 million in 2010, mainly reflecting the cost of carry of the bond issue which was redeemed on November 12, 2010.

Other financial income and expenses showed a net expense of €2.5 million in 2010, against a net gain of €36.2 million in the previous year. The difference was mainly due to the recognition of the fair value remeasurement of the put option over the 9.9% interest in Canal+ France (impact: €39.5 million) in 2009.

Income tax expense for 2010 was €68.9 million, up €53.6 million year-on-year. The fair value remeasurement of the Canal+ France financial asset in 2009, and the remeasurement of the previously-held equity interests, were not taxable in 2010.

The share of profits from associates was €5.7 million in 2010, compared with €14.6 million in 2009.

TF1 has retained a 33.5% equity interest, valued at €155 million, in the other activities of the Groupe AB, and has also granted a call option over this interest, exercisable at any time up to and including June 11, 2012 at a price of €155 million.

In accordance with IAS 27 (Consolidated and Separate Financial Statements), because TF1 has granted a call option that is exercisable at any time, this interest has since July 1, 2010 ceased to be accounted for as an associate by the equity method, and is instead recognised as a non-current financial asset in the balance sheet at fair value.

Overall, net profit for the year ended December 31, 2010 was €229.3 million, compared with €114.5 million for the previous year. Bear in mind that the 2009 figure includes a €39.5 million gain from the remeasurement of the Canal+ France financial asset, and that the 2010 figure includes net non-current operating income of €82.8 million arising from the impact of remeasurements and goodwill impairment during the year.

Net profit for the fourth quarter of 2010 amounted to €59.2 million (including net non-current operating expenses of €19.2 million), compared with €63.8 million for the fourth quarter of 2009 (including €8.8 million for the remeasurement of the Canal+ France financial asset).

BALANCE SHEET

As of December 31, 2010, shareholders' equity was €1,547.6 million, out of a balance sheet total of €3,324.7 million.

Provisional goodwill of €399 million has been recognised in the balance sheet on the acquisition of control over TMC and NT1, in line with the revised IFRS 3 (Business Combinations), which requires previously-held equity interests to be remeasured when control is acquired over the investee.

The TF1 group had net surplus cash of €16.8 million at December 31, 2010, compared with €72.8 million at end 2009.

At the end of 2009, TF1 had received €744 million from the sale of the 9.9% equity interest in Canal+ France. In 2010, TF1 paid out €194.9 million for the additional equity interest in the TMC and NT1 channels.

The €500 million bond issue of November 12, 2003 matured on November 12, 20110, and was redeemed out of the Group's available cash.

At end December 2010, the TF1 group had confirmed bilateral credit facilities totalling €1,105.5 million with various banks. The drawdown rate on these facilities at year-end was zero. This portfolio of confirmed credit facilities is renewed regularly as and when each facility expires (terms of 3 to 5 years, depending on the facility), so that the Group has access to sufficient liquidity at all times.

The financial position of the TF1 group is therefore extremely sound.

The TF1 group has a credit rating from Standard & Poor's. On July 7, 2010, Standard & Poor's upgraded the outlook for TF1 from stable to positive, while reiterating the Group's BBB / A-2 rating.

BOND ISSUE

In compliance with the authorisation granted by the shareholders at the Combined Annual 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.

The €500 million bond issue was redeemed out of the Group's available cash on November 12, 2010.

QUARTERLY REVENUE FIGURES

	Q1	Q1	*Change*	Q2	Q2	*Change*	Q3	Q3	*Change*	Q4	Q4	*Change*
(€m)	2010	2009	2010/09	2010	2009	2010/09	2010	2009	2010/09	2010	2009	2010/09
Broadcasting France	479.7	434.6	*+ 10.4%*	562.2	476.7	*+ 17.9%*	424.0	374.1	*+ 13.3%*	643.7	602.9	*+ 6.8%*
Audiovisual Rights	32.4	33.0	*- 1.8%*	27.6	35.9	*- 23.1%*	22.3	35.4	*- 37.0%*	60.6	46.7	*+ 29.8%*
Broadcasting International	84.0	69.2	*+ 21.4%*	97.2	78.1	*+ 24.5%*	93.0	87.4	*+ 6.4%*	90.2	84.5	*+ 6.7%*
Other activities	0.8	1.1	*- 27.3%*	0.7	1.5	*- 53.3%*	2.1	1.5	*+ 40.0%*	1.9	2.1	*- 9.5%*
TOTAL – CONTINUING OPERATIONS	**596.9**	**537.9**	***+ 11.0%***	**687.7**	**592.2**	***+ 16.1%***	**541.4**	**498.4**	***+ 8.6%***	**796.4**	**736.2**	***+ 8.2%***

INCOME STATEMENT CONTRIBUTIONS BY SEGMENT

	Revenue		Current operating profit	
(€m)	**2010**	**2009(1)**	**2010**	**2009(1)**
Broadcasting France	**2,109.6**	**1,888.3**	**201.3**	**88.9**
TF1 SA(2)	1,561.3	1,443.9	143.3	44.0
Téléshopping	101.9	99.0	3.9	5.1
Theme channels – France(3)	252.5	194.3	27.5	15.1
TF1 Entreprises	43.8	39.1	2.4	(1.6)
Production(4)	16.7	22.1	(1.9)	1.8
e-TF1	78.2	72.8	2.5	(3.4)
Other(5)	55.2	17.1	23.6	27.9
Audiovisual Rights	**142.9**	**151.0**	**(5.2)**	**(22.5)**
Catalogue(6)	54.1	57.6	4.3	(9.4)
TF1 Vidéo(7)	88.8	93.4	(9.5)	(13.1)
Broadcasting International(8)	**364.4**	**319.2**	**59.9**	**44.3**
Eurosport International	364.4	319.2	59.9	42.3
France 24	-	-	-	2.0
Other Activities(9)	**5.5**	**6.2**	**(25.6)**	**(9.4)**
SPS	1.6	-	(23.6)	(3.0)
1001 Listes	3.9	4.7	(2.0)	(1.1)
Top Ticket.s	-	1.5	-	(5.3)
TOTAL – CONTINUING OPERATIONS	**2,622.4**	**2,364.7**	**230.4**	**101.3**

(1) Includes SNC Aphélie.
(2) Includes Eurosport France, LCI, TV Breizh, TMC, NT1, TF6, Série Club, Stylía, Histoire, Ushuaïa TV, TF1 Digital and TF1 Thématiques.
(3) TV and movie production entities.
(4) Mainly comprises TF1 Publicité, TF1 Expansion, and TF1 DS (which carries the resale of rights to the 2010 FIFA World Cup).
(5) Mainly comprises TF1 Droits Audiovisuels, TF1 International, UGC Distribution, Telema and TCM.
(6) Includes CIC.
(7) The interest in France 24 was sold to Audiovisuel Extérieur de la France (AEF) on February 12, 2009.
(8) SPS, 1001 Listes (sold February 4, 2011) and Top Ticket.s (Pilipili – sold November 17, 2009).
(9) In the 2009 published financial statements, 1001 Listes was included in Téléshopping and SPS in Broadcasting International. These two businesses were reclassified to "Other Activities" in 2010. The 2009 figures have been restated, and hence are comparable with those for 2010.

BROADCASTING FRANCE

The Broadcasting France segment generated revenue of €2,109.6 million, up 11.7% (7.9% on a comparable structure basis and excluding the resale of rights to the 2010 FIFA World Cup). Current operating profit was €201.3 million in 2010, €112.4 million higher than in 2009. Current operating margin was 9.5%, *versus* 4.7% in 2009.

TF1 CHANNEL

The recovery in the advertising market during 2010 helped the TF1 channel to post revenue of €1,561.3 million (up €117.4 million year-on-year) and a current operating profit of €143.3 million (up €99.3 million, even after the €77.6 million of programming costs incurred on the 2010 FIFA World Cup). The channel achieved an operating margin of 9.2%, a year-on-year improvement of 6.2 points.

The channel's advertising revenue rose by 8.4% to €1,549.8 million.

The channel's fourth-quarter advertising revenue was 2.1% higher at €480.8 million, while current operating profit rose by €44.5 million to €87.2 million. Operating margin for the fourth quarter of 2010 was 18.1%.

TF1 channel(1)

A market still in flux

French people spent more time watching television in 2010 than in 2009. Daily average viewing times were:

- 3 hours, 32 minutes (up 7 minutes year-on-year) for individuals aged 4 and over;
- 3 hours, 42 minutes (up 8 minutes year-on-year) for "women under 50 purchasing decision-makers".

In a market where 98% of French people (11% more than in 2009) have access to 19 or more channels, TF1 attracted 97 of the top 100 audience figures in 2010 (*versus* 96 in 2009), and all of the top 63. This confirms the channel's unique position as a popular, must-

(1) Source: Médiamétrie – Market leadership in TF1 prime time slots. eStat streaming TV data.

see channel, and the only French broadcaster to attract (i) more than 9 million viewers, which it did on 32 occasions (*versus* 23 in 2009) and (ii) more than 10 million viewers, which it did on 10 occasions (*versus* 5 in 2009).

Since 2008, the TF1 group has been involved in the massive project to switch off the analogue signal and go digital. The Group has been working closely with government agencies and the France Télé Numérique public interest body, which was set up to implement support measures that will allow for the analogue switch-off and continuity of reception for analogue channels, within the framework established by the Prime Minister and the audiovisual industry regulator (CSA). France Télé Numérique is responsible for providing viewers with information, and with technical and financial support.

Its members are the French state, France Télévisions, Arte France, TF1, M6 and Canal+. TF1 contributes 10% of the budget. The TF1 group has also devoted plenty of its own resources to the project, including a dedicated team that closely monitors technical matters related to DTT and the progress being made by France Télé Numérique.

Market leadership confirmed

Over 2010 as a whole, the TF1 channel enjoyed an audience share of 24.5% among individuals aged 4 and over (down 6% year-on-year), and a share of 28.1% among the target audience of “women under 50 purchasing decision-makers”, against a backdrop of intensifying competition: the overall market share of free-to-air digital terrestrial television (DTT) channels rose by 30% and 27% respectively for these two audience segments in 2010.

TF1 also has a unique position among European broadcasters, enjoying not only the largest audience share in its home market but also the greatest lead over its closest rival.

The French TV market is undergoing structural change, with the discontinuation of advertising on France Télévisions channels after 8pm, an increase in the number of players, and the switchover from analogue to digital (which is broadening the range of free-to-air TV available to French viewers). TF1 has responded by adapting its market positioning strategy.

First and foremost, TF1 is committed to being a star performer in the 7pm to 1am band. These are times with high audience potential, and therefore high monetisation potential. Over this time band, TF1 has a higher audience than over the day as a whole (27.3% of individuals aged 4 and over), and a bigger lead over its nearest rival (12.2 points, *versus* 8.4 points over the day as a whole). The effect is more marked for the target audience of “women under 50 purchasing decision-makers”, with a 31.8% audience share and a gap of 13.2 points over the channel’s closest competitor.

Secondly, the channel is using innovation to refresh its strongest brands and strengthen its regular must-see programmes. The TF1 editorial policy, built on popular, must-see programming, enabled the channel to achieve the no. 1 spot across all its genres and maintain a big lead over its main rival in the key target audience for advertisers in 2010.

Prime time audiences on the increase

TF1 was the only major French channel to increase its audience in 2010. The channel attracted an average of 6.3 million viewers in prime time, a year-on-year increase of 100,000. The gap over the channel’s nearest rival (France 2) stretched to 2.7 million viewers, *versus* 2.5 million in 2009. TF1 is proving highly resilient in a tougher competitive environment.

Within TF1’s prime time slots, the channel attracted 91% of the largest audiences, *versus* 93% in 2009.

Unchallenged market leader in sports broadcasting

TF1 attracted the highest viewing figures of the year with the 2010 FIFA World Cup match between France and Mexico, which was seen by 15.2 million people. For a separate section on the 2010 FIFA World Cup coverage, see page 96 of this registration document.

The Champions League season attracted an average of 6.7 million viewers, while the Euro 2012 qualifier between France and Luxembourg was seen by 9.4 million.

Quality news coverage rewarded

TF1 confirmed its position as market leader in daily news, with an unrivalled capacity for bringing the nation together and deploying exceptional resources in response to major news stories.

Audiences for the regular news bulletins peaked at 8.2 million on January 9th for the lunchtime news (*Journal de 13h*) and 10.4 million viewers on May 11 for the evening news (*Journal de 20h*). Other highlights were:

- an excellent performance by *Paroles de Français*, which attracted 8.6 million viewers in prime time;
- a 6.1 million audience peak for *Reportages*;
- a 6.9 million audience peak for *Sept à Huit*;
- good ratings for the new late-evening magazine show hosted by Harry Roselmack (1.6 million viewers for *Harry Roselmack avec les SDF*).

Revitalised entertainment and reality TV programming

With a combination of major live events, reality TV, game-shows, and magazine programmes, TF1 proved a big hit with viewers, attracting 19 of the 20 highest audience ratings in the genre. Highlights included:

- prime time:
  - *Les Enfoirés, la Crise de Nerfs* with 11.6 million viewers, and the live broadcast of *La dernière de Gad Elmaleh* with 6.8 million viewers;
  - *Koh Lanta*, which drew up to 8.3 million viewers;
  - *MasterChef*, TF1’s new show, which attracted up to 5.9 million viewers and proved especially popular among target audiences for advertisers (average 32% audience share among “women under 50 purchasing decision-makers”).
- access prime time:
  - *Le Juste Prix*, with 5.1 million viewers on average and a peak of 6.3 million;
  - *La Roue de la Fortune* and *Une famille en Or*, each of which averaged 3.9 million viewers.

- late evening:
  - the *Secret Story 4* reality show, which attracted 2.9 million viewers and was particularly popular with younger audiences (53% share of the 15-24 age bracket). 179 million video hits were recorded on the Internet, vindicating the channel / web rebound strategy.
  - *Opération Tambacounda*, a new format, seen by 2.3 million viewers.

TF1: home to France's top 5 American series

Mentalist led the way, with 8.6 million viewers for the two all-new seasons and a peak of 10.0 million viewers. *Criminal Minds* (French title: *Esprits Criminels*) attracted an average of 7.7 million viewers and a peak of 8.5 million, while *House* (French title: *Dr House*) scored very high ratings, peaking at 9.1 million. *CSI: Crime Scene Investigation and CSI: Miami* (French titles: *Les Experts* and *Les Experts Miami*) attracted peak audiences of 8.3 million and 8.2 million respectively during the year.

TF1 drama: popular with all French viewers and attracting ever-larger audiences

TF1 programmes enjoyed the top 20 prime-time viewing figures of the year for this genre.

Successes included the Monday-evening drama offering, with one-off dramas like *Clem* (9.4 million viewers, 2.8 million video hits on TF1.fr) and *Au bas de l'Echelle* (7.9 million viewers) and brands like *Joséphine, Ange Gardien* (8.5 million viewers for the 50th episode), *Une Famille Formidable* (up to 8.4 million viewers) *and Camping Paradis* (peak of 7.9 million viewers).

Crime dramas also performed well in the Thursday-evening slot, especially *Julie Lescaut* (7.5 million viewers), the second season of *Profilage* (up to 7.1 million viewers), and *Section de Recherches* (7.4 million viewers).

Movies: still a big draw on TF1

TF1 attracted 19 of the top 20 prime time audience ratings in 2010, including a peak of 14.4 million viewers for *Bienvenue chez les Ch'tis*. Other highlights included *Astérix aux Jeux Olympiques* (10.1 million), Ratatouille (8.6 million), *National Treasure* (French title: *Benjamin Gates et le Trésor des Templiers*: 7.0 million), and *Enfin Veuve!* (6.9 million).

Throughout the period, TF1 confirmed its status as the must-see French family viewing channel, with a mission to inform, unite, move and entertain.

2010 FIFA World Cup(1)

2010 was marked by the 2010 FIFA World Cup, a flagship event for the TF1 Group. Throughout the competition, the Group achieved outstanding performances, generating record figures on its various media.

Over the 27 matches shown, TF1 attracted an average audience of 7.1 million, and audience shares of 40% among individuals aged 4 and over and 33% among "women under 50 purchasing decision-makers". For matches shown in prime time, the average audience rose to 8.9 million (39% of individuals aged 4 and over). On June 17, TF1 achieved the highest viewing figures of 2010 with the France-Mexico match, watched by 15.2 million viewers and generating audience shares of 56% among individuals aged 4 and over and 51% among "women under 50 purchasing decision-makers". This was the 15th largest audience for a football match since the creation of Médiamat in 1989.

The FIFA World Cup Final between the Netherlands and Spain attracted 14.1 million viewers, the highest viewing figure for a football match not involving a French team since Médiamat ratings began.

During the 2010 FIFA World Cup, the evening news bulletin (Journal de 20h) recorded an average audience of 6.2 million, giving an audience share of 33% among individuals aged 4 and over. The May 11 bulletin, which coincided with the announcement of the French squad for the tournament, was watched by 10.4 million people, representing an audience share of 41% of individuals aged 4 and over.

TF1 also entered into an alliance with various operators to offer a world first: the opportunity for subscribers to watch exclusive live 3D coverage of five 2010 FIFA World Cup matches on TF1 3D, a channel specially created for the occasion. This innovation generated serious interest among operators, and provided a further demonstration of the Group's cutting-edge technological know-how.

On the web, the official 2010 FIFA World Cup – deployed jointly by TF1 and Eurosport – registered 31 million visits and more than 10 million video hits. The video streaming offering proved very popular, especially the highlights packages. The fact that 27 matches were carried, plus the innovative player specially developed by WAT that allowed web users to control live feeds, resulted in unprecedented success with over 150,000 live connections per match (peaking at over 750,000 for the France-South Africa match) and a high of 250,000 simultaneous connections. And the iPhone 2010 FIFA World Cup app, developed specially for the tournament, was downloaded over 250,000 times and recorded 2.7 million visits. The deployment of the TF1 360 strategy around the tournament proved a real success.

Advertising revenue(2)

Plurimedia advertising spend (excluding the Internet) rose by 10.0% in 2010.

Television (national and regional channels, DTT, cable and satellite) has been the no. 1 medium in terms of advertising spend since the first quarter of 2010, with market share of 36.2% and gross revenue of €8.1bn over the full year. This represents year-on-year growth of 15.2%, fuelled mainly by a resurgence in advertising spend on national TV channels (up by 9.4% or €464.4 million, to €5.4bn) and by increased spending on freeview DTT (up by 40.0% or €535.0 million, to €1.9bn).

Print media slipped back to no. 2 in France, with gross advertising revenue of €7.4bn in 2010, a year-on-year increase of 7.4% or €509.5 million.

Against this positive backdrop, and after a troubled 2009, TF1 grew its gross advertising revenue by 7.8% in 2010 relative to 2009. TF1 took a 40.3% market share among all freeview and pay-TV channels combined, 2.7 points lower than in the previous year.

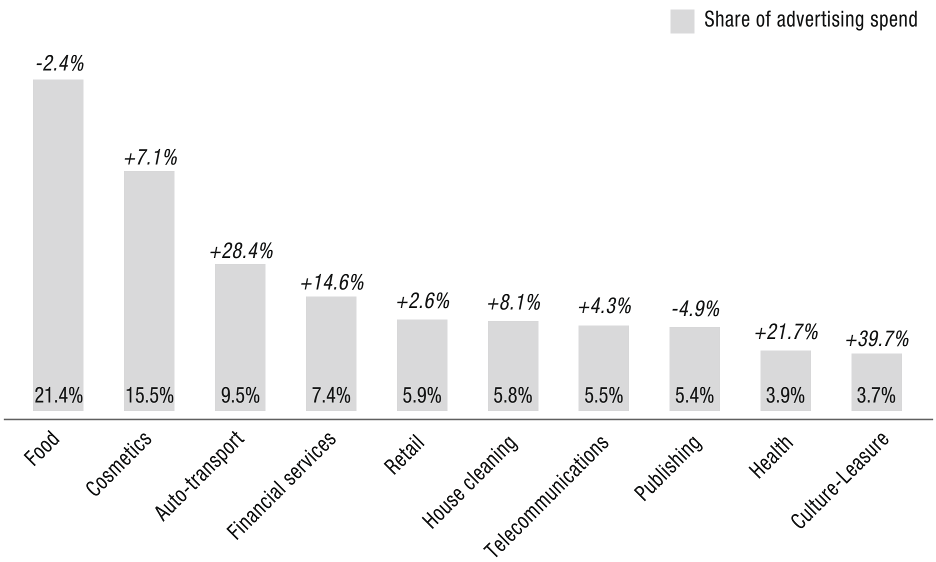
Virtually all sectors increased their advertising spend during the year, though one exception was Food, which declined by 2.4% in the year

(1) Source: Médiamétrie.

(2) Source: Kantar Media Intelligence.

on an unfavourable comparative (10.3% growth in gross advertising revenue in 2009). The Publishing sector – currently in a restructuring phase – remained weak throughout the year. Gross advertising revenue for the Auto / Transport sector surged by 28.4%, largely driven by the Paris Motor Show in October 2010. Cosmetics & Beauty and Financial Services recorded growth of 7.1% and 14.6% respectively in 2010.

SPLIT OF TF1 GROSS ADVERTISING SPEND BY SECTOR, AND 2010 VS. 2009 GROWTH



Source: Kantar Média.

The TF1 channel retained its pulling power for advertisers throughout the year. This generated growth in volumes, although the comparatives became ever tougher from the start of the second half.

After focusing on rebuilding volumes during 2009, TF1 shifted its advertising strategy in 2010 to focus on rebuilding value in the wake of an unprecedented economic crisis. Various approaches were used to meet this objective:

- continuing the segmentation strategy adopted in 2009, enabling the channel to increase rates for slots with high monetisation potential (especially the 7pm to 1am time band and the 2010 FIFA World Cup in the second and third quarters);
- developing Media Way (TNS World Panel), a tool to enable advertisers to track the sales impact of their TV campaigns in real time, making TF1 the most effective advertising medium;
- introducing new pricing terms, such as the *First* offering, which gives advertisers contextual slots with high added value potential.

These initiatives helped push 2010 full-year net advertising revenue up by 8.4% to €1,549.8 million, with growth in all four quarters: 13.0% in the first quarter (to €362.8 million), 9.9% in the second quarter (to €401.8 million), 9.3% in the third quarter (to €306.5 million) and 3.5% in the fourth quarter (to €478.7 million).

TÉLÉSHOPPING[1]

After a decline in 2009, the retail sector generally grew by 2.2% year-on-year in 2010. Over the same period, the home shopping market grew by 1.2%, with the strongest growth in Sport / Auto Equipment (up 15.3%), Cosmetics, Beauty & Health (up 9.2%) and kitchenware (up 8.8%). Other sectors were still depressed, including jewellery (down 8.4%) and clothing (down 5.7%).

Sales over the Internet rose by 24% to €31bn, compared with €25bn in 2009, confirming the buoyancy of the French e-commerce market. Over 340 million transactions were logged on e-commerce sites during 2010, 60 million more than in 2009.

Overall, there were 27.3 million online shoppers, up 3 million on the previous year. Once again, growth in the number of online shoppers (12%) outstripped growth in the number of internet users (9%) over the period.

Over the last twelve months, the number of e-commerce sites hit a new record of 81,900 active sites, up 28% on 2009, indicating that 17,800 new sites appeared in 2010.

Against this backdrop of recovery, revenue for the Group's Home Shopping business grew by 2.9% in 2010 to €101.9 million. While the established Téléshopping brand reported a slight fall in revenue, this was more than offset by good results from the Infomercials business and the Place des Tendances e-commerce site.

(1) Source: FEVAD (French e-commerce and home shopping federation).

Revenue figures for the Home Shopping business for the year ended December 31, 2010 no longer include 1001 Listes, which has been reclassified to the Other Activities segment. In 2009, 1001 Listes reported revenue of €4.7 million.

Revenue at the Infomercials business was boosted by new distribution contracts with DTT and cable / satellite channels (in particular Direct 8, RTL9, NT1, AB3 and AB4).

The *placedestendances.com* site reported strong revenue growth thanks to an increase in the number of shoppers and order volumes.

The site attracted 0,7 million unique visitors a month on average over 2010[1].

Current operating profit for Téléshopping was down €1.2 million in 2010 at €3.9 million, due to the effect of lower revenues for the principal brand, despite benefits from cost structure optimisation.

The current operating profit reported for the Home Shopping business no longer includes 1001 Listes, which has been reclassified to the Other Activities segment (and which made a loss of €1.1 million in 2009).

THEME CHANNELS[2]

At end December 2010, 98% of French households had access to at least 19 channels, an increase of 11% over one year (88% at end 2009) and of 26% over two years. Freeview digital terrestrial TV (DTT) channels took a total audience share of 19.7% in 2010, versus 15.2% in 2009 and 11.1% in 2008.

Also at end December 2010, 29% of French people were cable, ADSL or satellite subscribers, unchanged from 2009 and 2008. Other TV channels had a 12.2% audience share among individuals aged 4 and over in 2010, compared with 12.7% in 2009.

The TF1 Group's theme channels generated revenue of €252.5 million in 2010, up 30.0%, largely driven by the 100% consolidation of TMC and NT1 from July 1, 2010. On a constant structure basis, the theme channels would have recorded growth of 9.5%.

Pay-TV subscription revenue rose by 6.2%, and advertising revenue was up 64.6% (14.2% on a comparable structure basis); excellent performances at TMC, NT1 and TV Breizh more than offset the decline in advertising on the division's other channels now that the cable / satellite channels are in direct competition with freeview DTT.

The division reported a current operating profit of €27.5 million, up 82.1%, driven by the reorganisation of the News unit to focus on LCI, tight cost control at the Découverte channels (Ushuaïa TV, Histoire and Stylìa), and good performances from TMC, NT1 and TV Breizh.

Following the acquisition of control over TMC and NT1, the previously-held equity interests in these entities were remeasured at fair value, on September 30, 2010 and as estimated by an independent expert. In accordance with the applicable accounting standards, the gain arising from this remeasurement was recognised in profit for the period, in "Non-current operating income".

Pay-TV Channels	Number of households receiving the channel at December 31, 2010[2] *(million)*	Number of households receiving the channel at December 31, 2009[2] *(million)*	Change	2010 Audience share[2]
Eurosport France	7.6	7.5	+1.3%	0.9%
TV Breizh	5.6	5.6	-	1.2%
LCI	7.3	7.2	+1.4%	0.6%
Ushuaïa TV	2.6	2.3	+13.0%	0.1%
Histoire	4.2	4.3	-2.3%	0.2%
Stylìa	3.1	2.8	+10.7%	<0.1%
Série Club	4.5	4.7	-4.3%	0.5%
TF6	5.9	5.9	-	0.6%

(1) Source: Médiamat and Médiamat'Thématik Vague 19 – Extended Offering, Initialised Base – Individuals aged 4 and over.
(2) Source: returns filed by operators.

TMC

TMC attracted a 3.2% audience share in December 2010 among individuals aged 4 and over, rising to 3.8% for the advertising target audience of "women under 50 purchasing decision-makers".

On average over 2010 as a whole, TMC attracted 3.3% of individuals aged 4 and over (up 0.7 of a point year-on-year) and 3.6% of "women under 50 purchasing decision-makers" (up 0.8 of a point year-on-year).

TMC is enjoying consistent audience growth, especially in advertising target markets. This success has helped the general-interest channel become the no. 1 DTT channel in France for the fourth year running, and the fifth most-watched national TV channel in France.

TMC has enhanced its image as an entertaining, family-oriented national general-interest channel thanks to its new visual identity and logo, and stronger programming.

(1) Source: Eulerian.
(2) Source: Médiamat / MédiaCabSat / Médiamat'Thématik. "Initialised base" means people receiving the channel, or a bouquet of channels. Prime time slot: 8.45 p.m. to 10.30 p.m.

The fifth most-watched channel in France, TMC offers an appealing mix, with prime-time offerings such as the current affairs programme *90' Enquêtes, Law and Order* (French title: *New York Police Judiciaire*) and movie nights. On average, TMC attracts 800,000 viewers in prime time, significantly more than a year ago (200,000 extra viewers). TMC drew over 1 million viewers on 64 occasions in 2010 (*versus* 9 in 2009).

TMC's highest audience in 2010 was 1.7 million for *The Ice Age 2* (French title*: L'âge de Glace 2*).

On June 11, 2010, the Groupe AB and TF1 finalised the acquisition by TF1 of ownership of the 100% interest in the NT1 channel and the 40% interest in the TMC channel held by the Groupe AB (see Chapter 4, note 3.1.1, page 132 of this registration document and financial annual report). TMC and NT1 have been fully consolidated by the TF1 group since July 1, 2010.

The acquisition of control over TMC and NT1 by TF1 had received clearance from the French Competition Authority on January 26, 2010 and from the CSA (the French audiovisual regulator) on March 23rd, subject to undertakings on future conduct and guarantees on the pluralism and diversity of programming(1).

Métropole Télévision (M6 Group) lodged appeals against the French Competition Authority and CSA rulings, both under the urgent appeals procedure and to the *Conseil d'Etat*. The *Conseil d'Etat* rejected the urgent appeal on April 22, 2010, and the appeal on the merits on December 30, 2010.

These decisions definitively validated the acquisition of TMC and NT1 by the TF1 Group. The airtime buying agencies are continuing to operate, and TF1 has put in place – starting 26 January 2010 – the training programmes and procedures necessary to ensure compliance with all of the undertakings made to the Competition Authority.

NT1

NT1 achieved a 1.5% audience share among individuals aged 4 and over in December 2010. Among target Groups for advertisers, NT1's share was 1.7% for "women under 50 purchasing decision-makers" and 2.0% for the 25-49 age bracket.

Over 2010 as a whole, NT1 had a 1.6% audience share among individuals and among "women under 50 purchasing decision-makers", up by 0.2 of a point and 0.1 of a point respectively year-on-year. The audience share has grown faster since September 2010 thanks to the introduction of a new programming schedule. In November 2010, NT1 achieved its best-ever viewing figures (1.9% of "women under 50 purchasing decision-makers" and 2.4% in the 15-34 age bracket).

In terms of audience share among individuals, NT1 ranked 12th in France in 2010.

The channel attracted over 800,000 viewers on 17 occasions in 2010 (*versus* 3 in 2009), and attracted over one million viewers on three occasions.

NT1 is a general-interest channel primarily aimed at the 15-49 age bracket with a mix of magazine programmes, previously unscreened American series, movies, adventure documentaries and sport.

NT1(2) has been fully consolidated by the TF1 group since July 1, 2010.

Eurosport France

The paying subscriber base at end December 2010 was 7.6 million, in line with the end-2009 figure; higher subscriber numbers in French-speaking Belgium cancelled out a slight fall in the French subscriber base. Subscription revenue rose year-on-year. The success of the HD offering illustrates Eurosport France's ability to build customer loyalty and master cutting-edge technology.

The channel's audience fell from 29,000 per average quarter hour in 2009 to 23,000 in 2010, reflecting factors such as:

- a generally less favourable sporting environment, after a record 2009 for all established sports;
- mounting competition from rival channels operating in the French market.

Against this backdrop, the channel's advertising revenue fell slightly during 2010.

However, internet advertising revenue was up year-on-year. The site attracted 3.5 million unique visitors in December 2010, 59% more than in the comparable period of 2009, and the French-language version of the site ranks second among sports websites in France. The rise in traffic was due to a more favourable sporting events calendar, and to the appeal of tie-ins with the Free (AliceADSL) and La Poste portals.

In terms of rights, Eurosport France renewed its contracts for the "Ligue 2" and "Coupe de France" football competitions.

Current operating profit was down in 2010 on a slight rise in programming costs, due to the screening of the Vancouver Olympics and the 2010 FIFA World Cup. However, the impact was partly offset by a continuation of the tight cost control policy introduced in 2009.

LCI

As part of the ongoing reorganisation of the TF1 Group's News Division launched in 2008, LCI switched over to PNS2 (Process News and Sports 2) software.

LCI has bolstered its news programmes and launched new shows in a bid to develop more attractive schedules to compete with freeview DTT channels. At December 31, 2010, the channel was available in 7.3 million households (*versus* 7.2 million at December 31, 2009). LCI had an audience share of 0.6% of the initialised base (aged 4 and over) in 2010, *versus* 0.8% in 2009.

LCI saw a fall in advertising revenue during the period, but the effect was cushioned by stronger subscription revenue. Despite the operating cost savings achieved since the start of 2010, current operating profit fell.

TV Breizh

TV Breizh is France's no. 1 general-interest pay-TV mini-channel among individuals aged 4 and over and among "women under 50 purchasing decision-makers". The channel achieved good results in terms of both advertising and subscription revenue.

(1) For details of the undertakings given by TF1, see page 77 of the present registration document.

(2) See the section on TMC for the timeline of the acquisition.

The channel recorded excellent audience ratings thanks to programming schedules designed to build loyalty among target audiences for advertisers across most genres:

- movies, such as *In the Line of Fire* (French title: *Dans la ligne de mire*), *US Marshals, Les visiteurs 2* and *Bewitched* (French title: *Ma Sorcière bien aimée*);
- premium American serials, such as Crossing Jordan (French title: Preuve à l'appui) and *Law & Order: Trial by Jury* (French title: *New York, Cour de Justice*);
- well-loved American serials like *Murder, She Wrote* (French title: *Arabesque*), *Columbo*, and *Monk*;
- French drama.

TV Breizh is a strong brand that celebrated its 10th anniversary in 2010. With 8.3 million viewers every month, its offering is clearly focused on relaxing, feel-good family viewing.

The channel was available in 5.6 million households at December 31, 2010, unchanged from a year earlier, and had an audience share of 1.2% of the initialised base (aged 4 and over) in 2010, also unchanged from 2009.

Découverte division

The Découverte division channels continued to build their editorial positioning as genuine affinity channels in a tough competitive environment.

The **Histoire** channel pursued its dynamic creative policy during 2010, focused on discussion programmes and commemorations of historical events.

At December 31, 2010, Histoire was available in 4.2 million households (*versus* 4.3 million at December 31, 2009). The channel had an audience share of 0.2% of the initialised base (aged 4 and over) in 2010, unchanged from 2009.

On October 2, Odyssée was relaunched as **Stylía**, a new lifestyle, luxury and fashion channel. Stylía aims to become a trendy urban channel with a definite feminine slant. Following a review of its policy on co-production and on buying in new exclusive programming, first-time broadcasts now account for 90% of the channel's output. The new schedules are built around seven core themes: style & fashion, art & design, fine dining, excellence (French luxury goods know-how), first-class travel (with a focus on dream hotels), celebrities, and lifestyle.

Stylía is a pay-TV channel distributed on satellite, cable and ADSL, and is also available in catch-up on new platforms.

At December 31, 2010, Stylía was available in 3.1 million households (*versus* 2.8 million at December 31, 2009). The channel had an audience share of less than 0.1% of the initialised base (aged 4 and over) in 2010, unchanged from 2009.

Ushuaïa TV, the sustainable development channel, continued to broadcast magazine programmes and special editions focused on protecting the planet, along with exclusive documentaries in HD.

At December 31, 2010, Ushuaïa TV was available in 2.6 million households (*versus* 2.3 million at December 31, 2009). The channel had an audience share of 0.1% of the initialised base (aged 4 and over) in 2010, unchanged from 2009.

TF6

The TF6 channel, owned 50/50 with M6, was available in 5.9 million households at December 31, 2010 (unchanged from December 31, 2009). The channel had an audience share of 0.6% of the initialised base (aged 4 and over) in 2010 (*versus* 0.7% in 2009).

TF6 recorded an average audience share of 0.7% among the 15-34 target age bracket capable of receiving the channel (*versus* 1.0% in 2009).

During 2010, TF6 continued to refocus on the 15-34 advertising target age bracket by broadcasting more must-see shows, such as *Dawson* and *One Tree Hill* (French title: *Les Frères Scott*), exclusive series such as *Legend of the Seeker*, sitcoms like *Scrubs* and *How I met your Mother*, and classic series such as *The Pretender* (French title: *Le Caméléon).* TF6 also screens the best cinema and TV action movies.

Faced with tougher competition, and with the decline in advertising revenue not wholly offset by the increase in subscription revenue, the channel reported an overall year-on-year fall in revenue. However, TF6 managed to protect its margin by reducing operating costs.

Série Club

The Série Club channel, owned 50/50 with M6, was available in 4.5 million households at end December 2010 (*versus* 4.7 million at end December 2009). The channel had an audience share of 0.5% of the initialised base (aged 4 and over) in 2010 (*versus* 0.6% in 2009).

Série Club attracted a 0.9% share of the target audience of "women aged under 50 purchasing decision-makers" in 2010, at a time when cable and satellite channels are facing increased competition from the rise of DTT. However, Série Club is showing good resilience in both audience ratings and advertising revenue.

In 2010, Série Club – the channel dedicated to series – continued to modernise, and now offers 100% of its programming in digital and 16/9. The offering takes in previously unscreened series like *Mad Men, Damages* and *Life is Wild*, seminal series such as *Lost* and *Prison Break*, must-sees like *Stargate SG-14*, and classics like *Commissaire Valence*.

With mounting competition, and with the drop in advertising revenue not fully offset by increased subscription revenue, the channel reported an overall year-on-year fall in revenue.

TF1 ENTREPRISES

TF1 Entreprises brings together a range of businesses directly or indirectly linked to the TF1 channel, such as games, music, licences, live shows, and publishing.

In 2010, TF1 Entreprises reported 12.0% revenue growth to €43.8 million. Coupled with tight overhead control, this enabled TF1 Entreprises to generate a current operating profit of €2.4 million, compared with an operating loss of €1.6 million in 2009. Operating margin was 5.5% in 2010.

TF1 Games-Dujardin[1]

In 2010, the French games market contracted very slightly, by 0.8% in value and 1% in volume (excluding jigsaw puzzles and trading card games). Against this backdrop, TF1 Games saw its market share slip from 8.6% in 2009 to 8.0% in 2010. The withdrawal of the *Cranium* range was offset by the acquisition of the *Le Cochon Qui Rit* game, and by a marketing licence for France Télévisions TV tie-in games. TF1 Games performed well throughout the year, especially in the fourth quarter (in line with usual trends in this highly seasonal business) when 1.7 million boxed sets were sold, including:

- 403,000 for the *1000 Bornes* range;
- 367,000 TV tie-in games;
- 85,000 Le *Cochon Qui Rit* games.

TF1 Licences

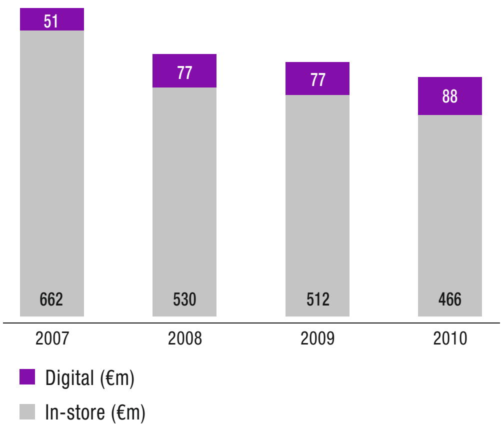
TF1 Licences was again one of France's top licensing agencies during 2010. Brands such as *Barbapapa* and *Hello Kitty* went from strength to strength, *Ushuaïa* proved resilient, and the new *MasterChef* licence enjoyed a successful launch. Operating profit improved, with all brands performing well and a favourable comparative in terms of advertising revenue for promotional licensing.

TF1 Musique[2]

The CD market contracted again in 2010, losing 26.6% by volume and 5.9% by value. Stripping out the 2009 Michael Jackson effect, the market declined by just 2.5%.

The physical market still accounts for some 84% of the total market, with one in five albums sold in the form of downloads.

TRENDS IN THE WHOLESALE MUSIC MARKET (€M)



TF1 Musique performed very well in what remains a tough environment:

- The *Spiritus Dei* album was a runaway success: it was the second best-selling album of 2010, and stayed at no. 1 in the chart for 9 weeks, with sales of 534,000.
- TF1's partnerships also recorded very strong sales: Christophe Mae shifted 674,000 albums, the Black Eyed Peas sold 439,000, Yannick Noah 464,000, and Mylène Farmer 317,000.
- *Mozart: the Rock Opera* toured the French regions before returning to Paris at the end of the year, attracting a total of 813,000 concert-goers in 2010 and also generating merchandising revenue.

Of the 10 best-selling albums of 2010, 7 were TF1 partnerships.

TF1 Edition

Until 2010, TF1 Publishing published books under the *Editions du Toucan* imprint. During the year, TF1 Entreprises carried out a reorganisation, selling the *Editions du Toucan* imprint and refocusing on TV spin-off books (Ushuaïa coffee-table books, *Criminal Minds* and *Clem* tie-ins etc) and the Ushuaïa magazine.

Other

In September 2010, TF1 Entreprises launched the *Automotocompare.fr* website in association with AutoMoto magazine. The site enables internet users to compare insurance companies (97,000 contacts logged in the last 4 months of 2010) and obtain a wide range of practical tips.

Production The Production division, consisting of TF1 Films Production and TF1 Production, posted revenue of €16.7 million in 2010, €5.4 million less than the 2009 figure of €22.1 million.

The division made a current operating loss of €1.9 million, compared with an operating profit of €1.8 million in the previous year.

TF1 Films Production[3]

French cinema attendances reached 206.5 million in 2010, up 2.7% on 2009. This was ahead of the average for the last 10 years (188.1 million), and was also the highest for any year since 1967 (211.5 million), despite a slowdown during December 2010. Cinema attendances were particularly strong in the first half of 2010 (up 8.1% *versus* the comparable period of 2009).

During 2010, 24 films were partially screened in 3D (*versus* 16 in 2009); these films drew over 33 million cinema-goers, or 16% of total attendances.

Attendances at French films slipped by 0.9% to 73.4 million, slightly ahead of the average for the last 10 years (72.4 million). French films had an estimated market share of 36%, compared with 37% in 2009. In all, 19 French films attracted a million or more cinema-goers.

In 2010, 13 films co-produced by TF1 Films Production went on general release, 6 of which pulled in at least a million cinema-goers: *La Rafle* (2.9 million), L'Immortel (1.1 million), *Adèle Blanc-Sec* (1.6 million), *Camping 2* (3.9 million), and *L'Homme qui voulait vivre sa Vie* (1.2 million). In 2009, 7 of the 20 TF1 films on general release attracted at least a million cinema-goers.

(1) Source: NPD data.
(2) Source: SNEP data.
(3) Source: CNC forecasts.

FILM	Release date	Attendance to December 31, 2010
CAMPING 2	April 21, 2010	3,978,114
ARTHUR 3 LA GUERRE DES 2 MONDES	October 13, 2010	3,056,062
LA RAFLE	March 10, 2010	2,851,122
ADELE BLANC-SEC	April 14, 2010	1,621,846
L'HOMME QUI VOULAIT VIVRE SA VIE	November 3, 2010	1,172,783
L'IMMORTEL	March 24, 2010	1,128,275
A BOUT PORTANT(1)	December 1, 2010	799,901
IL RESTE DU JAMBON ?	October 27, 2010	787,279
IMOGENE MCCARTHERY	May 5, 2010	578,932
UNE PETITE ZONE DE TURBULENCES	January 13, 2010	540,430
DE VRAIS MENSONGES(1)	December 8, 2010	485,397
ENSEMBLE C'EST TROP	February 17, 2010	335,293
600 KILOS D'OR PUR	August 25, 2010	153,989

(1) Still being screened as of December 31, 2010.
Source: CBO Box office.

At end December 2010, the subsidiary had committed a total of €41.3 million to 19 feature films, thereby fulfilling its commitments.

TF1 Films Production recorded lower revenues in 2010 than in 2009 because fewer films were on general release in the year.

TF1 Production

The subsidiary played a key role in the 2010 FIFA World Cup, providing coverage to all TF1 group channels.

The TF1 channel magazine programmes produced by TF1 Production were also highly successful. Throughout the tournament, TF1 screened *Coupe du Monde FIFA 2010, Le Mag*. The 21 shows attracted excellent audiences, averaging 4.7 million viewers and winning a 29% share of individuals aged 4 and over; viewing figures peaked on June 17 at 7.7 million (40% of individuals aged 4 and over, and 40% of women viewers).

The success of the 2010 FIFA World Cup offset a decline in revenue from Magazines and Drama.

Overall, the drop in revenue reduced the profitability of TF1 Production in 2010.

e-TF1[1]

After numerous developments throughout 2009, e-TF1 reported further growth in 2010. The Group's various sites attracted 19.1 million unique visitors in December 2010, up 13% on December 2009, cementing the Group's position as the leading French media Group on the web.

The TF1.fr site attracted 7.9 million unique visitors per month to end December 2010.

Video is performing particularly well on TF1.fr. Over 2010 as a whole, 1.4 billion free videos were viewed on the Group's sites, including 700 million catch-up videos. This is a remarkable performance, with the number of catch-up video views far outstripping the 400 million videos watched in 2009.

The pure player sites confirmed their success: WAT.tv drew 7.4 million unique visitors, and the women's interest site Plurielles.fr attracted 3.3 million unique visitors. Overblog retained its no. 1 ranking with 10.7 million unique visitors (December 2010).

The rollout of MyTF1 continued. Following the initial distribution alliance with Bouygues Telecom's Bbox platform, announced in November 2009, TF1's free interactive service has also been available via Orange decoders since June 2010.

Interactivity eased up slightly at the start of the year, due to fewer game-shows being broadcast on the TF1 channel than in the previous year. However, the overall performance was satisfactory following successes at the end of the year, including the selection of Miss France 2011 and the daily show *Les 12 Coups de Midi*.

Advertising revenue recovered strongly at e-TF1 in 2010, surging by 73%, thanks largely to video formats tied in to strong brands such as *Secret Story* and *MasterChef*.

On November 11, 2010, TF1 transferred its 40% equity interest in Overblog to the Wikio Group, in exchange for shares representing a 13.2% interest in the new Wikio Group.

This merger between the Wikio news portal and the Overblog blogging platform has created a new model for content production, not just in France but in Europe.

(1) Source: Médiamétrie NNR panel, December 2010.

The principle is to study internet users' preferences by analysing their most frequent internet searches, and then create new content to respond to the demand. Unlike the traditional top-down model, which pushes editorially-selected content at internet users, the on-demand content model is driven by users' needs.

2010 full-year revenue at e-TF1 was €78.2 million, an improvement of €5.4 million (7.4%) relative to 2009.

Strong topline performances coupled with the non-recurrence of the website makeover charges incurred in 2009 led to a €5.9 million improvement at current operating profit level. The e-TF1 subsidiary reported a current operating profit of €2.5 million in 2010, against a loss of €3.4 million in 2009, even after the €1.5 million effect of the new tax on interactive services.

OTHER ACTIVITIES

Revenue from other activities amounted to €55.2 million in 2010, versus €17.1 million in 2009, mainly due to the resale of 2010 FIFA World Cup rights to France Télévisions and Canal+ for €33 million in the second quarter of 2010.

Current operating profit for the year was €23.6 million, *versus* €27.9 million for 2009; the year-on-year fall of €4.3 million reflects the reversal in the fourth quarter of 2009 of a provision for litigation.

Les Indés Radios (formerly Les Indépendants)

During 2010, TF1 Publicité sold advertising airtime for 128 local, regional and special-interest radio stations in the **Indés Radios** federation. This leading national offering (18.8% commercial share among individuals aged 25-49[1], backed up by Sud Radio and Wit FM, provides a mix of pulling power and local coverage that is ideal for delivering more effective advertising.

While gross advertising spend[2] on national radio rose by 6.9% in 2010, the radio offering sold through TF1 Publicité reported 25.8% growth in gross spend. With market share of 10.7%, TF1 Publicité is now a major player in the radio advertising sector.

The contribution to consolidated revenue (in the form of agency commission) amounted to €12.6 million in 2010, compared with €9.9 million in 2009.

Third-party advertising airtime sales

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

The contribution to consolidated revenue (in the form of agency commission) was stable year-on-year.

INVESTMENT IN ASSOCIATE (AN EQUITY AFFILIATE AS OF JUNE 30, 2010)

Groupe AB

The Groupe AB produces and broadcasts TV channels: RTL9 (65%) and AB1 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 June 11, 2010, the Groupe AB and TF1 finalised the purchase by TF1 of ownership of the 100% interest in the NT1 channel and the 40% interest in the TMC channel owned by the Groupe AB. Under the terms of the agreement, the Groupe AB management team (Port Noir Investment) was granted a call option over TF1's minority stake, exercisable at any time during a two-year period at a price of €155 million.

The other activities of the Groupe AB are now held by a new company, in which TF1 holds the same equity interest (33.5%) as it previously held in the Groupe AB. The TF1 group also raised its equity interest in WB Télévision (a holding company owned by Claude Berda, which controls Belgian French-language channels AB3, AB4 and Videoclick) from 33.5% to 49%.

The TF1 Group's 33.5% equity interest in the other activities of the Groupe AB is valued at €155 million. A call option has been granted over this interest, exercisable at any time up to and including June 11, 2012 at a price of €155 million.

In accordance with IAS 27 (Consolidated and Separate Financial Statements), because the TF1 group has granted a call option that is exercisable at any time this interest is no longer accounted for as an associate by the equity method, but instead has been recognised as a non-current financial asset in the balance sheet at fair value since July 1, 2010.

AUDIOVISUAL RIGHTS

Revenue from the Audiovisual Rights Division was down €8.1 million at €142.9 million in 2010, 5.4% lower than in the previous year.

The division made a current operating loss of €5.2 million, compared with a loss of €22.5 million in the previous year, an improvement of €17.3 million.

CATALOGUE

French cinema attendances reached an estimated 206.5 million in 2010 (up 2.7% on 2009); see the section on TF1 Films Production above for market data.

2010 was the year in which French cinemas embraced digital, as the number of digital screens doubled. Over 1,800 cinemas now have digital projectors, representing one-third of all French cinemas, compared with 17% a year ago.

(1) Source: Médiamétrie – 126,000 Radio – November-December 2010 – Monday/Friday – 5 a.m. to midnight – commercial market share based on average quarter-hour periods for TF1 Publicité Radios, NRJ Global, IP Radio, Lagardère Publicité, RMC, Skyrock and Radio Classique.

(2) Source: Kantar Média – Gross advertising spend – National Radio – All sectors – Full Year 2010 (vs Full Year 2009).

During 2010, TF1's catalogue business continued the alliance with UGC that began in 2009. Eight films went on general release in 2010, four fewer than in 2009, the most successful being *Les Invités de mon Père* (840,000 cinema-goers), *Elle s'appelait Sarah* (800,000) and *Le nom des gens* (700,000).

A total of 14 films were co-financed by TF1 and UGC in 2010 and 2011 will be the first year in which films acquired jointly by the two companies will be screened.

Revenue from the **Catalogue** business fell by €3.5 million to €54.1 million.Good performances by some films and by the catalogue sales business could not make up for the fact that fewer films were released than in 2009.

Despite this fall in revenue, there was an improvement of €13.7 million at current operating profit level, as the business moved from a loss of €9.4 million in 2009 to a profit of €4.3 million in 2010.

VIDEO

During 2010, French consumers spent a total of €1.49bn on DVDs and Blu-Ray HD disks. For the second year in a row, consumer spending on physical video media was flat (0.1% growth).

HD media continued to grow: Blu-Ray sales were up 61.6% year-on-year, reaching €173.4 million (9.7 million units). Blu-Ray accounted for 12.5% of French video sales in 2010, versus 7.8% in 2009.

DVDs represented 87.5% of the market by value (vs. 92.2% in 2009). French consumers bought almost as many DVDs as in the previous year (0.4% fall). A total of 135.3 million DVDs were sold in 2010[1].

PURCHASES OF VIDEO MEDIA IN 2010

	Units *(million)*	Change 2010 vs 2009	Sales *(€m)*	Change 2010 vs 2009
DVD	135.27	-0.4%	1,211.89	-5.1%
Blu-Ray	9.66	+82.8%	173.41	+61.6%
TOTAL	**144.93**	**+2.7%**	**1,385.30**	**+0.1%**

Source: CNC–GFK.

Revenue for TF1's Video business fell by 4.9% to €88.8 million.The business scored some notable successes during the year, including *The White Ribbon* (French title: *Le Ruban blanc*, winner of the Palme d'Or at the 2009 Cannes Film Festival and the Golden Globe for best foreign-language film) and *Un Prophète* (winner of 9 César awards, Oscar-nominated for best foreign-language film). The end of the year saw impressive DVD sales for *Motherfucker* (the Florence Foresti show), *Mozart: The Rock Opera*, and the animated movie *Dora the Explorer* (French title: *Dora l'Exploratrice*). But despite these successes, volumes fell below the previous year's level due to a limited line-up of new videos and a tough 2009 comparative boosted by strong titles, in a market facing structural price erosion.

Despite tight cost control, the slippage in revenue resulted in a current operating loss of €9.5 million, compared with a loss of €13.1 million in the previous year.

After an 18-month tie-up, TF1 Vidéo and SPHE (Sony Pictures Home Entertainment) have decided to end their alliance in physical video distribution with effect from July 1, 2011.

BROADCASTING INTERNATIONAL

The Broadcasting International segment generated revenue of €364.4 million in 2010 compared with €319.2 million in 2009, an increase of 14.1%.

Current operating profit was up 35.2% at €59.9m.

In 2009, Broadcasting International's current operating profit included a €2 million gain on the sale of France 24.

EUROSPORT INTERNATIONAL[2]

Eurosport channels recorded lower audiences in 2010 than in 2009: the average audience per average quarter hour was 573,000, including 508,000 (down 10%) for the Eurosport channel itself. This fall was due to tougher competition from channels that screened 2010 FIFA World Cup matches, even though Eurosport offered attractive programming with the Vancouver Olympics (120 million viewers over the period) and the African Cup of Nations.

In 2010, Eurosport was received by 123.0 million households in Europe, up 4.9 million year-on-year. The ongoing spread of cable and ADSL boosted all the Group's channels, as did expansion into new territories and technological developments. An alliance with Panasonic enabled Eurosport to show the French Open tennis tournament in 3D in more than 3,000 hi-fi stores across Europe. Backed by targeted print media campaigns, these 3D screenings were a great success and confirmed Eurosport's ability to innovate.

The paying subscriber base increased by 7% (or 5.6 million) year-on-year, mainly in Eastern and Central Europe, Asia-Pacific and the Mediterranean basin.

The Eurosport 2 channel subscriber base rose to 47.9 million (up 7.8 million year-on-year), with growth driven by Eastern Europe and by the April 2010 launch of a Swedish-language version in Scandinavia. The channel's offering has now been further enhanced by the German Bundesliga, which is available in HD.

The Eurosport HD channel now has 11.7 million subscribers (up 6.5 million year-on-year), and is performing very well in the United Kingdom, the Mediterranean countries of Europe, and Scandinavia.

(1) Source: CNC-GFK.

(2) Source: comScore Networks, no. 1 site in Europe with average of 11.3 million unique visitors, January-December 2010.

This channel has significantly strengthened the market positioning of the Eurosport Group.

EurosportNews also continues to expand, and now has 6.2 million subscribers, virtually all of them paying.

The rollout of Eurosport into the Asia-Pacific region under alliance deals with Australian platforms is gathering pace, helping to secure the channel's position in the region over the longer term.

This expansion in the subscriber base generated robust 16.4% year-on-year growth in subscription revenue.

Eurosport International also reported robust growth in advertising revenue (up 10.6% at €78.1m) in 2010, thanks to events with strong appeal for advertisers, a better economic climate, and a soft comparative.

Internet audiences remained high during 2010, with the number of unique visitors per day hitting 2.3 million (December 2010). On these figures, Eurosport ranks as the leading European sports website.

At end June 2010, English-language sites aimed at Australia and South-East Asia were launched as part of the accelerated expansion programme in the region.

In early December 2010, Eurosport launched a Turkish version of the site, which is now available in 14 local versions and 11 language versions.

Since March 2007, the Eurosport channel has been capitalising on its strong internet audiences to distribute content directly to web users via a Player function. Originally limited to certain countries, this service is now available across the whole of Europe (apart from Italy and Russia), over the Internet and via iPhone apps.

Revenue from other activities advanced year-on-year, driven by the Eurosport Player, the launch of Eurosport Arabia, and free iPhone apps (nearly 3.1 million downloads to end December 2010) and Eurosport SmartPhone apps (launched on BlackBerry and iPad in May 2010, and on Android in June 2010). In December 2010, 338,000 people a day were using the Eurosport app.

Eurosport International posted 2010 fourth-quarter revenue of €90.2 million, an improvement of €5.7 million (6.7%) on the fourth quarter of 2009.

Quarterly operating profit at Eurosport International was €16.4 million, giving operating margin of 18.2%, against 7.8% in the fourth quarter of 2009.

Full-year revenue at Eurosport International was €364.4 million, an increase of €45.2 million (14.2%) on 2009.

Eurosport International reported full-year current operating profit of €59.9 million, giving operating margin of 16.4%, *versus* 13.3% in 2009. Generating this level of margin in a year of big sporting events is a remarkable achievement; it reflects rigorous control of overheads, cost optimisation, and a good balance between rights acquisition costs (the key to building audiences and securing the channel's reputation) and associated revenue streams.

OTHER ACTIVITIES

In 2009, the segment included Top Ticket.s (Pilipili).

At end 2010, the segment consisted of SPS and 1001 Listes.

The segment generated revenue of €5.5 million in 2010, and made a current operating loss of €25.6 million.

SPS

On June 8, 2010, the French Online Gaming Regulatory Authority (ARJEL) granted two licences to SPS, allowing it to operate in the French online sports betting and poker markets. On the same day, the EurosportBET.fr site was launched.

In the United Kingdom, the site has been up and running since June 2009, but is not earmarked for further development because the market is mature and highly competitive.

The offering in France was extended when the EurosportPOKER.fr site went online on June 30, 2010.

On September 23, 2010, EurosportBET obtained an operating licence for betting on horse-racing in France, and is now one of only three sites licensed to provide all three types of online gaming allowed in France (sporting bets, horse-racing bets, and online poker).

SPS generated revenue of €1.6 million in 2010, compared with an immaterial amount of revenue in 2009. The business made a current operating loss of €23.6 million in 2010; this compares with the €3.0 million share of SPS costs booked in the previous year.

On March 8, 2010, TF1 agreed to buy out the remaining 50% equity interest in SPS held by the Serendipity investment fund for €6.4million.

Following this transaction, the TF1 group holds a 100% equity interest in SPS.

Consequently, the SPS online gaming and betting business was consolidated proportionately at 50% during the first quarter of 2010 and fully consolidated within the Broadcasting International segment for the second and third quarters of 2010, before being reclassified to the Other Activities segment for the fourth quarter of 2010 and for full year 2010.

The acquisition was accounted for in accordance with the revised IFRS 3 (Business Combinations), leading to the recognition of (i) provisional goodwill of €12.2 million in the balance sheet and (ii) the €6.1 million gain arising on the fair value remeasurement of the previously-held equity interest in the income statement. This gain was classified in "Other operating income" in the 2010 interim financial statements and reclassified to "Non-current operating income" in the fourth quarter of 2010.

Changes in the regulatory environment and market conditions in the online gaming and betting industry since 8 March 2010 have led TF1 to review its strategy for this business.

The impact of this review on the valuation of SPS has been recognised in the consolidated financial statements for the year ended December 31, 2010, in the form of a €12.2 million impairment loss taken against the goodwill and reported in "Non-current operating expenses".

1001 LISTES

1001 Listes was reclassified from Téléshopping to Other Activities in the fourth quarter of 2010.

On February 4, 2011, TF1 sold its entire equity interest in 1001 Listes to the Galeries Lafayette Group.

1001 Listes generated revenue of €3.9 million in the year ended December 31, 2010, compared with €4.7 million in the previous year.

The business made a current operating loss of €2.0 million in 2010, compared with a loss of €1.1 million in 2009.

Based on the terms of the sale agreement, an impairment loss of €7.0 million was charged against the 1001 Listes goodwill to reflect the sale price; this loss was recognised in "Non-current operating expenses".

METRO FRANCE (ASSOCIATE)

Publications Metro France, in which TF1 has a 34% equity interest, distributed an average of 675,000 copies of its freesheets a day in 10 French cities during 2010. The earnings contribution of Publications Metro France in the TF1 2010 financial statements was not material.

3.2.2 Outlook

In 2011, as in 2010, we will be faced with an economic environment in flux, characterised by continuing uncertainty and poor visibility.

We are working on the assumption that consolidated revenue will remain stable in 2011. Consolidation of the revenue contribution from the acquired equity interests in TMC and NT1 over the full year will be offset by the non-recurrence of the resale of 2010 FIFA World Cup rights.

We are confident in our ability to leverage growth in advertising revenue, not just for the TF1 channel but across all our media (digital terrestrial TV channels, digital media and Eurosport). Most of our diversification activities are likely to see further growth, though against less favourable comparatives.

We are also reiterating our objective of improving profitability and stabilising TF1 channel programming costs; we expect these costs to average in the region of €950 million in 2011 and 2012.

As part of the plan to develop synergies between our free-to-air channels, our current working scenario is that in 2013, 60% of the programming on TMC and NT1 (versus 35% in 2010) could be sourced from the TF1 catalogue or from in-house production.

The divestments and restructuring carried out in 2010, and the new organisational structures we have put in place, are expected to have a positive impact on our operating expenses.

During 2011, we will redouble our efforts to strengthen our market position and accelerate our progress, actively pursuing the strategy implemented three years ago by:

- continuing to offer strong content, with a mission to inform, unite, move and entertain, across all of our distribution channels (free-to-air and Pay TV, and the Internet) while keeping costs under control;
- using technological advances to find opportunities to reach and interact with every audience Group, through affinity channels, VOD and SVOD offerings, music, games, and e-commerce.

Our ability to combine mass media effectiveness with the intimacy of personal digital media makes us well placed to consolidate our position as market leader in our core business: delivering entertainment and information in all their forms, thereby offering advertisers the broadest possible scope to get their message across.

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

Secure in our very sound financial position, we have many strengths to help us meet the challenges of the year ahead.

3.2.3 Post balance sheet events

On February 4, 2011, TF1 sold its entire equity interest in 1001 Listes to the Galeries Lafayette Group.

3.2.4 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 page 6 of this registration document and Annual Financial Report).

The TF1 group comprises about 50 directly or indirectly owned operating subsidiaries (see the organisation chart on page 7 of this registration document), most of them located in France.

The role of TF1 is to define the overall strategic priorities of the Group, and to provide leadership in areas such as identifying synergies and standardising procedures.

From a financial standpoint, TF1 oversees the level of capitalisation of its subsidiaries. The TF1 group Treasury Direction manages and pools the cash positions of all Group subsidiaries except for Place des Tendances, Série Club, 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 corporate functions (General Counsel's office, Corporate Affairs, Legal, Internal Communication, Research & Statistics, Financial Control, etc.). Access to these functions is invoiced to each subsidiary in proportion to its headcount and individual-company revenues. The total amount invoiced for the year ended December 31, 2010 was €11.1 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 2010, LCI received an annual fixed fee of €5.0 million;
- the other agreements (mainly business management leases) are described in the Statutory Auditors' report.

The related-party agreements between TF1 and Bouygues, as described in the Statutory Auditors' report on such agreements, cover:

- access by TF1 to Bouygues corporate functions.

  In 2010, Bouygues invoiced TF1 a total of €3.5 million for corporate services, equivalent to 0.13% of the total revenue generated by the TF1 group (versus €3.4 million and 0.14% of total revenue for 2009).

  Bouygues provides the various companies in the Bouygues Group with expert services in a variety of fields such as finance, legal, human resources, administration, information systems and new technologies...

  TF1 has a contractual right to call upon these services in response to issues as and when they arise, in accordance with the terms of an agreement approved annually by the Board of Directors. TF1 can consult Bouygues Group experts at any time in areas where they have limited in-house expertise. For example, TF1 does not have an in-house insurance law specialist, and so consults the Bouygues Insurance Department when it needs a new policy. The same applies to information systems audit.

  As well as providing advice and assistance on request, the Bouygues Group corporate functions co-ordinate activities within their areas of expertise, in particular by arranging meetings at which specialists can exchange views, discuss technical issues and familiarise themselves with new developments; examples include contract law and accounting standards.

  The actual cost of these shared corporate functions is recharged to TF1 using a formula tailored to the nature of the service: the ratio of TF1 headcount to total Bouygues Group headcount for human resources, long-term capital for financial matters, and revenue for all other functions.
- The other agreements with Bouygues (institutional communication campaign and the top-up executive retirement benefit plan) are described in the Statutory Auditors' report.

3.2.5 The TF1 parent company

In 2010, TF1 SA (the parent company) generated revenue of €1,484.6 million (up 7.8% year-on-year), comprising €1,473.9 million of advertising revenue (up 8.6%) and €10.7 million of other revenue (down 43.4%). The operating profit for the year was €154.1 million, an increase of €113.4 million on the previous year.

Net financial income was down 66.1% at €50.8 million.

Net profit for the year was €157.2 million, 20.8% lower than in the previous year.

Expenses falling within the scope of article 39-4 of the French General Tax Code, which are non-deductible for corporate income tax purposes, amounted to €235,542 in the year ended December 31, 2010. These expenses will be submitted to the Combined Annual General Meeting for approval, in accordance with article 223 quater of the French General Tax Code.

APPROPRIATION OF PROFITS

In the resolutions submitted for your approval, we are asking you to approve the parent company financial statements and the consolidated financial statements for the year ended December 31, 2010, and (having noted the existence of distributable profits of €407,887,977.73, comprising net profit for the period of €157,208,740.70 and retained earnings of €250,679,237.03 to appropriate this sum as follows, as proposed by the Board of Directors:

- distribution of a cash dividend of €117,375,770.60 (i.e. a dividend of €0.55 per €0.20 par value share);
- the balance of €290,512,207.13 to be carried forward as retained earnings.

The ex-date of the dividend on the Euronext Paris market will be April 19, 2011. 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 21, 2011. The payment date of the dividend will be April 26, 2011.

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

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 the flat rate of 19% specified in article 117 *quater* of the French General Tax Code. This election must be made each time a dividend is received, is irrevocable, and cannot be made retrospectively.

We are also asking for your authority to transfer to retained earnings the amount of dividend accruing to any of its own shares that TF1 may hold, in accordance with article L. 225-210 of the French Commercial Code.

The amount of dividend distributed in respect of the three previous financial years was as follows:

Year ended	Net dividend per share	Tax relief(1)
December 31, 2007	€0.85	yes
December 31, 2008	€0.47	yes
December 31, 2009	€0.43	yes

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

ANALYSIS OF TF1 TRADE CREDITORS BY DUE DATE

(€M)	31/12/2010	31/12/2009
Total trade creditors	318.0	368.9
Total creditors included in the analysis(1)	266.6	294.8
Of which non past due	**257.1**	**284.1**
Of which past due(2)	**9.5**	**10.7**

In most cases, TF1 SA applies agreed payment terms of 45 days from the end of the month in which the supplier invoice was issued.

(1) The trade creditors total included in the analysis as at December 31, 2010 comprises all trade creditors except for trade bills payable, which amounted to €51.4 million (compared with €33.4 million as of December 31, 2009). The analysis as at December 31, 2009 also excluded foreign and intra-group trade creditors of €40.7 million, in accordance with the relevant regulations.

(2) Of which past due by less than 30 days: €4.9 million (€2.9 million as at December 31, 2009); past due by between 30 and 90 days: €2.3 million (€3.1 million as at December 31, 2009); past due by more than 90 days: €2.3 million (€4.7 million as at December 31, 2009).

3.2.6 Principal acquisitions and divestments

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

FIRST-TIME CONSOLIDATION OF TMC AND NT1

On June 11, 2010, the TF1 group acquired control over TMC, TMC Régie and NT1.

TMC and TMC Régie, which prior to the acquisition were accounted for by the proportionate consolidation method at 40%, have been fully consolidated with effect from July 1, 2010. As from that date, 100% of all the assets, liabilities, income and expenses of these two companies are included in the TF1 group consolidated financial statements. Net profit and shareholders' equity are split between TF1 and minority interests on the basis of their respective interests in the companies (80% TF1, 20% minority interests).

NT1 was included in the scope of consolidation for the first time effective July 1, 2010, and is fully consolidated based on a percentage interest of 100%.

The equity interests acquired in June 2010, initially measured at €191.7 million, were finally acquired for €198.1 million in cash (including a contingent purchase consideration of €6.4 million, corresponding to the estimated net surplus cash of the acquired entities. The final purchase price was determined in November 2010 at €194.9 million.

The fair value of the equity interests in the channels was measured by an independent firm of experts at €429 million. Based on the €191.7 million paid to acquire the equity interests in 2010 and the €134.9 million carrying amount of the previously-held equity interests, a remeasurement gain of €102.4 million was recognised in the income statement, in "Non-current operating income".

The €6.5 million of transaction costs incurred in connection with this business combination were recognised in the income statement for the year ended December 31, 2010 as a reduction in the remeasurement gain, in "Non-current operating income". This amount included €2.2 million incurred in 2009 and recognised as an asset in the balance sheet as of December 31, 2009 pending finalisation of the business combination.

As part of the fair value remeasurement of the assets and liabilities of the acquired companies, the TMC brand was recognised as an asset in the balance sheet at its estimated fair value of €30 million and the acquired audiovisual rights were recognised at a fair value of €30.3 million, after deducting an impairment loss of €11.9 million.

After recognition of these various items, total goodwill of €399 million was recognised. The goodwill recognised in respect of this acquisition as of December 31, 2010 is provisional, and may be adjusted during a 12-month period from the acquisition date, i.e. up to and including June 11, 2011.

The TF1 group elected to apply the partial goodwill method in accounting for this acquisition, which means that the minority interests in TMC held by the Principality of Monaco were not remeasured at fair value. Consequently, these minority interests were maintained at their carrying amount after remeasurement of the acquired assets and liabilities.

Revenue from the acquired equity interests in TMC and NT1 recognised in the consolidated financial statements for the year ended December 31, 2010 for the period from the date of acquisition of control amounts to €39.7 million. If the equity interests had been acquired on and consolidated from January 1, 2010, they would have contributed €79 million to consolidated revenue.

TRANSFER OF THE EQUITY INTEREST IN JFG NETWORKS (OVERBLOG WEBSITE) TO THE WIKIO GROUP

On November 11, 2010, the TF1 group reached an agreement with the Wikio Group under which TF1 transferred its 40% equity interest in JFG Networks in exchange for shares in a new Group comprising JFG Networks, Wikio, and Wikio's other subsidiaries. Following this transaction, the TF1 group became the largest shareholder in the Wikio Group with a 13.2% equity interest.

In the consolidated financial statements for the year ended December 31, 2010, JFG Networks (previously accounted for as an associate by the equity method) has been deconsolidated. The new equity interest in the Wikio Group received in exchange is reported in "Equity investments in non-consolidated companies" at the historical cost of JFG Networks as of the transaction date.

TREATMENT OF THE EQUITY INTEREST IN THE GROUPE AB

The TF1 group has retained a 33.5% equity interest, valued at €155 million, in the other activities of the Groupe AB. TF1 has granted the Groupe AB management team (Port Noir Investment) a call option over this interest, exercisable at any time up to and including June 11, 2012 at a price of €155 million.

In accordance with IAS 27 (Consolidated and Separate Financial Statements), because the TF1 group has granted a call option that is exercisable at any time this interest is no longer accounted for as an associate by the equity method, but instead is recognised as a non-current financial asset in the balance sheet at its fair value of €155 million.

CHANGE IN CONSOLIDATION METHOD – SPS

The buyout of the 50% interest in SPS held by the Serendipity investment fund gave the TF1 group control over SPS. The change in the consolidation method used for this entity, from proportionate consolidation to full consolidation, was applied in the consolidated financial statements with effect from March 31, 2010 (see note 1, "Significant Events of 2010" and note 7, "Goodwill"of this registration document, Chapter 4.2.).

INTERNAL REORGANISATIONS WITH NO IMPACT ON CONSOLIDATION

As part of the ongoing rationalisation of the legal structure of the TF1 Group, the following transactions were carried out:

- 2010: mergers of Dualnet into E-TF1, TF Image 2 into Ciby 2000, and Etablissements Michel into Dujardin.
- 2009: mergers of Téléma into TF1 International, CIC into TF1 Video, Sacas and TF1 Satellite into TF1 Expansion.

TF1 SA OTHER COMMITMENTS

None except the Groupe AB management team call option over the TF1 interest mentioned above.

3.3 AVAILABLE INFORMATION IN OTHER PART OF THE REGISTRATION DOCUMENT

3.3.1 Risks factors and compensation of the executive director

With regard to risk factors and compensation of the executive director, see chapter 2, pages 66-78 of the registration document.

3.3.2 Human resources and environment update

With regard to human resources and environment update, see chapter 1, pages 21-39 of the registration document.

3.3.3 Information concerning the TF1 company and its capital

With regard to Information concerning the TF1 company and its capital, see chapter 6, pages 209-231 of the registration document.

3.4 STATEMENT OF COMPANY OPERATIONS OVER THE LAST FIVE BUSINESS YEARS

Nature of indicators *(in €)*	2006	2007	2008	2009	2010
I - End of year financial position					
a) Company capital	42,824,426	42,682,098	42,682,098	42,682,098	42,682,098
b) Number of shares issued	214,122,129	213,410,492	213,410,492	213,410,492	213,410,492
c) Number of convertible bonds					
II - Overall operational results					
a) Turnover excluding taxes	1,649,601,932	1,651,380,074	1,578,094,919	1,376,578,316	1,484,569,148
b) Profits before tax, employee participation, liquidations and provisions	355,728,097	331,000,742	231,461,449	201,671,020	225,847,859
c) Tax on profits	76,931,481	71,971,099	23,176,898	(17,671,273)	33,468,225
d) Employee participation	8,185,797	7,978,095	3,605,647	256,981	4,645,162
e) Profits after tax, employee participation, liquidations and provisions	250,816,043	203,747,738	138,921,498	198,396,034	157,208,740
f) Amount of profits distributed	181,790,003	181,386,487	100,302,931	91,766,512	117,375,771 (1)
III - Operational results per share					
a) Profits after tax and employee participation but before liquidations and provisions	1.26	1.18	0.96	1.03	0,88
b) Aggregate employment earnings	1.17	0.95	0.65	0.93	0,74
c) Expenditure on benefits	0.85	0.85	0.47	0.43	0,55 (1)
IV - Employees					
a) Number of employees	1,540	1,573	1,536	1,597	1,604
b) Total payroll costs	111,770,510	116,739,407	121,186,526	118,312,622	120,882,687
c) Total of employee benefit costs	52,182,591	57,127,130	54,153,178	69,307,854	64,780,999

(1) Dividend submitted for approval to the General Meeting of April 14, 2011.

4

FINANCIAL STATEMENTS

Year ended December 31, 2010

The consolidated financial statements of the TF1 group for the year ended December 31, 2010 should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2009 and the year ended December 31, 2008, prepared in accordance with international financial reporting standards, as presented in the 2009 French-language *Document de référence* filed with the Autorité des Marchés Financiers (AMF) on March 29, 2010 as number D.10-0182, an English-language version of which (the 2009 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 16, 2011 and will be submitted for shareholders' approval during the Ordinay General Meeting on April 14, 2011.

Post balance sheet events are disclosed chapter 3, page 106.

4.1 CONSOLIDATED FINANCIAL STATEMENTS

4.1.1 Consolidated balance sheet

ASSETS *(€m)*	Note	12/2010	12/2009
Goodwill	7	883.5	506.9
Intangible assets		147.4	137.7
Audiovisual rights	8.1	*77.5*	*98.6*
Other intangible assets	8.2	*69.9*	*39.1*
Property, plant and equipment	9	186.1	191.4
Investments in associates	10	13.9	275.4
Non-current financial assets	12.1	181.2	20.2
Non-current tax assets	28.2.2	2.6	11.5
Total non-current assets		**1,414.7**	**1,143.1**
Inventories		631.4	600.6
Programmes and broadcasting rights	11	*617.7*	*589.3*
Other inventories		*13.7*	*11.3*
Trade and other debtors	12.2	1,227.3	1,350.2
Current tax assets		7.6	9.5
Other current financial assets	12	4.4	8.9
Cash and cash equivalents	12.3	39.3	570.5
Total current assets		**1,910.0**	**2,539.7**
Held-for-sale assets		-	-
TOTAL ASSETS		**3,324.7**	**3,682.8**
Net cash (+) / Net debt (-)	15	16.8	72.8

SHAREHOLDERS' EQUITY AND LIABILITIES *(€m)*	**Note**	**12/2010**	**12/2009**
Share capital	13.1	42.7	42.7
Share premium and reserves		1,267.9	1,239.3
Net profit for the period attributable to the Group		228.3	114.4
Shareholders' equity attributable to the Group		**1,538.9**	**1,396.4**
Minority interests		8.7	0.2
Total shareholders' equity		**1,547.6**	**1,396.6**
Non-current debt	14 & 15	16.1	0.5
Non-current provisions	16.1	44.4	44.0
Non-current tax liabilities	28.2.2	11.0	1.3
Total non-current liabilities		**71.5**	**45.8**
Current debt	15	6.1	505.5
Trade and other creditors	14	1,638.5	1,696.0
Current provisions	16.2	51.7	36.4
Current tax liabilities		5.7	1.1
Other current financial liabilities	14	3.6	1.4
Total current liabilities		**1,705.6**	**2,240.4**
Liabilities relating to held-for-sale assets		**-**	**-**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3,324.7**	**3,682.8**

4.1.2 Consolidated income statement

(€m)	Note	2010	2009
Net advertising revenue		1,793.3	1,604.6
TF1 channel		*1,549.8*	*1,429.4*
Other media		*243.5*	*175.2*
Diversification revenue excluding advertising		829.1	760.1
Revenue	17	**2,622.4**	**2,364.7**
Other operating revenue		-	-
External production costs	18	(664.5)	(645.5)
Other purchases and changes in inventory	19	(517.7)	(436.1)
Staff costs	20	(434.9)	(445.2)
External expenses	21	(502.2)	(487.7)
Taxes other than income taxes	22	(145.6)	(136.2)
Depreciation and amortisation, net		(90.5)	(99.9)
Provisions and impairment, net		(14.5)	(14.0)
Other operating income	23	78.3	109.3
Other operating expenses	23	(100.4)	(108.1)
Current operating profit		**230.4**	**101.3**
Non-current operating income	24	102.0	-
Non-current operating expenses	24	(19.2)	-
Operating profit		**313.2**	**101.3**
Income associated with net debt	25	3.1	13.1
Expenses associated with net debt	25	(21.3)	(35.4)
Cost of net debt		**(18.2)**	**(22.3)**
Other financial income	26	2.4	51.2
Other financial expenses	26	(4.9)	(15.0)
Income tax expense	28	(68.9)	(15.3)
Share of profits / (losses) of associates	10	5.7	14.6
Net profit from continuing operations		**229.3**	**114.5**
Net profit from discontinued or held-for-sale operations		**-**	**-**
NET PROFIT		**229.3**	**114.5**
attributable to the Group		**228.3**	**114.4**
attributable to minority interests		*1.0*	*0.1*
Weighted average number of shares outstanding *(in thousands)*	29	213,396	213,396
Basic earnings per share from continuing operations *(in euros)*	29	1.07	0.54
Diluted earnings per share from continuing operations *(in euros)*	29	1.06	0.53

STATEMENT OF RECOGNISED INCOME AND EXPENSE

(€m)	2010	2009
Consolidated net profit for the period	**229.3**	**114.5**
Remeasurement of derivative hedging instruments	3.7	2.7
Remeasurement of available-for-sale financial assets	-	-
Remeasurement of non-current assets	-	-
Change in cumulative translation difference on controlled entities	0.4	0.2
Actuarial gains / (losses) on employee benefits	2.4	3.2
Net taxes on items recognised directly in equity	(2.0)	(2.1)
Share of income and expenses of associates recognised directly in equity	-	-
Other movements, net	-	-
Income and expense recognised directly in equity	**4.5**	**4.0**
TOTAL RECOGNISED INCOME AND EXPENSE	**233.8**	**118.5**
attributable to the Group	**232.8**	**118.4**
attributable to minority interests	*1.0*	*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, 2008	**42.7**	**2.8**	**(0.4)**	**1,336.8**	**(5.0)**	**1,376.9**		**1,376.9**
Capital increase (share options exercised)	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-
Consolidated net profit for the period	**-**	**-**	**-**	**114.4**	**-**	**114.4**	**0.1**	**114.5**
Income and expense recognised directly in equity	**-**	**-**	**-**	**-**	**4.0**	**4.0**	**0.1**	**4.1**
Balance at December 31, 2009	**42.7**	**2.8**	**(0.4)**	**1,352.3**	**(1.0)**	**1,396.4**	**0.2**	**1,396.6**
Capital increase (share options exercised)	-	-	-	-	-	-	-	-
Share-based payment	-	-	-	1.5	-	1.5	-	1.5
Purchase of treasury shares	-	-	-	-	-	-	-	-
Cancellation of treasury shares	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	(91.8)	-	(91.8)	-	(91.8)
Other transactions with shareholders	-	-	-	-	-	-	7.5	7.5
Consolidated net profit for the period	**-**	**-**	**-**	**228.3**	**-**	**228.3**	**1.0**	**229.3**
Income and expense recognised directly in equity	**-**	**-**	**-**	**-**	**4.5**	**4.5**	**-**	**4.5**
BALANCE AT DECEMBER 31, 2010	**42.7**	**2.8**	**(0.4)**	**1,490.3**	**3.5**	**1,538.9**	**8.7**	**1,547.6**

4.1.4 Consolidated cash flow statement

(€m)	Note	2010	2009
Consolidated net profit (including minority interests)		229.3	114.5
Depreciation, amortisation, provisions and impairment (excluding current assets)		107.7	103.1
Intangible assets and goodwill		*74.9*	*79.2*
Property, plant and equipment		*29.4*	*26.7*
Financial assets		*1.8*	*6.8*
Non-current provisions		*1.6*	*(9.6)*
Other non-cash income and expenses		(15.8)	(18.5)
Effect of fair value remeasurement		(106.0)	(36.6)
Share-based payment		1.5	1.4
Net (gain) / loss on asset disposals		0.6	0.3
Share of (profits) / losses and dividends of associates		(5.7)	(14.6)
Dividend income from non-consolidated companies		(1.5)	(1.4)
Sub-total		**210.1**	**148.2**
Cost of net debt		18.2	22.3
Income tax expense (including deferred taxes)		68.9	15.3
Operating cash flow		**297.2**	**185.8**
Income taxes (paid) / reimbursed		(52.7)	32.3
Change in operating working capital needs		56.9	23.8
Net cash generated by / (used in) operating activities		**301.4**	**241.9**
Cash outflows on acquisitions of property, plant and equipment and intangible assets		(51.0)	(98.3)
Cash inflows from disposals of property, plant and equipment and intangible assets		2.6	4.0
Cash outflows on acquisitions of financial assets		(6.6)	(5.7)
Cash inflows from disposals of financial assets	30-2	-	747.9
Effect of changes in scope of consolidation	30-3	(192.9)	(7.0)
Dividends received		1.5	1.4
Change in loans and advances receivable		0.5	12.5
Net cash generated by / (used in) investing activities		**(245.9)**	**654.8**
Cash received on exercise of share options		-	-
Purchases and sales of treasury shares		-	-
Dividends paid during the year		(91.8)	(100.3)
Cash inflows from new debt contracted	30-4	18.7	-
Repayment of debt (including finance leases)	30-4	(500.6)	(198.5)
Net interest paid (including finance leases)		(11.6)	(26.9)
Net cash generated by / (used in) financing activities		**(585.3)**	**(325.7)**
CHANGE IN CASH POSITION OF CONTINUING OPERATIONS		**(529.8)**	**571.0**
Cash position at start of period		**566.8**	**(4.2)**
Change in cash position during the period		(529.8)	571.0
Cash position at end of period	30-1	**37.0**	**566.8**

4.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Significant events of 2010

1.1 ACQUISITION OF TMC AND NT1

Since 2007, the TF1 group had held a 33.5% interest in the AB Group, which in turn held investments including a 40% interest in TMC and a 100% interest in NT1. TF1 also held a 40% direct interest in TMC, acquired in 2005.

On June 11, 2010, TF1 and the AB Group finalized the implementation of the agreement signed on June 10, 2009, as a result of which TF1 acquired from the other AB Group shareholders their remaining 66.5% stake in the AB Group's 40% interest in TMC and the 100% interest in NT1 held by the AB Group, for a total price of €194.9 million. As a result, the TMC and NT1 channels have been fully consolidated by the TF1 group since July 1, 2010.

TF1 has retained the same interest in the other activities of the AB Group (33.5%) as it held prior to this transaction; this interest is valued at €155 million. The AB Group management team has been granted a call option over this interest, exercisable at any time during a two-year period starting June 11, 2010 at a price of €155 million.

In the consolidated financial statements for the year ended December 31, 2010, the TMC and NT1 acquisition described above resulted in the recognition of provisional goodwill of €399 million in the balance sheet and a gain of €95.9 million in the income statement, in line with the revised IFRS 3 (Business Combinations) which requires previously-held equity interests to be remeasured when control is acquired over the investee.

The accounting treatment is described in detail in note 3.1.1, "First-time consolidation of TMC and NT1".

1.2 ACQUISITION OF THE INTEREST IN SPS HELD BY SERENDIPITY

On March 8, 2010, TF1 agreed to buy out the 50% interest in SPS held by the Serendipity investment fund for €6.4 million, comprising €1.7 million in the form of equity instruments and €4.7 million *via* the offset of current account advances. On completion of the transaction, TF1 holds 100% of the capital of SPS.

In accordance with the revised IFRS 3 (Business Combinations), this transaction resulted in the recognition of provisional goodwill of €12.2 million in the balance sheet, and of a gain of €6.1 million on the remeasurement of the previously-held equity interest in "Non-current operating income". This gain was classified in "Other operating income" in the interim financial statements for the six months ended June 30, 2010.

Changes in market conditions in the online gaming and sports betting industry, and in the associated regulatory and tax environment, have led TF1 to review its strategy for this business. The impact of this review on the valuation of SPS has been recognised in the consolidated financial statements for the year ended December 31, 2010, in particular in the form of an impairment loss taken against goodwill and reported in "Non-current operating expenses".

1.3 DIVESTMENT OF 1001 LISTES FRANCE AND 1001 LISTES BELGIQUE

See note 37, "Post balance sheet events".

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, 2010 have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union, as required under EC Regulation 1606 / 2002 of July 19, 2002.

They include the financial statements of TF1 SA and its subsidiaries and jointly controlled entities, and the TF1 group's interests in associated undertakings. They also reflect the recommendations issued by the CNC (the French national accounting standard-setter) on the presentation of financial statements (recommendation no. 2009-R-03 of July 2, 2009).

The consolidated financial statements are presented in millions of euros.

They were adopted by the Board of Directors on February 16, 2011, and will be submitted for approval by the shareholders at the forthcoming Ordinary General Meeting to be held on April 14, 2011.

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, 2010

TF1 has adopted all the new and amended standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) and endorsed by the European Union that are mandatorily applicable to the Group's operations with effect from January 1, 2010.

In preparing the financial statements for the year ended December 31, 2010, TF1 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, 2010.

Standard / Interpretation		Effective date EU(1)	Effective date TF1	Impact on TF1
Revised IAS 24	Related Party Disclosures	July 19, 2010	January 1, 2011	No impact on the financial statements
Revised IAS 27	Consolidated and Separate Financial Statements	June 3, 2009	January 1, 2010	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
Amendments to IAS 39 / IFRIC 9	Embedded Derivatives	November 30, 2009	January 1, 2010	No impact on the financial statements
Amendment to IFRS 1	Additional Exemptions	June 23, 2010	January 1, 2010	No impact on the financial statements
Amendment to IFRS 1	Limited Exemptions	June 30, 2010	July 1, 2010	No impact on the financial statements
Revised IFRS 1	First-Time Adoption of IFRSs	November 25, 2009	January 1, 2010	No impact on the financial statements
Amendment to IFRS 2	Group Cash-Settled Share – Based Payment Transactions	March 23, 2010	January 1, 2010	No impact on the financial statements
Revised IFRS 3	Business Combinations	June 3, 2009	January 1, 2010	The effects of the revised IFRS 3 on business combinations completed during the period, are described in note 1, "Significant Events of 2010"
Amendment to IFRS 7	Financial Instruments: Enhanced Disclosures	November 27, 2009	January 1, 2010	No impact on the financial statements
IFRIC 12	Service Concession Arrangements	March 25, 2009	January 1, 2010	No impact on the financial statements
Amendment to IFRIC 14	Prepayments of a Minimum Funding Requirement	July 19, 2010	January 1, 2011	No impact on the financial statements
IFRIC 15	Agreements for the Construction of Real Estate	July 22, 2009	January 1, 2010	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
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	July 23, 2010	January 1, 2011	No impact on the financial statements
Annual Improvements to IFRSs (2006 – 2008 cycle)		January 23, 2009	January 1, 2010	No impact on the financial statements
Annual Improvements to IFRSs (2007 – 2009 cycle)		March 23, 2010	January 1, 2011	No impact on the financial statements

(1) Unless otherwise indicated, applicable to accounting periods beginning on or after the date shown in this column.

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
IFRS 9	Financial Instruments	January 1, 2013	Not quantifiable at present
Annual Improvements to IFRSs (2008 – 2010 cycle)		May 6, 2010	No impact on the financial statements

* *Unless otherwise indicated, applicable to accounting periods beginning on or after the date shown in this column.*

2.3 CHANGES IN ACCOUNTING POLICY

TF1 did not make any changes in accounting policy during 2010 other than those required to comply with new or amended IFRS requirements applicable on or after January 1, 2010, as shown in note 2.2.1. The impact of the revisions to IFRS 3 on business combinations completed during the period is described in note 1, "Significant Events of 2010".

2.4 CHANGES IN PRESENTATION

Changes in presentation and reclassifications are made when they provide information that is reliable and more relevant to users of the financial statements and the revised structure is likely to continue, so that comparability is not impaired. If the effect of a change in presentation is regarded as material, comparative information must also be reclassified.

With effect from January 1, 2010, the TF1 group has clarified the nature of reversals of provisions for programmes and broadcasting rights. Reversals of provisions for programmes where transmission has occurred between the start of the financial year and the balance sheet date, or that have been put up for sale or sold, are classified as reversals of unused provisions. As such, they are reported in the income statement in "Non-current operating income"; previously, they were reported in "Provisions and impairment, net". Similarly, reversals of provisions for programmes that have been put up for sale or sold are also recognised in "Non-current operating income"; the amount recognised is the selling price.

The published financial statements of TF1 have not been restated to reflect this change in presentation. For information, the effect of this reclassification would have been €1.8 million for the three months ended March 31, 2009; €5.5 million for the six months ended June 30, 2009; €8.2 million for the nine months ended September 30, 2009; and €16.3 million for the year ended December 31, 2009.

2.5 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.

2.5.1 Accounting policies

The principal accounting treatments involving the exercise of judgment are listed below, along with a reference to the note that describes the main analytical methods used in applying each treatment:

- goodwill and impairment testing (notes 2.8 and 2.11);
- recognition and measurement of audiovisual rights (note 2.9.1);
- recognition and measurement of programmes, broadcasting rights and sports transmission rights (note 2.13);
- classification of financial instruments (notes 2.12 and 2.18);
- revenue recognition (note 2.21).

2.5.2 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 2.11.1. These impairment tests are sensitive to medium-term financial forecasts and to the discount rates used to estimate the value in use of cash-generating units (CGUs);
- impairment of audiovisual rights (note 8.1): impairment testing of audiovisual rights is based on an analysis of projected future revenues;
- impairment of programmes and broadcasting rights (note 11): impairment testing of programmes and broadcasting rights is based on the probability of transmission, assessed mainly on the basis of future programming schedules;
- measurement of provisions for retirement benefit obligations (note 16.1.2): these provisions are calculated by the TF1 group itself using the projected unit credit method, as described in note 2.20.1. 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.

2.6 CONSOLIDATION METHODS

Subsidiaries

Subsidiaries are companies over which TF1 exercises control. Control is presumed to exist where the parent company has the power directly or indirectly to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. Subsidiaries are included in the consolidation from the date on which control is effectively transferred to the Group. Divested subsidiaries are excluded from the consolidation from the date on which the Group ceases to have control.

TF1 accounts for investees over which it exercises exclusive control using the full consolidation method. Under this method, all assets, liabilities, equity, income and expenses of each subsidiary are combined on a line-by-line basis in the consolidated financial statements. Minority interests in equity and in net profit are identified separately under "Minority interests" in the consolidated balance sheet and the consolidated income statement.

Jointly controlled entities

A jointly controlled entity is one in which the power to govern the financial and operating policies of the entity is contractually shared by TF1 with one or more other parties, none of which exercises control. TF1 accounts for interests in such entities using the proportionate consolidation method. Under this method, TF1 includes its own share of the subsidiary's assets, liabilities, equity, income and expenses in the relevant lines of its own consolidated financial statements.

Associates

An associate is an enterprise in which TF1 exercises significant influence, which means that TF1 has the power to participate in the financial and operating policy decisions of the investee without exercising control. Significant influence is presumed to exist if the parent company holds, directly or indirectly, 20% or more of the voting power of the investee. This presumption is reviewed in light of the way in which the investee is effectively governed and managed.

TF1 accounts for investments in associates using the equity method. Under this method, the investment in the associate is initially recorded in the balance sheet at acquisition cost. The carrying amount is then increased or decreased by the Group's share of the associate's profits or losses and of other changes in the equity of the associate subsequent to the acquisition date.

2.7 FOREIGN CURRENCY TRANSLATION

2.7.1 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.

2.7.2 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.

2.8 BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method in accordance with IFRS 3. A revised version of IFRS 3 became effective on January 1, 2010 without retrospective effect. The main effects of the revision are a tightening of the "control" criterion in accounting for a business combination, and broader use of fair value accounting.

The treatment applied by TF1 to business combinations with effect from January 1, 2010 is as follows:

The cost of a business combination is the fair value, at the date of exchange, of the assets transferred, the liabilities incurred or assumed, and the equity instruments issued by the Group, in exchange for control over the acquiree.

The identifiable assets, liabilities and contingent liabilities of the acquiree that satisfy the IFRS recognition criteria are recognised at their fair value at the acquisition date, except for non-current assets held for sale which are recognised at fair value less costs to sell in accordance with IFRS 5.

Any excess of the cost of a business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities at the acquisition date is recognised as goodwill. Minority interests may also be measured at fair value (the "full goodwill" method), giving rise to additional goodwill; this option may be elected separately for each business combination.

Subsequent changes in percentage interest with no loss of control over the acquiree are accounted for as transactions between shareholders, with the difference between the purchase price (or sale price) and the carrying amount of the interest acquired (or sold) recognised in equity.

In the case of step acquisitions, equity interests held prior to acquisition of control are remeasured at fair value, with the effect of the remeasurement recognised in profit or loss. The same applies to equity interests retained after loss of control.

Costs directly incurred to effect a business combination are recognised in profit or loss.

If the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected, the TF1 group recognises any adjustments to these provisional values within twelve months following the acquisition date. If the adjustment between provisional and final fair value accounting materially affects the presentation of the financial statements, the comparative information for the period preceding the final accounting for the combination is restated as though the final accounting had been completed at the acquisition date.

If the share of the fair value of the identifiable assets and liabilities acquired exceeds the cost of the combination, the excess is recognised immediately in the income statement as negative goodwill.

Subsequent to initial recognition, goodwill is measured at cost less any impairment losses, determined using the method described in note 2.11. Any impairment losses are charged as an operating item in the income statement, and may not be subsequently reversed.

Specific treatment on transition to IFRS

In accordance with the option allowed under IFRS 1, the TF1 group elected not to remeasure goodwill arising on business combinations effected prior to January 1, 2004.

Accounting treatment of business combinations predating January 1, 2010

Because the revised IFRS 3 (Business Combinations) was not retrospectively applied, goodwill arising on business combinations predating January 1, 2010 has been maintained at its December 31, 2009 carrying amount. Goodwill on these transactions was determined using the accounting treatments applicable as of the date of the transactions. The main divergences in accounting treatment are as follows:

- in a step acquisition, the previously-held equity interest was not remeasured;
- costs directly incurred to effect a business combination were included in the cost of the combination, and hence were included in the amount of goodwill recognised prior to January 1, 2010;
- the election to measure minority interests at fair value was not available, which meant that the full goodwill method was not permitted;
- changes in percentage interest with no change in control over the acquiree generated additional goodwill in the case of an acquisition, and a gain or loss in the event of a disposal.

2.9 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.

2.9.1 Audiovisual rights

This item primarily includes shares in films and audiovisual programmes produced or co-produced by TF1 Films Production, TF1 Vidéo and TF1 Production; distribution and trading rights owned by TF1 DA, 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 3 years straight-line;
- audiovisual trading rights: straight-line basis over 5 years;
- music rights: amortised over 2 years, 75% in the first year and the remaining 25% in the second year.

Films co-produced by TF1 Films Production are amortised in line with revenues over a limited time-frame, taking account of the timing of revenue sources; this policy is consistent with industry practice.

A provision for impairment is recorded individually if estimated future revenues do not cover the net carrying amount.

2.9.2 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 2.11.1).

2.10 PROPERTY, PLANT AND EQUIPMENT

2.10.1 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".

2.10.2 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.

2.11 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.

2.11.1 Goodwill and indefinite-lived intangible assets

The recoverable amount of an asset is the higher of value in use or fair value less costs to sell. If fair value less costs to sell cannot be reliably measured, the recoverable amount of an asset is its value in use.

The value in use of assets to which independent cash flows can be directly allocated is determined individually. All other assets are grouped within cash-generating units (CGUs) to determine their value in use. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The value in use of an asset or a CGU is measured using the discounted cash flow (DCF) method, based on 3-year cash flow projections approved by TF1 management and the Board of Directors plus a standard annual cash flow figure for the time horizon beyond the 3-year business plan. The cash flows used are determined on an after-tax basis.

These cash flow projections are discounted using an after-tax discount rate, determined on the basis of the weighted average cost of capital (calculated on the basis of market parameters, such as beta and capitalisation) of a sample of companies representative of the business sector to which the asset being tested belongs.

The fair value less costs to sell of an asset or CGU is measured, where possible, by reference to the price in a binding sale agreement in an arm's length transaction.

An impairment loss is recognised where the recoverable amount of an asset or CGU is less than its carrying amount. Impairment losses on finite-lived and indefinite-lived items of property, plant and equipment and intangible assets may be reversed subsequently if the recoverable amount of the asset becomes greater than its carrying amount again. The only impairment losses that may not be reversed are those relating to goodwill.

2.11.2 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.

2.11.3 Other non-current assets

The methods used to test other non-current assets (in particular, audiovisual rights) for impairment are described in the relevant sections.

2.12 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.

2.12.1 Available-for-sale financial assets

These assets are initially recognised at fair value, which corresponds to acquisition cost plus transaction costs. At subsequent balance sheet dates, available-for-sale financial assets are remeasured at fair value. Changes in fair value are recognised in equity, and are not transferred to the income statement until the asset in question is sold.

The TF1 group classifies in this category equity interests in companies over which the Group exercises neither control nor significant influence. The fair value of listed securities is determined using the fair value measurement principles described in note 12. Unlisted securities whose fair value cannot be measured reliably are carried at cost.

Available-for-sale financial assets are tested individually for impairment. Unrealised gains and losses are recognised in equity. If there is objective evidence of material other-than-temporary impairment, an impairment loss is recognised in the income statement.

2.12.2 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.

2.12.3 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.

2.12.4 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.

2.13 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.

2.14 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.

2.15 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.

2.16 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.

2.17 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.

2.18 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 2.19.1).

2.18.1 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".

2.18.2 Other financial liabilities

Other current and non-current financial liabilities comprise borrowings, treasury current accounts with credit balances, bank overdrafts and finance lease obligations, and are measured at amortised cost.

Commitments to buy out minority shareholders

Commitments to buy out minority shareholders are recognised as a financial liability, in accordance with IAS 32.

Since January 1, 2010, the effective date of the amended IAS 27, TF1 has recognised (i) the excess of the amount of the liability over the carrying amount of the related minority interests as of the acquisition date, and (ii) subsequent changes in the fair value of the liability (other than discounting effects), in shareholders' equity.

For commitments to buy out minority shareholders relating to a business combination completed prior to January 1, 2010, TF1 recognised the excess of the amount of the liability over the carrying amount of the related minority interests, and subsequent changes in the fair value of the liability (other than discounting effects), as goodwill.

2.19 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.

2.19.1 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.

2.19.2 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.

2.20 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.

2.20.1 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, 2010. 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 and to the statutory retirement age of 62 years. The effect of these changes in assumptions as of December 31, 2010 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.

2.20.2 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).

2.21 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.

2.22 GRANTS

Grants received by the TF1 group mainly comprise grants received by the Group's production companies from funds set up to support the audiovisual industry (in particular grants awarded by the French National Centre for Cinematography).

Grants awarded by audiovisual industry support funds are initially recorded as deferred income in "Trade and other creditors" on the liabilities side of the balance sheet once the grant has been definitively awarded. They are taken to the income statement under "Other operating income" in line with the amortisation of the productions to which they relate, starting from the date on which the production is completed or licensed for distribution.

2.23 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.

2.24 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.

2.25 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.

2.26 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.

2.27 SHARE-BASED PAYMENT

TF1 has awarded share subscription option plans and consideration-free share allotment plans to its employees (see note 32).

In accordance with IFRS 2, the cost of these equity-settled share-based payment plans is recognised as an expense in "Staff costs", with the credit entry recognised in equity.

The total expense relating to share subscription option plans is measured at the grant date of the options using the Black-Scholes-Merton model, and is recognised over the vesting period.

The total expense relating to consideration-free shares is measured at the allotment date (taking into account any specific terms and conditions liable to affect fair value), and recognised over the vesting period on a straight line basis.

In accordance with IFRS 1 and IFRS 2, only plans granted after November 7, 2002 and not vested as of January 1, 2004 are measured and recognised as an expense (in "Staff costs").

2.28 OPERATING SEGMENTS

With effect from January 1, 2009, the TF1 group has applied IFRS 8 (Operating Segments), which 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 primarily for the TF1 channel (such as TF1 Production).

Audiovisual Rights

Subsidiaries whose principal activity is the production, publishing or distribution of audiovisual rights not exclusively intended for TF1 group channels are included in this segment. Production activities include delegated productions or co-productions of films. Publishing and distribution activities include all media (CD, DVD, etc) and all channels (cinemas, TV channels and all retail distribution channels).

Broadcasting International

This segment comprises subsidiaries involved in the development and broadcasting of pay-TV programmes primarily broadcast outside France.

Other activities

This segment comprises all activities not included in any of the segments described above and (as of December 31, 2010) the subsidiaries 1001 Listes and SPS, previously included in Broadcasting France and Broadcasting International, respectively.

Note 3 Significant changes in scope of consolidation

The consolidated financial statements of the TF1 group for the year ended December 31, 2010 include the financial statements of the companies listed in note 38.

3.1 NEWLY-CONSOLIDATED ENTITIES

3.1.1 First-time consolidation of TMC and NT1

On June 11, 2010, the TF1 group acquired control over TMC, TMC Régie and NT1.

TMC and TMC Régie, which prior to the acquisition were accounted for by the proportionate consolidation method at 40%, have been fully consolidated with effect from July 1, 2010. As from that date, 100% of all the assets, liabilities, income and expenses of these two companies are included in the TF1 group consolidated financial statements. Net profit and shareholders' equity are split between TF1 and minority interests on the basis of their respective interests in the companies (80% TF1, 20% minority interests).

NT1 was included in the scope of consolidation for the first time effective July 1, 2010, and is fully consolidated based on a percentage interest of 100%.

The equity interests acquired in June 2010, initially measured at €191.7 million, were finally acquired for €198.1 million in cash (including a contingent purchase consideration of €6.4 million, corresponding to the estimated net surplus cash of the acquired entities. The final purchase price was determined in November 2010 at €194.9 million.

The fair value of the equity interests in the channels was measured by an independent firm of experts at €429 million. Based on the €191.7 million paid to acquire the equity interests in 2010 and the €134.9 million carrying amount of the previously-held equity interests, a remeasurement gain of €102.4 million was recognised in the income statement, in "Non-current operating income".

The €6.5 million of transaction costs incurred in connection with this business combination were recognised in the income statement for the year ended December 31, 2010 as a reduction in the remeasurement gain, in "Non-current operating income". This amount included €2.2 million incurred in 2009 and recognised as an asset in the balance sheet as of December 31, 2009 pending finalisation of the business combination.

As part of the fair value remeasurement of the assets and liabilities of the acquired companies, the TMC brand was recognised as an asset in the balance sheet at its estimated fair value of €30 million and the acquired audiovisual rights were recognised at a fair value of €30.3 million, after deducting an impairment loss of €11.9 million.

After recognition of these various items, total goodwill of €399 million was recognised. The goodwill recognised in respect of this acquisition as of December 31, 2010 is provisional, and may be adjusted during a 12-month period from the acquisition date, *i.e.* up to and including June 11, 2011.

The TF1 group elected to apply the partial goodwill method in accounting for this acquisition, which means that the minority interests in TMC held by the Principality of Monaco were not remeasured at fair value. Consequently, these minority interests were maintained at their carrying amount after remeasurement of the acquired assets and liabilities.

Revenue from the acquired equity interests in TMC and NT1 recognised in the consolidated financial statements for the year ended December 31, 2010 for the period from the date of acquisition of control amounts to €39.7 million. If the equity interests had been acquired on and consolidated from January 1, 2010, they would have contributed €79 million to consolidated revenue.

3.2 OTHER CHANGES IN SCOPE OF CONSOLIDATION

3.2.1 Transfer of the equity interest in JFG Networks (Overblog website) to the Wikio Group

On November 11, 2010, the TF1 group reached an agreement with the Wikio Group under which TF1 transferred its 40% equity interest in JFG Networks in exchange for shares in a new group comprising JFG Networks, Wikio, and Wikio's other subsidiaries. Following this transaction, the TF1 group became the largest shareholder in the Wikio Group with a 13.2% equity interest.

In the consolidated financial statements for the year ended December 31, 2010, JFG Networks (previously accounted for as an associate by the equity method) has been deconsolidated. The new equity interest in the Wikio Group received in exchange is reported in "Equity investments in non-consolidated companies" at the historical cost of JFG Networks as of the transaction date.

3.2.2 Treatment of the equity interest in the AB Group

The TF1 group has retained a 33.5% equity interest, valued at €155 million, in the other activities of the AB Group. TF1 has granted the AB Group management team a call option over this interest, exercisable at any time up to and including June 11, 2012 at a price of €155 million.

In accordance with IAS 27 (Consolidated and Separate Financial Statements), because the TF1 group has granted a call option that is exercisable at any time this interest is no longer accounted for as an associate by the equity method, but instead is recognised as a non-current financial asset in the balance sheet at its fair value of €155 million.

3.2.3 Change in consolidation method – SPS

The buyout of the 50% interest in SPS held by the Serendipity investment fund gave the TF1 group control over SPS. The change in the consolidation method used for this entity, from proportionate consolidation to full consolidation, was applied in the consolidated financial statements with effect from March 31, 2010 (see note 1, "Significant Events of 2010" and note 7, "Goodwill").

3.3 INTERNAL REORGANISATIONS WITH NO IMPACT ON CONSOLIDATION

As part of the ongoing rationalisation of the legal structure of the TF1 group, the following transactions were carried out:

- 2010: mergers of Dualnet into e-TF1, TF Image 2 into Ciby 2000, and Établissements Michel into Dujardin;
- 2009: mergers of Téléma into TF1 International, CIC into TF1 Video, Sacas and TF1 Satellite into TF1 Expansion.

Note 4 Operations held for sale

Where the Group is in the process of selling an operation or significant assets, these operations or assets are reported separately in accordance with IFRS 5. The cash impact of material changes during the period is disclosed in note 30.3.

There were no operations or significant assets held for sale that required to be reported separately under IFRS 5 either at December 31, 2010 or at December 31, 2009.

Note 5 Interests in jointly controlled entities

The TF1 group owns interests in jointly controlled entities, a list of which is provided in note 38.

The table below shows the share of the assets, liabilities, revenue and operating profit of these entities as included in the consolidated financial statements.

	TF6 / Série Club		TMC / TMC Régie [(1)]		France 24		TCM		SPS [(1)]		Top Ticket.s		Other	
TF1 share *(€m)*	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Non-current assets	22.5	22.8	-	16.1	-	-	6.0	7.8	-	1.5	-	-	-	-
Current assets	8.9	8.0	-	31.4	-	-	0.3	1.4	-	0.9	-	-	-	-
TOTAL ASSETS	**31.4**	**30.8**	**-**	**47.5**	**-**	**-**	**6.3**	**9.2**	**-**	**2.4**	**-**	**-**	**-**	**-**
Shareholders' equity	21.9	22.4	-	15.9	-	-	4.3	4.6	-	(3.3)	-	-	-	-
Non-current liabilities	0.7	1.1	-	11.0	-	-	6.0	6.0	-	-	-	-	-	-
Current liabilities	8.8	7.3	-	20.6	-	-	(4.0)	(1.4)	-	5.7	-	-	-	-
TOTAL LIABILITIES & EQUITY	**31.4**	**30.8**	**-**	**47.5**	**-**	**-**	**6.3**	**9.2**	**-**	**2.4**	**-**	**-**	**-**	**-**
Revenue	**13.4**	**14.4**	**25.7**	**38.1**	**-**	**-**	**3.6**	**4.0**	**-**	**(0.1)**	**-**	**1.5**	**-**	**2.3**
Current operating profit / (loss)	**(0.6)**	**0.1**	**6.4**	**6.2**	**-**	**2.0**	**2.3**	**2.1**	**(1.1)**	**(3.0)**	**-**	**(5.3)**	**-**	**0.1**

(1) These entities have been fully consolidated since April 1, 2010 (SPS) and since July 1, 2010 (TMC and TMC Régie).

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)	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Income statement (extract)										
Revenue	**2,109.6**	**1,888.3**	**142.9**	**151.0**	**364.4**	**319.2**	**5.5**	**6.2**	**2,622.4**	**2,364.7**
Current operating profit / (loss)	**297.2**	**88.9**	**(5.2)**	**(22.5)**	**59.9**	**44.3**	**(38.7)**	**(9.4)**	**313.2**	**101.3**
Depreciation and amortisation, net	*(34.1)*	*(33.5)*	*(46.0)*	*(56.8)*	*(9.0)*	*(8.9)*	*(1.4)*	*(0.7)*	*(90.5)*	*(99.9)*
Provisions and impairment, net	*(6.0)*	*(4.4)*	*3.2*	*(5.9)*	*(7.4)*	*(4.4)*	*(4.3)*	*0.7*	*(14.5)*	*(14.0)*
Non-current operating income and expenses(1)	95.9	-	-	-	-	-	(13.1)	-	82.8	-
Share of profits / (losses) of associates(2)	6.1	14.6	-	-	-	-	(0.4)	-	5.7	14.6
Net profit from discontinued / held-for-sale operations	-	-	-	-	-	-	-	-	-	-
Balance sheet										
Segmental assets(3)	771.3	353.1	55.9	79.7	370.5	375.4	19.3	27.8	1,217.0	836.0
Segmental liabilities(4)	73.9	59.5	16.4	17.1	5.6	3.7	0.2	0.1	96.1	80.4
Investments in associates	2.8	264.2	-	-	-	-	11.1	11.2	13.9	275.4
Capital expenditure(5)	37.1	51.4	13.7	33.2	10.6	8.7	(2.5)	(1.8)	58.9	91.5

(1) Non-current operating income and expenses consist of the following items: for Broadcasting France, the fair value remeasurement of the previously-held equity interests in TMC and NT1 (see note 1, "Significant Events of 2010"); for Other Activities, the fair value remeasurement of the previously-held equity interest in SPS, and the impairment losses taken against goodwill on SPS and 1001 Listes (see note 1, "Significant Events of 2010" and note 7, "Goodwill").

(2) The share of profits / losses recorded for each segment is as follows:
- *Broadcasting France: the €6.1 million share of profits for 2010 (€14.6 million for 2009) relates mainly to the AB Group for the period from January 1, 2010 to June 30, 2010;*
- *Other Activities: the share of losses relates to Metro France Publications.*

(3) Segmental assets include audiovisual rights, other intangible assets, goodwill, and property, plant and equipment.

(4) Segmental liabilities include current and non-current provisions.

(5) See the "Capital Expenditure" table below for a reconciliation of capital expenditure with the consolidated cash flow statement.

Capital expenditure

Reconciliation with the consolidated cash flow statement:

(€m)	2010	2009
Capital expenditure	58.9	91.5
Investment grants received	(13.0)	(17.8)
Change in creditors related to acquisitions of intangible assets	4.3	20.8
Change in creditors related to acquisitions of property, plant & equipment	0.8	3.8
Cash outflows on acquisitions of property, plant & equipment and intangible assets	**51.0**	**98.3**

6.2 INFORMATION BY GEOGRAPHICAL SEGMENT

For geographical segment reporting purposes, segmental revenue is allocated according to the location of the customer, while segmental assets and capital expenditure are allocated according to the location of the asset.

	France		Continental Europe		Other Countries		Total TF1	
(€m)	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Revenue	2,231.4	2,015.9	337.2	302.9	53.8	45.9	2,622.4	2,364.7
Segmental assets	1,214.0	833.5	2.9	2.4	0.1	0.1	1,217.0	836.0
Capital expenditure	57.3	90.6	1.5	0.9	0.1	-	58.9	91.5

The TF1 group was not dependent on any one customer for more than 10% of its consolidated revenue in either the year ended December 31, 2010 or the year ended December 31, 2009.

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** SPS	**Other Activities** 1001 Listes	**Total**
Goodwill at January 1, 2010	**170.6**	**-**	**336.3**	**-**	**-**	**506.9**
Acquisitions	278.1	-	12.2			290.3
Disposals	-	-	-	-		-
Reclassifications	(25.3)		(12.2)	12.2	25.3	-
Impairment	-	-	-	(12.2)	(7.0)	(19.2)
Other	105.5	-	-	-		105.5
***Goodwill* at December 31, 2010**	**528.9**	**-**	**336.3**	**-**	**18.3**	**883.5**
Gross value	*539.2*	-	*336.3*	*12.2*	*25.3*	*913.0*
Accumulated impairment	*(10.3)*	-	-	*(12.2)*	*(7.0)*	*(29.5)*

The "Acquisitions" line comprises goodwill arising on equity interests acquired in the period, including remeasurements of previously-held equity interests in TMC and NT1 (Broadcasting France) and SPS (Broadcasting International).

The "Other" line comprises goodwill on previously-held equity interests, which had been reported in "Investments in associates" prior to the acquisition of control.

During 2010, TF1 finalised the purchase price allocation on the acquisition of Établissements Michel, consolidated with effect from January 1, 2010. The remeasurement of Établissement Michel's assets and liabilities led to the recognition of the "Le cochon qui rit" trademark at a value of €0.6 million (net of taxes), and to the recognition of goodwill of €0.6 million.

(€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	-	-	-	-	-
Reclassifications					
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.

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 2010 were 2% for the Broadcasting France CGU and 3% for the Broadcasting International CGU.

The after-tax discount rate applied at end 2010 was 7.29%, and was determined by reference to external data sources using the method described in note 2.11.1.

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.

Based on impairment tests conducted using the method described in note 2.11, no material impairment of goodwill was identified as of December 31, 2010.

Following the reclassification of SPS and 1001 Listes to the Other Activities segment (see note 2.28), impairment losses have been booked against the goodwill on these two entities as follows:

- in light of the prospects for the online gaming and betting industry, an impairment loss of €12.2 million was taken against the SPS goodwill as at December 31, 2010 (see note1, "Significant Events of 2010"), and recognised in "Non-current operating expenses";
- an impairment loss of €7 million has been taken against the goodwill relating to 1001 Listes, based on the selling price as per the agreement to sell this entity (see note 37.1, "Post Balance Sheet Events"), and recognised in "Non-current operating expenses".

Note 8 Intangible assets

8.1 AUDIOVISUAL RIGHTS

Movements during the year ended December 31, 2010 were as follows:

2010 *(€m)*	January 1	Increases	Decreases	Changes in scope of consolidation, reclassifications	December 31
Gross value	1,121.0	38.8	(69.2)	-	1,090.6
Amortisation	(970.1)	(63.5)	59.3	-	(974.3)
Impairment	(52.3)	(8.2)	21.7	-	(38.8)
Audiovisual rights	**98.6**	**(32.9)**	**11.8**	**-**	**77.5**

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**

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
2010	**19.5**	**-**	**-**	**19.5**
2009	11.7	-	-	11.7

8.2 OTHER INTANGIBLE ASSETS

2010 *(€m)*	January 1	Increases	Decreases	Changes in scope of consolidation, reclassifications	December 31
Indefinite-lived trademarks	21.1	-	-	30.9[1]	52.0
Astra satellite user rights	18.9	-	-	-	18.9
Concessions, patents & similar rights	32.7	0.9	(1.9)	8.6	40.3
Other	12.3	7.5[2]	-	(5.5)	14.3
Gross value	**85.0**	**8.4**	**(1.9)**	**34.0**	**125.5**
Impairment of indefinite-lived trademarks	-	-	-	-	-
Astra satellite user rights	(15.1)	(2.7)	-	-	(17.8)
Amortisation	(29.1)	(4.1)	1.9	(1.7)	(33.0)
Impairment	(1.7)	(3.6)	-	0.5	(4.8)
Amortisation and impairment	**(45.9)**	**(10.4)**	**1.9**	**(1.2)**	**(55.6)**
Other intangible assets	**39.1**	**(2.0)**	**-**	**32.8**	**69.9**

(1) The increase in indefinite-lived trademarks relates mainly to the recognition of the TMC trademark (€30 million) and the "Le cochon qui rit" trademark (€0.9 million).
(2) The increase in the gross value of other intangible assets was mainly due to expenditure on IT projects (SAP installation, etc.).

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 (SAP installation, website developments, etc).

There was no evidence of impairment of indefinite-lived trademarks as at December 31, 2010 or December 31, 2009.

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, 2010:

2010 *(€m)*	January 1	Increases	Decreases	Changes in scope of consolidation, reclassifications	December 31
Land	45.7	-	-	-	45.7
Buildings	58.3	-	-	(0.3)	58.0
Technical facilities	193.0	14.6	(9.7)	3.7	201.6
Technical facilities held under finance leases	5.3	-	-	10.1	15.4
Other property, plant and equipment	128.3	7.0	(17.3)	1.5	119.5
Property, plant and equipment under construction	12.8	2.1	-	(13.0)	1.9
Gross value	**443.4**	**23.7**	**(27.0)**	**2.0**	**442.1**
Buildings	(13.4)	(0.9)	1.3	-	(13.0)
Technical facilities	(150.5)	(14.9)	9.2	(0.4)	(156.6)
Technical facilities held under finance leases	(5.2)	(1.3)	-	-	(6.5)
Other property, plant and equipment	(82.9)	(13.5)	17.0	(0.5)	(79.9)
Depreciation and impairment	**(252.0)**	**(30.6)**	**27.5**	**(0.9)**	**(256.0)**
Property, plant and equipment	**191.4**	**(6.9)**	**0.5**	**1.1**	**186.1**

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 2010 and 2009 included purchases of specialist equipment for the new post-production platform and the new IT environment.

In 2009, they also included fixtures and fittings associated with the pooling of teams on the Boulogne site.

Note 10 Investments in associates

The table below gives a breakdown of investments in associates:

(€m)	AB Group	WBTV	Metro France Publications	Other associates[1]	Total
Country	**France**	**Belgium**	**France**	**France**	
January 1, 2009	**240.9**	**3.4**	**11.2**	**3.8**	**259.3**
Share of profit / (loss), net of dividends received	15.4	(0.4)	-	(0.4)	14.6
Changes in scope of consolidation	-	1.5	-	-	1.5
December 31, 2009	**256.3**	**4.5**	**11.2**	**3.4**	**275.4**
Share of profit / (loss), net of dividends received	7.8	(1.7)	(0.4)	-	5.7
Changes in scope of consolidation	(264.1)	-	0.3	(3.4)	(267.2)
December 31, 2010	**-**	**2.8**	**11.1**	**-**	**13.9**

(1) Other associates comprise JFG Networks, Sky Art Media, and Sailing One in 2009 and Sky Art Media in 2010.

The table below gives summary information about material investments in associates:

TF1 group share	**WBTV[1]**		**Metro France Publications**	
(€m)	**2010**	**2009**	**2010**	**2009**
Non-current assets	5.5	4.5	0.1	0.4
Current assets	1.9	4.2	5.4	13.1
TOTAL ASSETS	**7.4**	**8.7**	**5.5**	**13.5**
Shareholders' equity	(3.9)	(2.2)	0.1	0.2
Non-current liabilities	6.2	6.2	1.3	0.2
Current liabilities	5.1	4.7	4.1	13.1
TOTAL LIABILITIES AND EQUITY	**7.4**	**8.7**	**5.5**	**13.5**
Revenue	**2.6**	**5.4**	**10.9**	**12.0**
Operating profit / (loss)	**(2.0)**	**(1.2)**	**(0.3)**	**-**

(1) 2009 and 2010 figures are based on accounts to end September (the most recent accounts available) and a 49% interest.

Data relating to other associates are not material for the years ended December 31, 2010 and 2009.

An analysis of evidence of impairment led TF1 to test the investment in Metro 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 2.11.1. Based on the results of this test, no impairment loss was recognised.

An analysis of the sensitivity of this calculation to changes in key parameters indicated that slippage from the business plan would require an impairment loss to be recognised against this asset.

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 2.13.

(€m)	January 1, 2009	Other movements, net	Change in scope of consolidation, reclassifications	Dec. 31, 2009	Other movements, net	Change in scope of consolidation, reclassifications	Dec. 31, 2010
Gross value	**722.1**	25.1	(0.9)	**746.3**	(7.6)	31.8	**770.5**
Impairment	**(180.1)**	23.1[2]	-	**(157.0)**	14.3[1]	(10.1)	**(152.8)**
Inventories	**542.0**	48.2	(0.9)	**589.3**	6.7	21.7	**617.7**

(1) €37.2 million of impairment losses charged, €51.5 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 items included in "Change in scope of consolidation, reclassifications" relate mainly to the TMC / NT1 acquisition.

The table below shows the maturity of broadcasting and sports transmission rights acquisition contracts entered into by TF1 to secure future programming schedules:

2010 *(€m)*	Less than 1 year	1 to 5 years	More than 5 years	Total
Programmes and broadcasting rights[1]	531.2	925.2	149.0	1,605.4
Sports transmission rights	220.1	406.3	9.6	636.0
TOTAL	**751.3**	**1,331.5**	**158.6**	**2,241.4**

(1) Some of these contracts were expressed in foreign currencies: €16.8 million in Swiss francs, €9.6 million in pounds sterling, and €472.6 million in U.S. dollars.

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) 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.

Programmes and broadcasting rights relate mainly to TF1 SA (€827.8 million in 2010, vs. €1,096.6 million in 2009) and to the "Acquisition de Droits" economic interest grouping (€699.3 million in 2010, vs. €344.6 million in 2009).

Sports transmission rights commitments related mainly to TF1 SA (€261.1 million in 2010, vs. €312.5 million in 2009) and to Eurosport (€244.9 million in 2010, vs. €214.4 million in 2009).

Note 12 Financial assets

CATEGORIES OF FINANCIAL ASSETS

The table below shows financial assets by category:

2010 *(€m)*	Financial assets at fair value through profit or loss: Designated at fair value on initial recognition	Financial assets at fair value through profit or loss: Held for trading	Level[(1)]	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments	Total
Other financial assets	155.0	-	III	22.9	3.3	-	181.2
Trade and other debtors	-	-		-	1,227.3	-	1,227.3
Other current financial assets	-	4.4		-	-	-	4.4
Currency derivatives	-	*4.4*	II	-	-	-	*4.4*
Interest rate derivatives	-	-		-	-	-	-
Financial assets used for treasury management purposes	-	-		-	-	-	-
Cash and cash equivalents	-	0.2	I	-	39.1	-	39.3

(1) See the section on "Fair value measurement methods for financial assets" below.

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*	II	-	-	-	*8.9*
Financial assets used for treasury management purposes	-	-		-	-	-	-
Cash and cash equivalents	-	0.2	I	-	570.3	-	570.5

(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 I: measurement based on quoted prices in active markets;
- level II: measurement based on observable market parameters;
- level III: measurement based on non-observable market parameters.

No transfers between these levels were made in either 2010 or 2009.

The fair value of financial instruments is where possible measured by reference to the market price derived from trading on a national stock exchange or over-the-counter market. Where no listed market price is available, fair value is estimated using alternative measurement methods, such as the discounted cash flow method, based on either observable (level II) or non-observable (level III) parameters.

The methods used by the TF1 group are as follows:

- equity investments in non-consolidated companies:
  - AB Group: since July 1, 2010 (see note 1, "Significant Events of 2010"), the equity interest held by the TF1 group has been measured at fair value through profit or loss.

The fair value of this equity interest is measured on the basis of recent quarterly results and of valuation multiples applicable to the AB Group's activities (level III method). The change in the fair value during the last six months of 2010 was not material.

A call option over this equity interest has been granted to the AB Group management team (see note 14, "Financial Liabilities"),

– other equity investments in non-consolidated companies are classified as available-for-sale financial assets and measured at acquisition cost, since their fair value cannot be measured reliably;

- 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 II method);
- because of their short maturities, the carrying amount of trade and other debtors, cash, and treasury current accounts is regarded as the best approximation of their fair value.

12.1 OTHER NON-CURRENT FINANCIAL ASSETS

Other non-current financial assets comprise:

(€m)	2010	2009
Equity investments in non-consolidated companies	177.9	16.6
Loans and advances to non-consolidated companies	0.4	0.8
Loans	0.2	0.2
Deposits and caution money	2.7	2.6
Other non-current financial assets	**181.2**	**20.2**

Equity investments in non-consolidated companies

The main equity investments in non-consolidated companies break down as follows:

(€m)	% interest at year-end	Gross value 2010	Gross value 2009	Impairment 2010	Impairment 2009	Carrying amount 2010	Carrying amount 2009
AB Group	33.5%	155.0	-	-	-	155.0	-
A1 International(1)	50.0%	12.8	12.8	(12.8)	(12.8)	-	-
En Direct Avec	13.3%	4.0	4.0	(4.0)	(4.0)	-	-
Wikio(2)	13.2%	3.5	-	-	-	3.5	-
Établissements Michel(3)	-	-	1.0	-	-	-	1.0
Prima TV	5.0%	1.4	1.4	-	-	1.4	1.4
SHIP	27.4%	0.8	0.8	(0.8)	(0.8)	-	-
Sofica Valor 6	71.6%	13.2	8.0	-	-	13.2	8.0
Soread	11.6%	1.6	1.6	(1.6)	(1.6)	-	-
Sylver	49.0%	3.7	3.7	-	-	3.7	3.7
TF1 Publications	99.9%	0.5	0.5	(0.5)	(0.5)	-	-
Other		3.2	2.8	(2.1)	(0.3)	1.1	2.5
Equity investments in non-consolidated companies		**199.7**	**36.6**	**(21.8)**	**(20.0)**	**177.9**	**16.6**

(1) 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) The equity interest in this company was received in exchange for TF1's interest in JFG Networks (see note 3.2.1).
(3) This company, which produces the "Le cochon qui rit" game, was acquired at the end of November 2009 and was merged into Dujardin at the start of 2010.

Impairment tests were performed on all these investments and, with the exception of A1 International in 2009, indicated no evidence of impairment in either 2010 or 2009.

12.2 TRADE AND OTHER DEBTORS

(€m)	Gross value 2010	Impairment 2010	Carrying amount 2010	Carrying amount 2009
Trade debtors	738.1	(18.3)	719.8	736.7
Supplier prepayments[(1)]	194.6	(13.5)	181.1	263.3
Other operating debtors[(2)]	250.4	-	250.4	258.0
Other debtors	135.2	(85.7)	49.5	65.6
Prepayments	26.5	-	26.5	26.6
Trade and other debtors	**1,344.8**	**(117.5)**	**1,227.3**	**1,350.2**

(1) This line includes advance payments in respect of acquisitions of programmes and sports transmission rights; it also includes €10 million of impairment provisions against advance payments made in respect of the 2011 Rugby World Cup.
(2) Primarily amounts due to the government, local authorities, employees and social security authorities.

(€m)	2010	2009
Impairment as of January 1	**(116.1)**	**(82.3)**
Additional provisions booked during the year	(32.7)	(43.9)
Written off during the year	25.9	9.3
Recovered during the year	5.0	0.8
Changes in scope of consolidation and reclassifications	0.4	-
Impairment as of December 31	**(117.5)**	**(116.1)**

12.3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following items:

(€m)	2010	2009
Cash	37.5	121.0
Money-market mutual funds	0.2	0.2
Treasury current accounts[(1)]	1.6	449.3
Cash and cash equivalents	**39.3**	**570.5**

(1) These accounts are with associates, jointly controlled entities, 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, 2010, the share capital of TF1 SA consisted of 213,410,492 ordinary shares, all fully paid. Movements in share capital during 2010 were as follows:

Number of shares	Number of shares outstanding	Number of treasury shares	Total number of shares
January 1, 2009	**213,395,867**	**14,625**	**213,410,492**
Capital increases	-	-	-
Purchase of treasury shares	-	-	-
Cancellation of treasury shares	-	-	-
January 1, 2010	**213,395,867**	**14,625**	**213,410,492**
Capital increases	-	-	-
Purchase of treasury shares	,	,	-
Cancellation of treasury shares	-	-	-
December 31, 2010	**213,395,867**	**14,625**	**213,410,492**
Par value	*€0.20*	*€0.20*	*€0.20*

Treasury shares

These are the residual holding of shares bought forward by TF1 for hedging purposes in connection with consideration-free share allotment plan no. 1, which expired on April 1, 2008; they represent TF1 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, 2010 and 2009, and the amount of dividend for 2010 submitted by the Board of Directors for approval by the Ordinary General Meeting of shareholders to be held on April 14, 2011.

	To be paid in 2011*	Paid in 2010	Paid in 2009
Total dividend *(€m)*	117.4	91.8	100.3
Dividend per ordinary share *(€)*	0.55	0.43	0.47

* *Proposed dividend.*

Because the 2010 dividend is subject to approval by the shareholders, it was not recognised as a liability in the consolidated financial statements as at December 31, 2010.

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)	2010	2009
Reserve at January 1	**(0.1)**	**(2.8)**
Cash flow hedges reclassified to profit or loss during the period[(1)]	1.2	2.8
Change in fair value of new cash flow hedges contracted during the period	2.0	-
Change in fair value of existing portfolio of cash flow hedges during the period	1.1	0.4
Pre-hedging balancing payment reclassified to profit or loss *for* the period	(0.5)	(0.5)
Reserve at December 31	**3.7**	**(0.1)**

(1) The amount reclassified from equity to profit or loss is recognised as a component of operating profit.

Note 14 Financial liabilities

14.1 CATEGORIES OF FINANCIAL LIABILITIES

The table below shows financial liabilities by category:

2010 *(€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	-	-		(16.1)	(16.1)
Current debt	-	-		(6.1)	(6.1)
Trade and other creditors	-			1,638.5	1,638.5
Other current financial liabilities	-	3.6		-	3.6
Currency derivatives	-	*3.3*	II	-	*3.3*
Interest rate derivatives	-	*0.3*	II	-	*0.3*

(1) *See note 12, section on "Fair value measurement methods for financial assets".*

2009 *(€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	-	-		(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*	II	-	*0.8*
Interest rate derivatives	-	*0.6*	II	-	*0.6*

(1) *See note 12, section on "Fair value measurement methods for financial assets".*

14.2 FAIR VALUE OF FINANCIAL LIABILITIES

Because of their short maturities, the carrying amount of bank overdrafts, trade and other creditors and current debt is regarded as a reasonable approximation of their fair value.

The fair value of 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 II method), except for the call option over the equity interest in the AB Group (see below).

Call option over the equity interest in the AB Group:

As indicated in note 1.1, "Significant events of 2010", a call option over the equity interest in the AB Group has been granted to the AB Group management; this option may be exercised by the AB Group management team at any time during a two-year period at a price of €155 million.

This option represents a financial liability, changes in the fair value of which are recognised in profit or loss. The fair value of the option is measured using a level III method, as described in note 12, "Financial Assets", in the section on "Fair value measurement methods for financial assets".

In the absence of any material change in fair value during 2010, this item has been maintained at its original amount of zero.

Liabilities relating to commitments to buy out minority interests:

As of December 31, 2010, the TF1 group had no commitments to buy out minority interests.

14.3 BREAKDOWN OF TRADE AND OTHER CREDITORS

(€m)	2010	2009
Trade creditors	767.0	752.2
Advance payments received	5.8	3.1
Tax and employee-related liabilities[(1)]	391.1	377.2
Creditors related to acquisitions of non-current assets	34.6	40.6
Other creditors	410.1	475.6
Audiovisual industry support fund grants[(2)]	9.0	10.2
Current accounts with credit balances	0.6	9.6
Deferred and prepaid income and similar items[(3)]	20.3	27.5
Trade and other creditors	**1,638.5**	**1,696.0**

(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)	2010	2009
Cash and cash equivalents	39.3	570.5
Financial assets used for treasury management purposes	-	-
Total cash and cash equivalents	**39.3**	**570.5**
Fair value of interest rate derivatives	**(0.3)**	**8.3**
Non-current debt	(16.1)	(0.5)
Current debt[(1)]	(6.1)	(505.5)
Total debt	**(22.2)**	**(506.0)**
NET CASH (+) / NET DEBT (-)	**16.8**	**72.8**

(1) In 2009, this mainly comprised a €500 million fixed-rate bond issue that was redeemed in November 2010.

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 2010 and 2009:

2010 *(€m)*	January 1	Charges	Reversals: used	Reversals: unused	Changes in scope of consolidation, reclassifications	December 31
Provisions for:						
Retirement benefit obligations	22.5	5.2	(1.9)	(1.2)	(1.9)	22.7
Long service leave	6.5	2.7	(0.6)	(0.6)	-	8.0
Commitments	14.9	1.3	(2.5)	-	(0.1)	13.6
Other	0.1	-	-	-	-	0.1
TOTAL NON-CURRENT PROVISIONS	**44.0**	**9.2**	**(5.0)**	**(1.8)**	**(2.0)**	**44.4**

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
Commitments	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**

Provisions for commitments relate to the risk of loss on audiovisual assets that the Group has committed to acquire.

From January 1, 2007 onwards, other movements in provisions for retirement benefit obligations include actuarial gains and losses on these obligations, which are recognised directly in equity. The amount recognised directly in equity for the year ended December 31, 2010 was a net gain of €2.4 million, compared with a net gain of €3.2 million in 2009.

16.1.2 Provisions for retirement benefit obligations

Main actuarial assumptions

	2010	2009	2008	2007	2006
Discount rate	4.6%	4.9%	3.7%	4.2%	3.8%
Expected rate of return on plan assets	3.7%	4.0%	4.0%	3.8%	3.8%
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, 2010 was 6.6%, unchanged from 2009.

A change of 0.1% in the discount rate applied would generate a €0.4 million change in the provision for retirement benefit obligations.

Expense recognised in the income statement for retirement benefit obligations

(€m)	2010	2009
Current service cost	(1.6)	(1.5)
Interest expense on the obligation	(1.2)	(1.2)
Expected return on plan assets	0.2	0.1
Past service cost	-	-
Expense recognised	**(2.6)**	**(2.6)**
comprising: net change in provisions	*(2.1)*	*(0.3)*
comprising: amount recognised in "Staff costs"	*(0.5)*	*(2.3)*
Actual return on plan assets	**0.2**	**0.1**

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)	2010	2009	2008	2007	2006
Present value of obligation	27.9	27.5	30.4	32.2	30.5
Fair value of plan assets	(5.2)	(5.0)	(4.9)	(4.7)	(2.7)
Unfunded obligation (provision)	**22.7**	**22.5**	**25.5**	**27.5**	**27.8**

Changes in the present value of the retirement benefit obligation

(€m)	2010	2009
Defined-benefit plan obligation at start of period	**27.5**	**30.4**
Current service cost for the period	1.6	1.5
Interest cost (unwinding of discount)	1.2	1.2
Benefits paid	(0.7)	(2.3)
Actuarial (gains) / losses	(2.4)	(3.3)
Changes in scope of consolidation	0.7	-
Defined-benefit plan obligation at end of period	**27.9**	**27.5**

Changes in the present value of plan assets

(€m)	2010	2009
Fair value of insurance policy assets at start of period	**5.0**	**4.9**
Employer's contributions	-	-
Benefits paid	-	-
Expected return on plan assets	0.2	0.1
Actuarial gains / (losses)	-	-
Fair value of insurance policy assets at end of period	**5.2**	**5.0**

Plan assets are in the form of contributions paid into the "Fonds Club no. 1", a mutual fund denominated in euros and managed by an independent financial institution. Based on financial information supplied by the fund manager, the gross return was 3.7% in 2010. At December 31, 2010, the fund had an estimated fair value of €5.2 million.

16.2 CURRENT PROVISIONS

Movements in current provisions during 2010 were as follows:

2010 *(€m)*	January 1	Charges	Reversals: used	Reversals: unused	Changes in scope of consolidation, reclassifications	December 31
Provisions for:						
Litigation and claims: governmental & public bodies	0.2	0.1	-	-	-	0.3
Litigation and claims: employees	4.5	4.0	(1.6)	(0.5)	(0.0)	6.4
Litigation and claims: commercial	15.2	7.7	(1.5)	(2.4)	0.2	19.2
Contractual litigation, claims and risks	11.7	0.0	(0.2)	(0.0)	(0.0)	11.5
Other risks	4.8	11.0	(0.2)	(1.0)	(0.3)	14.3
TOTAL CURRENT PROVISIONS	**36.4**	**22.8**	**(3.5)**	**(3.9)**	**(0.1)**	**51.7**

No material unrecognised contingent liabilities were identified as of the balance sheet date.

Provisions for commercial litigation mainly relate to ongoing disputes with customers, producers and rights-holders.

Provisions for contractual litigation, claims and risks are intended to cover risks of claims from other third parties with contractual relations with TF1, including guarantees given by TF1 in connection with divestments of equity interests.

Competition law risks

Following the lodging of complaints with the French Competition Authority on January 12, 2009 relating to the exclusive distribution agreement between Canal+ and TF1 on pay TV channels, the authority announced on November 16, 2010 that it had completed its investigation as regards the principal distribution channels (cable, satellite and ADSL) and had concluded that the agreements were not vitiated. This ruling vindicates the position adopted by TF1 in previous periods of not recognising any provision for this risk. The French Competition Authority investigation into the complementary distribution of these channels *via* the fibre optic network and catch-up TV is ongoing during 2011. TF1 regards the risk associated with this investigation as very limited, and consequently has not recognised any provision to cover it.

Note 17 Operating revenues

Operating revenues comprise:

(€m)	2010	2009
Advertising revenue	1,793.3	1,604.6
Distribution of consumer products	240.5	238.4
Cable and satellite revenue	361.2	321.3
Production / distribution of audiovisual rights	73.3	79.7
Revenue from other activities	154.1	120.7
Revenue	**2,622.4**	**2,364.7**
Royalty income	-	-
Operating revenues	**2,622.4**	**2,364.7**

Note 18 External production costs

External production costs, which amounted to €664.5 million in 2010 and €645.5 million in 2009, comprise costs incurred on programmes acquired from third parties and broadcast by TF1 and by the theme channels TV Breizh, TMC, NT1, TF6, Série Club, Stylía, Histoire and Ushuaïa TV.

Note 19 Other purchases and changes in inventory

This line consists of the following items:

(€m)	2010	2009
Purchases of services	(340.2)	(263.8)
Purchases of broadcasting rights	(106.2)	(90.5)
Purchases of goods	(43.0)	(53.8)
Other items	(28.3)	(28.0)
Other purchases and changes in inventory	**(517.7)**	**(436.1)**

Note 20 Staff costs

Staff costs break down as follows:

(€m)	2010	2009
Staff remuneration	(289.1)	(299.7)
Social security charges	(116.5)	(117.8)
Other staff costs	(19.6)	(21.9)
Statutory employee profit-sharing	(8.2)	(4.4)
Share-based payment expense	(1.5)	(1.4)
Staff costs	**(434.9)**	**(445.2)**

Defined-contribution plan expenses are included in “Social security charges”, and amounted to €32.1 million in 2010 and €33.1 million in 2009.

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 option plans and consideration-free share allotment plans, calculated in accordance with IFRS 2.

20.1 COST OF SHARE OPTION PLANS

The cost of share option plans recognised in “Staff costs” breaks down as follows:

				Staff costs	
(€m)	Date of grant	Lock-up period	Fair value	2010	2009
Plan no. 8	September 16, 2004	3 years	4.6	-	-
Plan no. 10	March 20, 2008	3 years	2.8	0.9	0.9
Plan no. 11	February 18, 2009	3 years	1.6	0.6	0.5
TOTAL				**1.5**	**1.4**

The cost of share option plans was computed using the Black-Scholes model and the following assumptions:

	Reference share price	Exercise price	Expected volatility	Average maturity	Risk-free rate	Payout ratio	Liquidity discount	Fair value per option
Plan no. 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 BENEFIT PLANS AWARDED BY THE BOUYGUES GROUP

The cost of plans awarded by the Bouygues Group to TF1 employees was not material for 2010.

Note 21 External expenses

External expenses break down as follows:

(€m)	2010	2009
Subcontracting	(176.2)	(167.4)
Rent and associated charges	(46.8)	(56.7)
Agents' fees and professional fees	(113.6)	(108.5)
Advertising, promotion and public relations	(97.1)	(90.1)
Other external expenses	(68.5)	(65.0)
External expenses	**(502.2)**	**(487.7)**

Note 22 Taxes other than income taxes

This line comprises the following items:

(€m)	2010	2009
Audiovisual taxes	(92.8)	(87.7)
CNC (French National Centre for Cinematography) taxes	*(85.2)*	*(77.9)*
Other	*(7.6)*	*(9.8)*
Other taxes	(52.8)	(48.5)
Local business taxes	*(14.7)*	*(12.6)*
Payroll-based taxes	*(14.8)*	*(13.3)*
Other taxes	*(23.3)*	*(22.6)*
Taxes other than income taxes	**(145.6)**	**(136.2)**

Note 23 Other operating income and expenses

Other operating income and expenses consist of the following items:

(€m)	2010	2009
Reversals of unused provisions	16.0	20.9
In-house production capitalised, and cost transfers	23.3	26.4
Operating grants (including France 24)	-	1.0
Investment grants	14.2	18.5
Foreign exchange gains	13.3	9.1
Other income	11.5	33.4
Other operating income	**78.3**	**109.3**
Royalties and paybacks to rights-holders	(77.1)	(70.4)
Bad debts written off	(5.9)	(7.3)
Foreign exchange losses	(9.9)	(8.2)
Other expenses	(7.5)	(22.2)
Other operating expenses	**(100.4)**	**(108.1)**

Note 24 Non-current operating income and expenses

Non-current operating income for the year ended December 31, 2010 totalled €102 million, comprising €95.5 million for the net gain from the fair value remeasurement of the previously-held equity interests in TMC and NT1 (see note 1.1, "Acquisition of TMC and NT1" and note 3.1.1, "First-time consolidation of TMC and NT1"), plus €6.1 million arising on the fair value remeasurement of the previously-held equity interest in SPS (see note 1.2, "Acquisition of the interest in SPS held by Serendipity").

Non-current operating expenses amounted to €19.2 million, comprising impairment losses taken against goodwill relating to SPS (€12.2 million) and 1001 Listes (€7 million); see note 7, "Goodwill".

Note 25 Cost of net debt

Cost of net debt breaks down as follows:

(€m)	2010	2009
Interest income	2.6	7.6
Change in fair value of the hedged portion of the bond issue	-	-
Change in fair value of interest rate derivatives	0.5	5.1
Income and revenues from financial assets	-	0.4
Income associated with net debt	**3.1**	**13.1**
Interest expense on debt	(21.2)	(35.4)
Change in fair value of interest rate derivatives	(0.1)	-
Expenses associated with net debt	**(21.3)**	**(35.4)**
Cost of net debt	**(18.2)**	**(22.3)**

Note 26 Other financial income and expenses

Other financial income and expenses break down as follows:

(€m)	2010	2009
Change in fair value of Canal+ France financial asset	-	39.5
Dividend income	1.5	1.4
Gains on financial assets	0.7	4.9
Gains arising from changes in value of forward currency purchase contracts	-	0.7
Gains arising from the discounting of assets and liabilities	-	-
Other income	0.2	4.7
Other financial income	**2.4**	**51.2**
Losses on financial assets	(2.5)	(11.0)
Losses arising from changes in value of forward currency purchase contracts	(2.2)	(3.2)
Losses arising from the discounting of assets and liabilities	-	-
Other expenses	(0.2)	(0.8)
Other financial expenses	**(4.9)**	**(15.0)**

Change in fair value of Canal+ France financial asset

At initial recognition, TF1 designated the Canal+ France asset (received in exchange for TF1's interest in TPS) as a financial asset at fair value through profit or loss. In 2009, the change in the fair value of this financial asset generated a gain of €39.5 million.

TF1 sold this asset on December 28, 2009 for €744 million.

Note 27 Net income and expense on financial assets and financial liabilities

The table below shows income, expenses, gains and losses arising on financial assets and liabilities by category, split between items affecting financial income / expense and items affecting operating profit:

(€m)	Financial 2010	Financial 2009	Operating 2010	Operating 2009
Net income / (expense) on loans and receivables at amortised cost	3.1	0.8	(9.4)	(41.5)
Net income / (expense) on financial assets at fair value	0.2	39.8	-	-
financial assets designated at fair value through profit or loss	-	*39.5*	-	-
financial assets held for trading	*0.2*	*0.3*	-	-
Net income / (expense) on available-for-sale financial assets	(0.7)	(4.7)	0.2	-
Net income / (expense) on financial liabilities at amortised cost	(21.4)	(31.7)	-	-
Net income / (expense) on derivatives	(1.9)	9.7	(0.3)	(0.3)
Net income / (expense) on financial assets and financial liabilities	**(20.7)**	**13.9**	**(9.5)**	**(41.8)**

Note 28 Income tax expense

28.1 CURRENT AND DEFERRED TAXES

28.1.1 Income statement

(€m)	2010	2009
Current taxes	(59.5)	(13.4)
Deferred taxes	(9.4)	(1.9)
Income tax expense	**(68.9)**	**(15.3)**

The tax rate used in the deferred tax calculation for the years ended December 31, 2010 and 2009 was 34.43% (standard rate).

28.1.2 Tax proof

(€m)	2010	2009
Net profit attributable to the Group	**228.3**	**114.4**
Income tax expense	68.9	15.3
Net profit from discontinued operations	-	-
Minority interests	1.0	0.1
Net profit from continuing operations before tax and minority interests	**298.2**	**129.8**
Standard tax rate in France	**34.4%**	**34.4%**
Impact of fair value adjustments not recognised for tax purposes(1)	(12.5%)	(9.9%)
Impairment of *goodwill*	2.2%	0.0%
Impact of tax losses	0.6%	(0.2%)
Offset of tax credits	(0.5%)	(3.0%)
Share of profits and losses of associates	(0.7%)	(3.9%)
Reduced-rate taxes on securities transactions	(0.2%)	(3.0%)
Change in non-deductible provisions	0.0%	(4.4%)
Other differences, net	(0.2%)	1.8%
Effective tax rate	**23.1%**	**11.8%**

(1) Mainly the effect of fair value remeasurements of the previously-held equity interests in SPS and TMC / NT1 in 2010, and of reduced-rate taxation on the change in fair value of the Canal+ financial asset in 2009.

TF1 made a group tax election on January 1, 1989, and has renewed this election regularly since that date.

28.2 DEFERRED TAX ASSETS AND LIABILITIES

28.2.1 Change in net deferred tax position

(€m)	2010	2009
Net deferred tax asset / (liability) at January 1	**10.2**	**14.3**
Recognised in equity	(2.0)	(2.1)
Recognised in profit or loss	(9.4)	(1.9)
Changes in scope of consolidation and other items(1)	(7.2)	(0.1)
Net deferred tax asset / (liability) at December 31	**(8.4)**	**10.2**

(1) Includes €6.9 million of deferred tax liabilities recognised in 2010 in connection with the TMC / NT1 purchase price allocation (see note 3.1.1, "First-time consolidation of TMC and NT1"), mainly on the TMC trademark and the remeasurement of TMC and NT1 programme inventories.

28.2.2 MAIN SOURCES OF DEFERRED TAXATION

The main sources of deferred taxation are as follows:

(€m)	2010	2009
Provisions:		
Provisions for programmes	4.0	4.6
Provisions for retirement benefit obligations	6.9	7.3
Provisions for impairment of audiovisual rights	0.6	0.7
Provisions for trade debtors	3.1	2.5
Other provisions	17.7	15.0
Statutory employee profit-sharing scheme	2.6	1.3
Tax losses available for carry-forward	8.0	8.0
Other deferred tax assets	9.3	8.3
Offset of deferred tax assets and liabilities	(49.6)	(36.2)
Deferred tax assets	**2.6**	**11.5**
Accelerated tax depreciation	(17.1)	(17.5)
Depreciation of head office building	(8.9)	(8.5)
Remeasurement of assets	(13.7)	(3.5)
Other deferred tax liabilities	(20.9)	(8.0)
Offset of deferred tax assets and liabilities	49.6	36.2
Deferred tax liabilities	**(11.0)**	**(1.3)**
Net deferred tax asset / (liability) at December 31	**(8.4)**	**10.2**

Unrecognised deferred tax assets totalled €28.1 million (€24.3 million at December 31, 2009), 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 29 Earnings per share

Basic earnings per share is calculated on the basis of net profit for the year attributable to ordinary shareholders and of the weighted average number of ordinary shares outstanding during the year.

Because potentially dilutive ordinary shares have no adjusting effect on net profit for the year, diluted earnings per share is calculated on the basis of net profit for the year attributable to ordinary shareholders and of the weighted average number of ordinary shares outstanding during the year adjusted for the effects of all potentially dilutive ordinary shares. Diluted earnings per share takes account of the dilutive effect of consideration-free share allotment plans and of share subscription option plans that are in the money at the balance sheet date (*i.e.* the exercise price is less than the quoted market price of TF1 shares).

(€m)	2010	2009
Net profit for the year *(€m)*		
Net profit from continuing operations (attributable to the Group)	228.3	114.4
Net profit from discontinued / held-for-sale operations	-	-
Net profit attributable to the Group	228.3	114.4
Weighted average number of ordinary shares	**213,395,867**	**213,395,867**
Earnings per share *(in euros)*		
Basic earnings per share from continuing operations	1.07	0.54
Basic earnings per share from discontinued / held-for-sale operations	-	-
Basic earnings per share	1.07	0.54
Average number of ordinary shares after dilution	**215,215,764**	**215,276,764**
Diluted earnings per share *(in euros)*		
Diluted earnings per share from continuing operations	1.06	0.53
Diluted earnings per share	1.06	0.53

The average number of ordinary shares after dilution is obtained by taking account of the following dilutive effects:

(number of shares)	2010	2009
Weighted average number of ordinary shares for the period	213,395,867	213,395,867
Dilutive effect of share subscription option plans	1,819,897	1,880,897
Dilutive effect of consideration-free share allotment plan	-	-
Average number of ordinary shares after dilution	215,215,764	215,276,764

In 2010 and 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).

Note 30 Notes to the consolidated cash flow statement

30.1 DEFINITION OF CASH POSITION

The cash flow statement analyses changes in the cash position of continuing operations only. Changes in the cash position of discontinued and held-for-sale operations are presented separately at the foot of the cash flow statement.

The cash position analysed in the cash flow statement comprises cash and cash equivalents, treasury current accounts (debit and credit balances), and bank overdrafts. A reconciliation between the cash position in the cash flow statement and the “Cash and cash equivalents” line in the balance sheet is presented below:

(€m)	2010	2009
Cash and cash equivalents in the balance sheet	39.3	570.5
Cash relating to held-for-sale assets	-	-
Treasury current account credit balances	(2.1)	(3.2)
Bank overdrafts	(0.2)	(0.5)
Closing cash position per the cash flow statement	**37.0**	**566.8**

30.2 CASH INFLOWS FROM DISPOSALS OF FINANCIAL ASSETS

In 2009, this line mainly comprised the €744 million proceeds from the sale of the interest in Canal+ France.

30.3 EFFECT OF CHANGES IN SCOPE OF CONSOLIDATION

The effect of acquisitions of subsidiaries on the cash flow statement is shown below:

(€m)	2010	2009
Acquisition cost		
Cash and cash equivalents acquired	9.8	-
Financial assets acquired	(0.0)	2.2
Other assets acquired	68.5	-
Minority interests acquired	-	-
Other liabilities acquired	(71.5)	-
Net assets acquired (A)	6.8	2.2
Goodwill (B)	189.9	-
Cash outflow (A) + (B)	**196.7**	**2.2**
Cash acquired	(3.8)	-
Cash of companies joining the scope of consolidation during the period but not acquired	-	0.9
Net cash outflow	**192.9**	**3.0**

The cash flow effect of divestments of subsidiaries during the period breaks down as follows:

(€m)	2010	2009
Sale proceeds		
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 2010 and 2009 breaks down as follows:

(€m)	2010	2009
Net cash inflow / (outflow) on acquisitions of subsidiaries	(192.9)	(3.0)
Net cash inflow / (outflow) on divestments of subsidiaries	-	(4.0)
Effect of changes in scope of consolidation	**(192.9)**	**(7.0)**

30.4 CHANGE IN DEBT

The impact of changes in debt on the TF1 group’s cash position is shown below:

(€m)	2010	2009
Finance lease obligations	18.1	(1.5)
Bond issues and redemptions, and net change in bank borrowings	(500.0)	(197.0)
Loans received from associates	-	-
Other movements	-	-
Net change in the period	**(481.9)**	**(198.5)**

Note 31 Risk management

31.1 CAPITAL MANAGEMENT STRATEGY

The TF1 group has a policy of maintaining a stable capital base and has no plans for any specific corporate actions other than those summarised in section 6.3 of the present registration document, page 221.

In terms of equity capital, TF1 uses various indicators, including gearing (defined as the ratio of net debt to equity). Gearing provides investors with an indication of the Group's level of indebtedness relative to the level of equity capital. It is calculated on the basis of net debt as defined in note 15 and of shareholders' equity as shown in the balance sheet, including reserves used to recognise changes in the fair value of cash flow hedges and of available-for-sale financial assets.

At end 2010, given that the Group had net cash of €16.8 million, gearing was zero, as it also was at end 2009.

31.2 FINANCIAL RISK MANAGEMENT STRATEGY

Liquidity risk and market risk (interest rate risk, foreign exchange risk and equity risk) are managed centrally by the TF1 group's Financing and Treasury department.

31.2.1 Liquidity risk

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

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

The Group assesses liquidity risk by reference to the global drawdown rate on its borrowing capacity (financing raised on the markets + confirmed bank facilities), net of available cash.

The net cash position in the balance sheet at year-end is shown below:

(€m)	2010	2009
Cash and cash equivalents	39.3	579.4
Financial liabilities	(22.5)	(506.6)
Net cash / (net debt)	**16.8**	**72.8**
Borrowing capacity	1,125.5	1,561.4

The global drawdown rate on the Group's borrowing capacity was immaterial throughout 2010.

CREDIT RATING

The TF1 group has a credit rating from Standard and Poors, which currently stands at BBB / positive outlook / A-2 (versus BBB / stable outlook / A-2 at end 2009).

CONFIRMED CREDIT FACILITIES

As of December 31, 2010, TF1 has the following facilities available:

- bilateral bank facilities of €1,105.5 million with maturities of between one and five years. These confirmed bank facilities are supplemented by a cash pooling agreement with the Bouygues Group. These facilities were not being used at either December 31, 2010 or December 31, 2009;
- a finance lease obligation of €20 million relating to technical installations.

The TF1 group draws on various sources of financing that it has available as needed; these include bank financing (confirmed facilities, finance leases) and financing raised on the markets.

2010 *(€m)*	Authorised facilities < 1 year	Authorised facilities 1-5 years	Authorised facilities Total	Drawdowns < 1 year	Drawdowns 1-5 years	Drawdowns Total	Available facilities
Confirmed bilateral facilities	300.5	805.0	1,105.5	-	-	-	1,105.5
Finance leases	3.8	16.2	20.0	3.8	16.2	20.0	-
Bouygues cash pooling agreement			-			-	-
Sub-total	**304.3**	**821.2**	**1,125.5**	**3.8**	**16.2**	**20.0**	**1,105.5**
Bond issue	-	-	-	-	-	-	-
TOTAL	**304.3**	**821.2**	**1,125.5**	**3.8**	**16.2**	**20.0**	**1,105.5**

2009 *(€m)*	Authorised facilities < 1 year	Authorised facilities 1-5 years	Authorised facilities Total	Drawdowns < 1 year	Drawdowns 1-5 years	Drawdowns Total	Available facilities
Confirmed bilateral facilities	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**

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 2010 and end 2009.

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:

2010 (€m)	Carrying amount	Residual contractual amount < 1 year	Residual contractual amount 1-5 years	Residual contractual amount Total
Bond issue (including accrued interest)	-	-	-	-
Finance leases	20.0	4.0	16.3	20.3
Bank borrowings	-	-	-	-
Trade and other creditors	1,638.5	1,638.5	-	1,638.5
Other financial liabilities	2.3	2.3	-	2.3
TOTAL	**1,660.8**	**1,644.8**	**16.3**	**1,661.1**

2009 (€m)	Carrying amount	Residual contractual amount < 1 year	Residual contractual amount 1-5 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**

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, 2010:

(€m)	2010	2009
Interest-bearing bank account	20.0	104.7
Bouygues Relais cash pooling agreement	-	447.6
Money-market mutual funds	0.2	0.2
Negotiable certificates of deposit	-	4.0
Other treasury current accounts	19.1	14.0
TOTAL	**39.3**	**570.5**

31.2.2 Market risk

The TF1 group manages its exposure to exchange rate and interest rate risk by using hedging instruments such as swap contracts, forward purchases and sales, and currency and interest rate options. 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.

31.2.2.1 Interest rate risk

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

Exposure and sensitivity to interest rate risk

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

	Financial assets		Financial liabilities		Net pre-hedging exposure		Hedging instruments		Net post-hedging exposure	
2010 *(€m)*	Fixed	Floating	Fixed	Floating	Fixed	Floating	Fixed	Floating	Fixed	Floating
Less than 1 year	20.0	19.3	(3.8)	(2.5)	16.2	16.8	(100.0)	100.0	(83.8)	116.8
1 to 5 years	-	-	(16.2)	-	(16.2)	-	-		(16.2)	-
TOTAL	**20.0**	**19.3**	**(20.0)**	**(2.5)**	**(0.0)**	**16.8**	**(100.0)**	**100.0**	**(99.9)**	**116.8**

At December 31, 2010, the net post-hedging exposure was a €100 million debt position at fixed rate, and a €116.8 million asset position at floating rate.

	Financial assets		Financial liabilities		Net pre-hedging exposure		Hedging instruments		Net post-hedging exposure	
2009 *(€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)**	**(501.3)**	**574.0**	**100.0**	**(100.0)**	**(401.3)**	**474.0**

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)	2010 Pre-tax impact on profit or loss	2010 Pre-tax impact on equity	2009 Pre-tax impact on profit or loss	2009 Pre-tax impact on equity
Impact of a movement of +1% in interest rates	1.7	0.9	3.1	-
Impact of a movement of -1% in interest rates	(1.7)	(0.7)	(2.9)	-

An immediate fall of 1% (100 basis points) in short-term interest rates would reduce the return on investments of net surplus cash by €1.7 million over a full year. Conversely, an immediate rise of 1% (100 basis points) in short-term interest rates would increase the return on investments of net surplus cash by €1.7 million over a full year.

Interest rate derivatives

The tables below show the portfolio of interest rate derivatives as of December 31, 2010 and December 31, 2009:

2010 *(€m)*	Less than 1 year	1 to 5 years	Total	Fair value
Swaps: pay floating rate			-	
Swaps: pay fixed rate	100.0		100.0	(0.3)
TOTAL	**100.0**	**-**	**100.0**	**(0.3)**

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**

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 2010 *(€m)*	Derivatives designated as fair value hedges	Derivatives designated as cash flow hedges	Derivatives ineligible for hedge accounting	Total
Interest rate derivatives – assets				-
Interest rate derivatives – liabilities		(0.3)		(0.3)
TOTAL	**-**	**(0.3)**	**-**	**(0.3)**

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**

Hedging of bank borrowings

To replace the €200 million of swaps that were used to hedge bank debt and expired on February 1, 2010, the TF1 group contracted €100 million of swaps (pay fixed rate) starting from the bond issue redemption date. These derivatives were designated as cash flow hedges as of December 31, 2010.

The swap used to convert the bond issue outstanding as of December 31, 2009 to variable rate was closed out on January 6, 2010, with TF1 receiving a cash settlement of €8.9 million.

31.2.2.2 Foreign exchange risk

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

In 2010, more than 95% of total sales were in euros, and 2% were in dollars. 86% of total purchases (including purchases of audiovisual rights) were paid in euros, 11% in dollars, and 6% 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 12-to-18-month period.

Exposure and sensitivity to foreign exchange risk

The table below shows the Group's exposure to foreign exchange risk at December 31, 2010:

At 2010 closing exchange rates *(€m)*	USD(1)	GBP(2)	Other currencies(3)	Total
Assets	23.5	8.2	20.0	51.7
Liabilities	(39.4)	(15.6)	(17.6)	(72.6)
Off balance sheet commitments	(472.0)	(9.7)	(17.1)	(498.8)
Pre-hedging position	**(487.9)**	**(17.1)**	**(14.7)**	**(498.8)**
Forwards and futures	128.2	3.5	(29.3)	519.7
Currency swaps	(16.3)	(1.8)	(6.6)	(24.7)
Net post-hedging position	**(376.0)**	**(15.4)**	**(50.6)**	**(442.0)**

(1) Net exposure in USD: Some Group entities (TF1, Eurosport) enter into long-term rights acquisition contracts in the course of their ordinary activities that give rise to off balance sheet commitments, which are partially matched against future recurring USD revenue streams.
(2) Net exposure in GBP: This 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), the Australian dollar (AUD), and the Swiss franc (CHF). The net post-hedging position is matched by future revenue streams in the currency.

The consolidated net post-hedging currency exposure (translated into euros at the closing exchange rate) as of December 31, 2010 was €442 million, compared with €219.2 million as of December 31, 2009.

At 2009 closing exchange rates *(€m)*	USD	GBP	Other currencies	Total
Assets	22.0	6.2	17.1	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	6.7	(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)**

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.

	2010				2009			
	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	(1.0)	2.7	(2.9)	1.0	(1.1)	0.7	(0.7)
GBP	-	-	0.2	(0.2)	-	-	0.1	(0.1)
Other currencies	-	-	0.2	(0.6)	0.3	(0.2)	-	-
TOTAL	**1.0**	**(1.0)**	**3.1**	**(3.7)**	**1.3**	**(1.3)**	**0.8**	**(0.8)**

At end 2010, 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 -€4.7 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 2009 was -€2.1 million.

Change in the value of currency derivatives

The change in the value of currency derivatives not eligible for hedge accounting was -€2.2 million.

The change in the value of instruments eligible for hedge accounting was +€4 million in 2010. This comprises a change of +€4.3 million in the value of effective hedges (*i.e.* highly correlated to changes in the value of hedged items), recognised as a component of equity in the cash flow hedge reserve (see note 13.3), and a change of -€0.3 million in the value of ineffective hedges, recognised in profit or loss under "Other financial income and expenses" (see note 26).

Currency derivatives by currency

The tables below give a breakdown of currency hedging derivatives by currency at December 31, 2010 and 2009:

		Notional amount of hedge				Fair value *(in euros)*	
			(in euros)				
December 31, 2010 ***(in millions)***	**Currency**	**In foreign currency**	**Total**	**< 1 year**	**1-5 years**	**Total**	**Of which designated as cash flow hedges**
Currency swaps	USD	21.8	16.3	16.3	-	(0.3)	-
	GBP	1.6	1.8	1.8	-	(0.0)	-
	Other currencies (NOK, SEK, DKK, CHF, AUD)		6.6	6.6	-	(0.0)	-
Forward purchases	USD	171.3	128.2	77.3	50.9	1.8	4.0
	GBP	3.0	3.5	3.5	-	0.1	0.1
Forward sales	Other currencies (NOK, SEK, DKK, AUD)		29.4	26.7	2.7	(0.6)	(0.6)
TOTAL HEDGES			**185.8**	**132.2**	**53.6**	**1.0**	**3.5**

December 31, 2009 *(in millions)*	Currency	In foreign currency	Notional amount of hedge (in euros) Total	< 1 year	1-5 years	Fair value *(in euros)* 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, AUD)		4.2	4.2	-	0.0	-
Forward purchases	USD	118.0	81.9	62.4	19.5	(0.2)	0.1
	GBP	6.0	6.8	6.8	-	(0.6)	(0.6)
Forward sales	Other currencies (NOK, SEK, DKK, AUD)		14.9	14.9	-	(0.1)	-
TOTAL HEDGES			**118.1**	**98.6**	**19.5**	**(0.8)**	**(0.5)**

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
2010				
Currency derivatives – assets	-	-	4.4	4.4
Currency derivatives – liabilities	(2.5)	-	(0.8)	(3.3)
TOTAL	**(2.5)**	**-**	**3.5**	**1.0**
2009				
Currency derivatives – assets	-	-	-	-
Currency derivatives – liabilities	(0.3)	-	(0.5)	(0.8)
TOTAL	**(0.3)**	**-**	**(0.5)**	**(0.8)**

Derivatives designated as cash flow hedges are used by TF1 SA to hedge sport transmission rights and audiovisual rights acquisition contracts, on which the amount and timing of payments are precisely agreed on a contractual basis; and by Eurosport to hedge future foreign-currency revenue streams. The other derivatives transactions are allocated to other broadcasting rights acquisition contracts, but do not meet all the criteria required to establish the existence of a hedging relationship under IAS 39.

Credit risk and counterparty risk

The TF1 group applies policies designed to limit its exposure to counterparty risk, and in particular (i) the risk of non-recovery of trade debtors in connection with its ordinary activities, (ii) the risk of being unable to recover assets held by financial counterparties and (iii) the risk that financial counterparties will default on their commitments to the Group.

The TF1 group believes that its exposure is limited, given that the cost of such risks has historically been immaterial both in overall terms and for each business segment.

Risk of non-recovery of debtors

2010 (€m)	Carrying amount	Not past due	Past due Total	< 6 months	6-12 months	> 12 months
Trade debtors	738.1	555.5	182.6	144.2	15.0	23.4
Provision for impairment of trade debtors	(18.3)	(1.3)	(17.0)	(4.3)	(1.1)	(11.6)
TRADE DEBTORS, NET	**719.8**	**554.2**	**165.6**	**139.9**	**13.9**	**11.8**

2009 (€m)	Carrying amount	Not past due	Past due Total	< 6 months	6-12 months	> 12 months
Trade debtors	755.6	595.3	160.3	115.8	16.3	28.2
Provision 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**

Advertising airtime

TF1 Publicité sells advertising airtime on media for which it acts as agent (TV channels, radio stations, proprietary and third-party websites) to advertisers who over the years have become regular airtime buyers, developing well-established partnerships. The policy used to manage the underlying counterparty risk relies on the operating terms of TF1 Publicité, of which its customers are perfectly aware. These include:

- upfront payment in full, in advance of broadcast, for any airtime order placed by a new advertiser;
- for any advertiser with a track record of payment incidents, upfront payment for all future orders plus settlement of all outstanding invoices, failing which the advertiser may be barred from buying airtime;
- payment of annual rebates in the form of “end-of-order” credit notes issued at the start of the following year, to which the advertiser is not entitled unless all the prior-year invoices used as the basis for the rebate have been paid on time.

On top of these procedures, the Credit Management Department performs regular financial health checks on advertisers, and in the event of late payment systematically issues graded reminders. Any legal recovery proceedings are prepared in conjunction with Coface.

Other measures taken include the issuance of preventive reminders to the principal advertising agencies in advance of each due date for payment, the strict application of penalties to rebates in the event of late payment of invoices, and the systematic application of late payment interest. Overall, these procedures have enabled TF1 Publicité to keep the risk of non-payment by advertisers to less than 0.15% of total annual billings (inclusive of VAT).

Theme channel subscriptions

There is no significant risk of non-recovery as regards revenues payable by cable operators present in France. As regards sales outside France, Eurosport has effective cash collection procedures for debts owed by cable and satellite operators. The risk of non-payment by these operators is historically low thanks to the use of financial health checks on customers and the fragmentation of these markets, which gives an inherently very high level of risk diversification.

Other diversification activities

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

The home shopping business, carried on *via* the Téléshopping Division, is not exposed to major non-payment risks, given that payment is usually required prior to the delivery of goods or services.

There are no other significant exposures to individual customers in other Group subsidiaries that might have a lasting adverse impact on the Group’s profitability.

Financial counterparties

In investing surplus cash, the TF1 group applies a policy of selecting only high-grade banks and financial institutions that meet minimum rating criteria and with which the Group has well-established relationships, including the provision of credit facilities to the Group (see note 31.2.1 on liquidity risk).

Note 32 Share options

32.1 DETAILS OF SHARE OPTION PLANS

	Plan no. 8	Plan no. 10	Plan no. 11
Date of Shareholders' Meeting	April 23, 2002	April 17, 2007	April 17, 2007
Date of Board Meeting	August 31, 2004	February 20, 2008	February 18, 2009
Date of grant	September 16, 2004	March 20, 2008	March 20, 2009
Type of plan	subscription	subscription	subscription
Number of shares that may be subscribed / purchased	1,008,000	2,000,000	2,000,000
by corporate officers	*0*	*56,000*	*56,000*
by the 10 employees granted the most options	*100,000*	*340,000*	*340,000*
Start date of exercise period	September 16, 2007	March 20, 2011	March 20, 2012
Expiration date	September 16, 2011	March 20, 2015	March 20, 2016
Subscription / purchase price	€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, 2010	-		

Plan no. 8 was 100% hedged in 2004 by the purchase of a share call option, exercisable on the same terms as the plan.

32.2 MOVEMENT IN NUMBER OF OPTIONS OUTSTANDING

	2010		2009	
	Number of options	Weighted average subscription / purchase price *(in euros)*	Number of options	Weighted average subscription / purchase price *(in euros)*
Options outstanding at January 1	**6,339,497**	**14.97**	**4,496,100**	**18.77**
Options granted	-		1,880,897	5.98
Options cancelled or forfeited	(123,000)	11.03	(37,500)	18.98
Options exercised	-		-	-
Options expired	(1,657,600)	20.20	-	-
Options outstanding at December 31	**4,558,897**	**13.18**	**6,339,497**	**14.97**
Options exercisable at December 31	*880,500*	*23.46*	*2,543,100*	*21.34*

No options were exercised during 2010. The average residual life of options outstanding at December 31, 2010 was 48 months (45 months at December 31, 2009).

Note 33 Off balance sheet commitments

The off balance sheet commitments reported below comprise guarantee commitments given and received by the Group; reciprocal commitments not associated with the Group's operating cycles; and operating and finance lease commitments.

A commitment is reciprocal if the future commitment given by the TF1 group is inseparable from the commitment given by the other party or parties to the contract. Reciprocal commitments given and received in connection with the Group's operating cycles are reported in the note relating to the relevant balance sheet item: note 11 ("Programmes and broadcasting rights") for purchase contracts designed to secure future programming schedules, and note 31.2.1 ("Liquidity risk") for confirmed bank credit facilities.

Off balance sheet commitments are stated at the amount of the outflow or inflow of resources specified in the contract. In the case of renewable contracts, the commitment is measured on the basis of the period until the next renewal date.

In the case of reciprocal commitments, the commitment given and the commitment received are measured on the basis of the net cash outflow or inflow for the TF1 group.

The various types of commitments given and received by the TF1 group are described below:

Guarantee commitments

This item comprises guarantees provided in connection with commercial contracts or leases.

None of the non-current assets held by TF1 (intangible assets, property, plant and equipment or financial assets) is subject to any pledge or mortgage.

Reciprocal contractual commitments

Image transmission

Image transmission commitments relate to the supply of television broadcasting services (Télédiffusion de France), and to the leasing of satellite capacity and transponders from private-sector companies.

Commitments relating to equity interests

This item comprises firm or optional commitments to deliver or receive securities, and includes in particular the effect of the agreement with the AB Group, amounting to €155 million at December 31, 2010 (see note 1.1, "Acquisition of TMC and NT1") and to €192 million at December 31, 2009.

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).

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.

33.1 GUARANTEE COMMITMENTS

(€m)	< 1 year	1-5 years	> 5 years	Total 2010	Total 2009
Guarantee commitments					
Pledges, mortgages and collateral	-	-	-	-	-
Guarantees and endorsements given	2.3	1.8	-	4.1	7.8
Guarantee commitments given	**2.3**	**1.8**	**-**	**4.1**	**7.8**
Pledges, mortgages and collateral	-	-	-	-	-
Guarantees and endorsements received	0.8	1.8	-	2.6	3.3
Guarantee commitments received	**0.8**	**1.8**	**-**	**2.6**	**3.3**
GUARANTEE COMMITMENTS, NET	**1.5**	**-**	**-**	**1.5**	**4.5**

33.2 RECIPROCAL CONTRACTUAL COMMITMENTS

(€m)	< 1 year	1-5 years	> 5 years	Total 2010	Total 2009
Miscellaneous contractual commitments					
Image transmission	55.5	60.3	2.9	118.7	160.0
Commitments relating to equity interests	5.2	169.0	4.7	178.9	221.1
Other commitments	13.5	8.8	-	22.3	25.2
Miscellaneous contractual commitments given	**74.2**	**238.1**	**7.6**	**319.9**	**406.3**
Image transmission	55.5	60.3	2.9	118.7	160.0
Commitments relating to equity interests	5.2	169.0	4.7	178.9	221.1
Other commitments	13.5	8.8	-	22.3	25.2
Miscellaneous contractual commitments received	**74.2**	**238.1**	**7.6**	**319.9**	**406.3**
MISCELLANEOUS CONTRACTUAL COMMITMENTS, NET	**-**	**-**	**-**	**-**	**-**

33.3 OPERATING LEASES

(€m)	< 1 year	1-5 years	> 5 years	Total 2010	Total 2009
Operating leases					
Operating lease commitments given	22.6	91.1	31.8	145.5	164.3
Operating lease commitments received	22.6	91.1	31.8	145.5	164.3
OPERATING LEASE COMMITMENTS, NET	**-**	**-**	**-**	**-**	**-**

33.4 FINANCE LEASES

(€m)	< 1 year	1-5 years	> 5 years	Total 2010	Total 2009
Finance leases (already recognised in the balance sheet)	**3.8**	**16.2**	**-**	**20.0**	**1.2**

Note 34 Related-party information

34.1 EXECUTIVE COMPENSATION

Total compensation paid during 2010 to key executives of the Group (*i.e.* the 15 members of the TF1 Management Committee mentioned in the Annual Report) was €7.7 million, comprising:

(€m)	2010	2009
Fixed compensation	6.1	5.4
Variable compensation	1.6	1.6
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 €0.4 million;
- the portion of the total obligation in respect of retirement and other post-employment benefits relating to these key executives was €2.6 million.

The Bouygues Group offers the members of its Executive Committee, who include 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 2010 to the investment fund of the insurance company which manages the scheme was €0.1 million.

Apart from loans of shares made to key executives who are also members of the Board of Directors in connection with their duties, no material loans or guarantees were extended to key executives or members of the Board of Directors.

34.2 TRANSACTIONS WITH OTHER RELATED PARTIES

Transactions with other related parties are summarised in the table below:

	Income		Expenses		Debtors		Creditors	
(€m)	2010	2009	2010	2009	2010	2009	2010	2009
Parties with an ownership interest (Bouygues SA)	-	0.1	(6.5)	(5.4)	-	-	4.0	1.9
Jointly controlled entities	3.6	4.8	(4.9)	(6.2)	2.4	11.8	1.9	3.1
Associates	6.9	10.7	(5.9)	(8.5)	1.6	8.3	3.1	8.3
Other related parties	36.9	27.8	(7.2)	(9.6)	9.7	453.4	2.3	4.2
TOTAL	**47.4**	**43.4**	**(24.5)**	**(29.7)**	**13.7**	**473.5**	**11.3**	**17.5**

* *Bouygues Relais cash pooling agreement (see note 31.2.1).*

Agreements entered into with jointly controlled entities and with associates relate primarily to operational transactions in the course of ordinary business in the audiovisual sector, recharges of head office administrative expenses, and income and expenses arising from short-term cash pooling transactions.

Agreements executed with other related parties relate mainly to transactions with fellow-subsidiaries of Bouygues SA under agreements entered into in the course of ordinary business of a commercial nature, with the exception of transactions with Bouygues Relais under a short-term cash pooling agreement.

Note 35 Auditors' fees

The table below shows fees paid by TF1 to the Group's auditors:

	Mazars				KPMG				Other firms			
	Amount		%		Amount		%		Amount		%	
(€ thousand)	2010	2009	2010	2009	2010	2010	2010	2010	2010	2009	2010	2009
Audit												
Audit of consolidated and individual company financial statements	**(812)**	**(769)**	**97%**	**96%**	**(795)**	**(762)**	**89%**	**92%**	**(76)**	**(50)**	**100%**	**98%**
TF1 SA	*(230)*	*(219)*			*(230)*	*(219)*			-	-		
Subsidiaries	*(582)*	*(550)*			*(565)*	*(543)*			*(76)*	*(50)*		
Other procedures and services directly related to the audit engagement	(25)	(31)	3%	4%	(102)	(30)	11%	4%	-	-	-	-
TF1 SA	*(25)*	-			*(100)*	*(4)*			-	-		
Subsidiaries	-	*(31)*			*(2)*	*(26)*			-	-		
Other												
Sub-total	**(837)**	**(800)**	**100%**	**100%**	**(897)**	**(792)**	**100%**	**96%**	**(76)**	**(50)**	**100%**	**98%**
Other services provided by the network to fully consolidated subsidiaries												
Company law, tax and employment law	-	-	-	-	-	(32)	0%	4%	-	(1)	0%	-
Other (if > 10% audit-related fees)	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total	**-**	**-**	**-**	**-**	**-**	**(32)**	**0%**	**4%**	**-**	**(1)**	**0%**	**2%**
TOTAL	**(837)**	**(800)**	**100%**	**100%**	**(897)**	**(824)**	**100%**	**100%**	**(76)**	**(51)**	**100%**	**100%**

Note 36 Dependence on licences

TF1 requires a licence to carry on its activities as a broadcaster.

The law of September 30, 1986, as amended by Law 2007-309 of March 5, 2007, stipulates that subject to certain conditions, a company's broadcasting licence may be automatically renewed. TF1 has signed the necessary agreements and provided the necessary undertakings to retain its broadcasting licence until 2022.

The following subsidiaries or jointly-controlled entities hold Digital Terrestrial Television licences, awarded on June 10, 2003 for a ten-year period: LCI, Eurosport France, TMC, NT1 and TF6.

Note 37 Post balance sheet events

37.1 DIVESTMENT OF 1001 LISTES

On January 11, 2011, the TF1 group and Galeries Lafayette signed an agreement for the sale by TF1 of its entire equity interest in 1001 Listes. The sale was completed on February 4, 2011.

Note 38 Detailed list of companies included in the consolidation

COMPANY	COUNTRY	ACTIVITY	2010 % CONTROL(1)	2010 CONSOLIDATION METHOD	2009 % CONTROL	2009 CONSOLIDATION METHOD
TF1 SA	**France**	**Broadcasting**	**Parent company**		**Parent company**	
BROADCASTING France						
TF1 PUBLICITÉ	France	TF1 advertising airtime sales house	100.00%	Full	100.00%	Full
TF1 FILMS PRODUCTION	France	Co-production of films	100.00%	Full	100.00%	Full
TELESHOPPING	France	Home Shopping	100.00%	Full	100.00%	Full
TV BREIZH	France	Theme channel	100.00%	Full	100.00%	Full
UNE MUSIQUE	France	Music publishing	100.00%	Full	100.00%	Full
TF6	France	Theme channel	50.00%	Proportionate	50.00%	Proportionate
TF1 ENTREPRISES	France	Merchandising, spin-offs	100.00%	Full	100.00%	Full
EUROSPORT France SA	France	Marketing the Eurosport channel in France	100.00%	Full	100.00%	Full
EZ TRADING	France	Import-Export	100.00%	Full	100.00%	Full
TF1 THÉMATIQUES	France	Holding company – Theme Channel Division	100.00%	Full	100.00%	Full
E-TF1	France	Creation / broadcasting of internet services	100.00%	Full	100.00%	Full
LA CHAÎNE INFO	France	Operator of 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
SÉRIE CLUB	France	Theme channel	50.00%	Proportionate	50.00%	Proportionate
MONTE CARLO PARTICIPATIONS(2)	France	TMC holding company	100.00%	Full	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
STYLIA	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	80.00%	Full	40.00%	Proportionate
INFOSHOPPING	France	Infomercials	100.00%	Full	100.00%	Full
WAT	France	Creation of internet services	100.00%	Full	100.00%	Full
TMC RÉGIE(2)	France	TMC advertising airtime sales house	100.00%	Full	40.00%	Proportionate
JFG NETWORKS	France	Creation of internet services	-	-	40.03%	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

COMPANY	COUNTRY	ACTIVITY	2010 % CONTROL[1]	2010 CONSOLIDATION METHOD	2009 % CONTROL	2009 CONSOLIDATION METHOD
SF2J	France	Producer of card & board games	100.00%	Full	100.00%	Full
DUJARDIN	France	Producer of card & board games	100.00%	Full	100.00%	Full
WB TÉLÉVISION	Belgium	Broadcasting	49.00%	Equity	49.00%	Equity
HOLDING OMEGA PARTICIPATIONS	France	Holding company	100.00%	Full	-	-
GROUPE AB	France	Production, programming & broadcasting of audiovisual material	-	-	33.50%	Equity
GIE TF1 Acquisitions de droits	France	Acquisition & sale of audiovisual rights	100.00%	Full	100.00%	Full
NT1	France	Theme channel	100.00%	Full	-	-
TF1 DS	France	Acquisition & sale of audiovisual rights	100.00%	Full	-	-
DUALNET COMMUNICATION	France	Operator of consumer websites	-	-	100.00%	Full
PLACE DES TENDANCES	France	e-commerce	80.00%	Full	80.00%	Full
TF1 EXPANSION	France	Holding company	100.00%	Full	100.00%	Full
AUDIOVISUAL RIGHTS						
CIBY 2000	France	Exploitation of audiovisual rights	100.00%	Full	100.00%	Full
TF1 VIDEO	France	Exploitation of video rights	100.00%	Full	100.00%	Full
GIE SONY TF1 VIDEO	France	Exploitation of video rights	50.00%	50.00%		
TF1 DROITS AUDIOVISUELS	France	Exploitation of audiovisual rights	100.00%	Full	100.00%	Full
TCM DA	France	Exploitation of audiovisual rights	50.00%	Proportionate	50.00%	Proportionate
TCM GESTION	France	TCM DA management company	49.96%	Proportionate	49.96%	Proportionate
TF IMAGE 2	France	Exploitation of audiovisual rights	-	-	100.00%	Full
TF1 INTERNATIONAL	France	Exploitation of audiovisual rights	66.00%	Full	66.00%	Full
UGC DISTRIBUTION	France	Exploitation of audiovisual rights	34.00%	Equity	34.00%	Equity
BROADCASTING INTERNATIONAL						
EUROSPORT SA	France	Marketing of Eurosport channel outside France	100.00%	Full	100.00%	Full
EUROSPORT BV	Netherlands	Marketing of Eurosport channel in the Netherlands	100.00%	Full	100.00%	Full
EUROSPORT TELEVISION LTD	UK	Marketing of Eurosport channel in the United Kingdom	100.00%	Full	100.00%	Full
EUROSPORT TV AB	Sweden	Marketing of Eurosport channel in Sweden	100.00%	Full	100.00%	Full

COMPANY	COUNTRY	ACTIVITY	2010 % CONTROL(1)	2010 CONSOLIDATION METHOD	2009 % CONTROL	2009 CONSOLIDATION METHOD
EUROSPORT MEDIA GMBH	Germany	Marketing of Eurosport channel in Germany	100.00%	Full	100.00%	Full
EUROSPORT EVENT LTD	UK	Motor race organiser	100.00%	Full	100.00%	Full
SRW EVENTS LTD	UK	Motor race organiser	100.00%	Full	100.00%	Full
EUROSPORT ITALIA	Italy	Marketing of Eurosport channel in Italy	100.00%	Full	100.00%	Full
EUROSPORT ASIA-PACIFIC	Hong Kong	Marketing of Eurosport channel in Asia	100.00%	Full	100.00%	Full
EUROSPORT MEDIA SA	Switzerland	Marketing of Eurosport channel in Switzerland	100.00%	Full	100.00%	Full
EUROSPORT SA SPAIN	Spain	Marketing of Eurosport channel in Spain	100.00%	Full	100.00%	Full
EUROSPORT FINLAND	Finland	Marketing of Eurosport channel in Finland	100.00%	Full	100.00%	Full
EUROSPORTNEWS DISTRIBUTION LTD	Hong Kong	Marketing of Eurosport channel in Asia	98.00%	Full	98.00%	Full
EUROSPORT NORVÈGE AS	Norway	Marketing of Eurosport channel in Norway	100.00%	Full	100.00%	Full
EUROSPORT POLSKA	Poland	Marketing of Eurosport channel in Poland	100.00%	Full	100.00%	Full
EUROSPORT DANMARK APS	Denmark	Marketing of Eurosport channel in Denmark	100.00%	Full	100.00%	Full
EUROSPORT EVENTS	France	Sports event organiser	100.00%	Full	100.00%	Full
EUROSPORT ARABIA FZ LLC	UAE	Marketing of Eurosport channel in the Middle East	100.00%	Full	-	-
EUROSPORT MEDIA DISTRIBUTION Portugal	Portugal	Marketing of Eurosport channel in Portugal	100.00%	Full	-	-
OTHER ACTIVITIES						
METRO FRANCE PUBLICATIONS(2)	France	Print media publishing	34.30%	Equity	34.30%	Equity
SPS	France	Online gaming operator	100.00%	Full	50.00%	Proportionate
1001 Listes	France	Creation of internet services	100.00%	Full	100.00%	Full

(1) Except for TMC (in which TF1 has a percentage interest of 80%), there are no material differences between percentage control and percentage interest.
(2) Monte Carlo Participations, Télé Monte Carlo and TMC Régie: in 2009, these companies were jointly controlled under the terms of the agreement of July 6, 2004 between TF1 and the AB Group.
(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.

4.3 PARENT COMPANY FINANCIAL STATEMENTS

4.3.1 Parent company balance sheet (French GAAP)

ASSETS *(€m)*	Note	31/12/2010 Net	31/12/2009 Net
Intangible assets	2.2 & 3.1	*42.0*	*48.5*
Concessions and similar rights		8.6	2.3
Trademarks		0.0	0.0
Purchased goodwill		0.0	0.0
Other intangible assets		0.0	0.0
Intangible assets in progress		2.2	5.0
Co-productions available for transmission		8.8	13.4
Co-productions available for retransmission		15.0	21.0
Co-productions in progress		7.4	6.8
Property, plant and equipment	2.3 & 3.2	***50.7***	***64.6***
Land		0.0	0.0
Buildings		0.0	0.0
Technical facilities		21.7	19.9
Other property, plant and equipment		29.0	32.1
Property, plant and equipment under construction		0.0	12.6
Non-current financial assets	2.4 & 3.3	***1,474.1***	***1,209.9***
Investments in subsidiaries and affiliates		1,313.5	1,049.3
Loans and advances to subsidiaries and affiliates		0.0	0.0
Other long-term investment securities		0.1	0.1
Loans receivable		160.2	160.2
Other non-current financial assets		0,.3	0.3
NON-CURRENT ASSETS		**1,566.8**	**1,323.0**
Inventories and work in progress	2.5 & 3.4	***421.8***	***445.2***
Raw materials and other supplies		0.0	0.1
Goods bought for resale		0.0	0.0
Broadcasting rights (initial transmission)		202.8	208.8
Broadcasting rights (available for retransmission)		217.1	235.9
Broadcasting rights in progress		1.9	0.4
Advance payments	2.6 & 3.5.1	154.7	226.2
Trade debtors	2.7 & 3.5.2	334.3	419.5
Other debtors	3.5.3	131.4	166.0
Short-term investments and cash	2.8 & 3.6	70.9	706.7
Prepaid expenses	3.7	5.6	6.6
CURRENT ASSETS		**1,118.7**	**1,970.2**
Deferred charges		0.0	0.2
Bond redemption premium		0.0	0.4
Unrealised foreign exchange losses		0.0	0.4
TOTAL ASSETS		**2,685.5**	**3,294.2**

LIABILITIES AND SHAREHOLDERS' EQUITY *(€m)*	Note	31/12/2010	31/12/2009
Share capital		42.7	42.7
Share premium		3.8	3.8
Revaluation reserve		0.0	0.0
Legal reserve		4.3	4.3
Long-term capital gains reserve		0.0	0.0
Other reserves		835.0	835.0
Retained earnings		250.7	144.0
Net profit for the year		157.2	198.4
Restricted provisions	*2.10*	34.1	34.2
Shareholders' equity	*3.8*	**1,327.8**	**1,262.4**
Provisions for liabilities and charges	*2.11 & 3.9*	**67.5**	**38.4**
Bond issues		0.0	503.0
Bank borrowings(1)		0.1	1.0
Other borrowings(2)		497.2	561.7
Trade creditors		318.0	368.9
Tax and employee-related liabilities		159.9	169.3
Amounts payable in respect of non-current assets		1.4	3.7
Other liabilities		313.6	384.8
Deferred income		0.0	0.9
Liabilities	*3.10*	**1,290.2**	**1,993.3**
Unrealised foreign exchange gains		0.0	0.1
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2,685.5**	**3,294.2**
(1) Including bank overdrafts		*0.0*	*0.2*
(2) Including intra-group current accounts		*497.2*	*561.7*

4.3.2 Parent company income statement (French GAAP)

(€m)	Note	2010	2009
Operating income		**1,660.5**	**1,587.9**
Advertising revenue	2.12 & 4.1	1,473.9	1,357.7
Technical services revenue		2,.3	2.9
Other revenue		8.4	16.0
Revenue		**1,484.6**	**1,376.6**
Stored production		0.7	0.7
Capitalised production		5.2	9.5
Operating grants		0.0	0.4
Reversals of depreciation, amortisation, provisions and impairment		68.9	100.8
Cost transfers	4.6	98.6	97.5
Other income		2.5	2.4
Operating expenses		**(1,506.4)**	**(1,547.2)**
Purchases of raw materials and other supplies	4.2	(594.5)	(653.6)
Change in inventory		(38.9)	(21.5)
External expenses		(421.2)	(374.2)
Taxes other than income taxes	4.3	(109.5)	(104.7)
Wages and salaries	4.4	(127.9)	(138.7)
Social security charges	4.4	(64.8)	(69.3)
Depreciation, amortisation, provisions and impairment			
■ amortisation of co-productions already transmitted		(13.7)	(10.8)
■ amortisation and depreciation of other non-current assets		(15.6)	(14.7)
■ amortisation of deferred charges		(0.2)	(0.2)
■ impairment of intangible assets and current assets		(41.1)	(85.5)
■ provisions for liabilities and charges		(18.3)	(13.9)
Other expenses	4.5	(60.7)	(60.1)
OPERATING PROFIT		**154.1**	**40.7**
Share of profits / losses of joint operations		**0.0**	**0.0**
Financial income		139.7	266.8
Financial expenses		(88.9)	(117.1)
NET FINANCIAL INCOME	4.7	**50.8**	**149.7**
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS		**204.9**	**190.4**
Exceptional income		**22.5**	**49.8**
Exceptional income from operating transactions		0.5	0.1
Exceptional income from capital transactions		13.3	43.9
Reversals of provisions and impairment		8.7	5.8
Exceptional expenses		**(32.1)**	**(59.2)**
Exceptional expenses on operating transactions		(1.2)	(0.2)
Exceptional expenses on capital transactions		(22.2)	(53.5)
Depreciation, amortisation, provisions and impairment		(8.7)	(5.5)
EXCEPTIONAL ITEMS	4.8	**(9.6)**	**(9.4)**
Employee profit-sharing		(4.6)	(0.3)
Income taxes	4.9 & 4.10	(33.5)	17.7
NET PROFIT		**157.2**	**198.4**

4.3.3 Parent company cash flow statement (French GAAP)

CASH FLOW STATEMENT *(€m)*	2010	2009
1 – Operating activities		
■ Net profit for the year	157.2	198.4
■ Depreciation, amortisation, provisions and impairment(1) (2)	51.2	6.0
■ Investment grants released to the income statement	0.0	0.0
■ Net (gain) / loss on disposals of non-current assets	0.6	1.4
Operating cash flow before changes in working capital	**209.0**	**205.8**
■ Acquisitions of co-productions(2)	(3.6)	(12.4)
■ Amortisation and impairment of co-productions(2)	6.3	9.0
■ Inventories	23.4	(1.7)
■ Trade and other debtors	121.1	(89.2)
■ Trade and other creditors	(132.3)	129.0
■ Deferred charges	0.0	0.0
■ Advance payments received from third parties, net	71.6	(16.7)
Change in operating working capital needs	***86.5***	***18.0***
Net cash generated by / (used in) operating activities	**295.5**	**223.8**
2 – Investing activities		
■ Acquisitions of property, plant & equipment and intangible assets(1) (2)	(15.8)	(28.9)
■ Disposals of property, plant & equipment and intangible assets(1) (2)	10.2	0.2
■ Acquisitions of investments in subsidiaries and affiliates	(263.1)	(6.4)
■ Disposals of investments in subsidiaries and affiliates	0.0	2.4
■ Net change in amounts payable in respect of non-current assets	(2.4)	(0.7)
■ Net change in other non-current financial assets	0.0	71.0
Net cash generated by / (used in) investing activities	**(271.1)**	**37.6**
3 – Financing activities		
■ Change in shareholders' equity	0.0	0.0
■ Net change in debt	(568.2)	8.5
■ Dividends paid	(91.8)	(100.3)
Net cash generated by / (used in) financing activities	**(660.0)**	**(91.8)**
Total change in cash position	**(635.6)**	**169.6**
Cash position at beginning of period	706.5	536.9
Change in cash position	(635.6)	169.6
Cash position at end of period	70.9	706.5

(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, 2010 have been prepared in accordance with legal and regulatory requirements as currently applicable in France.

These financial statements have been approved by the Board of Directors on February 16, 2011 and will be submitted for shareholders' approval during the Ordinary General Meeting on April 14, 2011.

Note 1 Significant events

ACQUISITION OF TMC AND NT1

Since 2007, the TF1 group had held a 33.5% interest in the AB Group, which in turn held investments including a 40% interest in TMC and a 100% interest in NT1. TF1 also held a 40% direct interest in TMC, acquired in 2005.

On June 11, 2010, TF1 and the AB Group finalized the implementation of the agreement signed on June 10, 2009, as a result of which TF1 acquired from the other AB Group shareholders their remaining 66.5% stake in the AB Group's 40% interest in TMC and the 100% interest in NT1 held by the AB Group, for a total price of €194.9 million.

TF1 has retained the same interest in the other activities of the AB Group (33.5%) as it held prior to this transaction; this interest is valued at €155 million. The AB Group management team has been granted a call option over this interest, exercisable at any time during a two-year period starting June 11, 2010 at a price of €155 million.

ACQUISITION OF AN EQUITY INTEREST IN WIKIO IN EXCHANGE FOR THE EQUITY INTEREST IN JFG NETWORKS

On November 11, 2010, the TF1 group reached an agreement with the Wikio Group under which TF1 transferred its 40% equity interest in JFG Networks in exchange for shares in a new group comprising JFG Networks, Wikio and Wikio's other subsidiaries. Following this transaction, the TF1 group became a shareholder in the Wikio Group with a 13.2% equity interest.

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, 2010.

There were no changes in accounting policy during the year ended December 31, 2010.

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, 2008 and still unpaid;
- 50% of all trade debts (excluding VAT) arising during 2008 and still unpaid.

Risks on trade debts arising since December 31, 2008 and still unpaid at December 31, 2010 are immaterial.

2.8 SHORT-TERM INVESTMENTS AND CASH

TF1 SA provides centralised treasury management for the Group. Treasury current accounts are classified as cash in order to achieve consistency with the classification of treasury current account credit balances, included in "Other borrowings".

Short-term investments are measured at acquisition cost. A provision for impairment is recorded if the recoverable amount falls below acquisition cost.

2.9 FOREIGN-CURRENCY TRANSACTIONS AND UNREALISED FOREIGN EXCHANGE GAINS / LOSSES

Invoices received in foreign currencies are translated into euros at the rate prevailing on the date of initial recognition, and foreign-currency liabilities are translated using the exchange rate prevailing as of December 31. Unrealised foreign exchange losses and gains are recorded on the relevant lines on the assets and liabilities sides of the balance sheet.

Unrealised foreign exchange losses on unhedged liabilities are covered by a provision included in "Provisions for liabilities and charges".

2.10 RESTRICTED PROVISIONS

This item comprises:

- tax depreciation on co-production shares for programmes not yet transmitted, calculated from the first day of the month following the end of shooting in accordance with the rules defined by the French tax authorities on July 3, 1970. The monthly percentages used are:

Month 1	20%
Month 2	15%
Months 3 to 9	5%
Months 10 to 24	2%

- tax depreciation of software and licences, in addition to the accounting depreciation recognised in the balance sheet;
- tax depreciation on transaction costs on acquisitions of equity interests, calculated over 5 years on a straight line basis.

2.11 PROVISIONS FOR LIABILITIES AND CHARGES

A provision is recorded when a legal or constructive obligation to a third party arising from a past event will certainly or probably result in an outflow of resources that can be measured reliably. Provisions are reviewed at each balance sheet date, and adjusted where necessary to reflect the best estimate of the obligation as of that date.

Contingent liabilities are obligations whose existence will be confirmed only by the occurrence of future events or for which the outflow of resources cannot be measured reliably. No provision is recorded for contingent liabilities.

2.11.1 Retirement benefits

TF1 SA's obligation in respect of retirement benefits is limited to the level of benefits stipulated in the relevant collective agreements. It is calculated using the projected unit credit method at the expected retirement date based on final salary, and recognised as a liability in "Provisions for liabilities and charges", net of amounts transferred to an insurance fund.

2.11.2 Long-service leave

Additional compensated absence is awarded by TF1 SA to employees based on length of service. The calculation of the cost of vested compensated absence rights takes into account length of service, salary at the time the rights will be taken up, and staff turnover. The resulting liability is discounted, and is recognised in "Provisions for liabilities and charges".

2.11.3 Other provisions for liabilities and charges

These mainly comprise provisions for litigation and claims. The provision is measured as the probable outflow of resources resulting from ongoing litigation or claims arising from an event prior to the balance sheet date. They include provisions for tax and social security disputes. The amount shown on reassessment notices issued by the authorities is provided for unless the company regards it as highly probable that it will successfully defend its position against the authorities. The undisputed portion of reassessment notices is recognised as a liability as soon as the amount is known.

2.12 ADVERTISING REVENUE

Sales of advertising airtime are recognised as revenue on transmission of the advertisement or commercial. The revenue recognised is the amount invoiced by 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 are disclosed as off balance sheet commitments.

2.14 FINANCIAL INSTRUMENTS

TF1 uses financial instruments to hedge its exposure to fluctuations in interest rates and exchange rates. This exposure is generated by transactions entered into by TF1 SA itself, and by foreign exchange guarantees provided to subsidiaries in connection with the centralised management of the Group's foreign exchange risk.

Group policy is to trade on the financial markets solely for hedging purposes related to its business activities, and not to trade for speculative purposes.

Gains and losses on financial instruments used for hedging purposes are measured and recognised symmetrically with the recognition of gains and losses on the hedged item.

Note 3 Notes to the balance sheet

3.1 INTANGIBLE ASSETS

Intangible assets mainly comprise programme co-production shares, movements in which are shown below:

(€m)	2010	2009
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
CO-PRODUCTIONS AT JANUARY 1	**42.7**	**41.1**
Acquisitions	15.0	23.7
Consumption on 1st transmission	(9.6)	(9.1)
Consumption on 2nd transmission	(4.1)	(1.7)
Total consumption on transmission	**(13.7)**	**(10.8)**
Expired	(1.8)	(2.5)
Retired or abandoned	(6.5)	(5.7)
Resold (net book value)	(3.0)	(3.1)
Decreases	**(25.0)**	**(22.1)**
CO-PRODUCTIONS AT DECEMBER 31	**32.7**	**42.7**
Breakdown of co-production shares:		
Co-productions in progress	8.9	8.3
Co-productions available for transmission	8.8	13.4
Co-productions available for retransmission	15.0	21.0
Total	**32.7**	**42.7**
PROVISIONS FOR IMPAIRMENT		
At January 1	**1.5**	**1.6**
Charges during the period		
Reversals during the period	0.0	(0.1)
At December 31	**1.5**	**1.5**

As of December 31, 2010, the risk of non-transmission for co-produced programmes was €13.2 million, of which:

- €1.5 million was covered by provisions for impairment;
- €11.7 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 2010	Total 2009
Co-production shares	6.7	2.4	5.5	14.6	13.9

3.2 PROPERTY, PLANT AND EQUIPMENT

The table below shows movements in property, plant and equipment during the year:

Gross value *(€m)*	01/01/2010	Increases	Decreases	Transfers	31/12/2010
Technical facilities	86.9	6.5	(17.0)	12.6	89.0
Other property, plant and equipment	92.2	4.3	(15.3)	0.3	81.5
Property, plant and equipment under construction	12.6	0.3		(12.9)	0.0
TOTAL	**191.7**	**11.1**	**(32.3)**		**170.5**
Depreciation	**01/01/2010**	**Increases**	**Decreases**		**31/12/2010**
Technical facilities	67	7.2	(6.9)		67.3
Other property, plant and equipment	60.1	7.4	(15.0)		52.5
TOTAL	**127.1**	**14.6**	**(21.9)**		**119.8**

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, 2009	**1,267.2**	**0.1**	**160.2**	**0.3**	**1,427.8**
Increases					
TF1 Institut shares	0.6				0.6
TF1 Droits Audiovisuels shares	50.0				50.0
Metro France Publication shares	0.3				0.3
Ouest Info shares	1.0				1.0
One Cast shares	4.5				4.5
WAT shares	5.1				5.1
HOP shares	46.6				46.6
TF1 DS shares	0.1				0.1
AB Group shares	155.0				155.0
Wikio shares (in exchange for JFG Networks)	3.5				3.5
Decreases					
Soparmedias	(0.3)				(0.3)
JFG Networks shares (transferred to Wikio)	(3.5)				(3.5)
GROSS VALUE AT DECEMBER 31, 2010	**1,530.1**	**0.1**	**160.2**	**0.3**	**1,690.7**
Provisions for impairment					
December 31, 2009	**217.9**				**217.9**
Charges during the period	23.9				23.9
Reversals during the period	(25.2)				(25.2)
December 31, 2010	**216.6**				**216.6**
NET VALUE AT DECEMBER 31, 2010	**1,313.5**	**0.1**	**160.2**	**0.3**	**1,474.1**

"Loans receivable" comprises a loan to Eurosport (balance outstanding at December 31, 2010: €160.0 million).

Impairment losses charged in the period relate to Eurosport France (€12.5 million) and TF1 Thématiques (€11.4 million).

Reversals of impairment losses relate to TF1 Droits Audiovisuels (€25.0 million) and Soparmedias (€0.3 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 2010	Total 2009
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
Inventory at January 1	**582.4**	**1.4**	**583.8**	**604.6**
Purchases during the year	592.5	311.0	903.5	914.9
Consumption on 1st transmission	(502.2)	(309.6)	(811.8)	(784.5)
Consumption on 2nd transmission	(83.4)		(83.4)	(71.9)
Total consumption on transmission	**(585.6)**	**(309.6)**	**(895.2)**	**(856.4)**
Expired	(21.2)		(21.2)	(34.7)
Retired or abandoned	(12.0)	(0.7)	(12.7)	(16.7)
Resold	(12.5)		(12.5)	(27.9)
Total consumption	**(631.3)**	**(310.3)**	**(941.6)**	**(935.7)**
Inventory at December 31	**543.6**	**2.1**	**545.7**	**583.8**
Change in inventory	**(38.8)**	**0.7**	**(38.1)**	**(20.8)**
Closing inventory breaks down as follows:				
Broadcasting rights (initial transmission)	226.4	0.2	226.6	234.0
Broadcasting rights (available for retransmission)	317.2		317.2	349.4
Broadcasting rights in progress		1.9	1.9	0.4
TOTAL	**543.6**	**2.1**	**545.7**	**583.8**
Provisions for impairment				
Balance at January 1	**138.7**	**0.0**	**138.7**	**161.3**
Transfers	0.5		0.5	0.0
Charges during the period	31.1		31.1	60.4
Reversals during the period	(46.4)		(46.4)	(83.0)
Balance at December 31	**123.9**	**0.0**	**123.9**	**138.7**

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 2010	Total 2009
Programmes and broadcasting rights	433.8	401.8	23	858.6	1,143.40
Sports transmission rights	109.2	151.9		261.1	312.5
TOTAL	**543**	**553.7**	**23**	**1,119.7**	**1,455.90**

Some of these contracts are expressed in foreign currencies: €153.6 million in U.S. dollars and €6.9 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 (€123.8 million, against which provisions of €1.7 million have been charged) and for sports transmission contracts (€41.0 million, against which provisions of €10 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 €309.2 million as of December 31, 2010, compared with €379.3 million as of December 31, 2009.

3.5.3 Other debtors

This item mainly comprises VAT recoverable of €68.6 million, and current accounts with subsidiaries of €58.1 million (against which provisions of €1.4 million have been charged).

3.5.4 Provisions for impairment of advance payments and debtors

(€m)	01/01/2010	Transfers	Charges	Reversals	31/12/2010
Advance payments	19.4	(0.5)	10.0	(17.2)	11.7
Other debtors	8.2		0.0		8.2
TOTAL	**27.6**	**(0.5)**	**10.0**	**(17.2)**	**19.9**

3.5.5 Loans receivable and debtors by due date

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total
Non-current assets	160.0	0.5	0.0	160.5
Current assets(1)	535.6	1.0	0.0	536.6
TOTAL	**695.6**	**1.5**	**0.0**	**697.1**

(1) Excluding advance payments

3.6 SHORT-TERM INVESTMENTS AND CASH

These items break down as follows:

Gross value *(€m)*	2010	2009
Short-term investments	**0.4**	**0.4**
Bank deposits and funds in transit	22.5	105.1
Treasury current accounts with debit balances	47.3	603.5
Cash in hand	0.9	0.6
Accrued interest receivable	0.0	1.8
Cash	**70.7**	**711.0**
TOTAL	**71.1**	**711.4**
Provisions for impairment of current accounts and short-term investments		
Balance at January 1	**4.7**	**1.6**
Charges during the period	0.0	4.5
Reversals during the period	(4.5)	(1.4)
Balance at December 31	**0.2**	**4.7**
NET VALUE	**70.9**	**706.7**

As of December 31, 2010, short-term investments comprised 14,625 TF1 shares, against which an impairment loss of €0.2 million has been charged.

3.7 PREPAID EXPENSES

Prepaid expenses amounted to €5.6 million at December 31, 2010 (versus €6.6 million at December 31, 2009).

3.8 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)	01/01/2010	Appropriation of profit (2010 AGM)(1)	Increases	Decreases	31/12/2010
Share capital	42.7	-			42.7
Share premium	3.8	-			3.8
Legal reserve	4.3	-	-	-	4.3
Retained earnings	144.0	106.7	-	-	250.7
Other reserves	835.0		-	-	835.0
Net profit for the year	198.4	(198.4)	157.2		157.2
Sub-total	**1,228.2**	**(91.7)**	**157.2**	**0.0**	**1,293.7**
Restricted provisions(2)	34.2		8.6	(8.7)	34.1
TOTAL	**1,262.4**	**(91.7)**	**165.8**	**(8.7)**	**1,327.8**
Number of shares	**213,410,492**				**213,410,492**

(1) Dividends paid from April 30, 2010.
(2) Restricted provisions comprise the following items:

(€m)	01/01/2010	Charges	Reversals	31/12/2010
Co-production shares	31.0	1.1	8.5	23.6
Transaction costs on acquisitions of equity interests	1.4	1.3	-	2.7
Software and licences	1.8	6.2	0.2	7.8
TOTAL	**34.2**	**8.6**	**8.7**	**34.1**

3.9 PROVISIONS FOR LIABILITIES AND CHARGES

Provisions are established using the methods described in note 2.11. Movements during the year were as follows:

(€m)	01/01/2010	Charges	Reversals (used)	Reversals (unused)	31/12/2010
Provisions for litigation and claims	10.2	3.3	(0.3)	(0.5)	12.7
Provisions for equity investments	7.2	33.4	(7.0)	(0.2)	33.4
Provisions for retirement benefit obligations	13.8	2.8	(1.4)	(2.0)	13.2
Provisions for long-service leave	4.8	1.8	(0.5)	(0.2)	5.9
Provisions for miscellaneous risks	2.4	0.3	(0.4)		2.3
TOTAL	**38.4**	**41.6**	**(9.6)**	**(2.9)**	**67.5**

Provisions for equity investments consist of TF1 SA's share of the losses of subsidiaries, including those established in the form of partnerships.

The €13.2 million provision for retirement benefit obligations represents the present value of the obligation (€17.3 million) minus the fair value of plan assets (€4.1 million). The main assumptions used in calculating the present value of the obligation are:

- discount rate: 4.62%;
- salary inflation rate: 2.00%;
- age on retirement: 62.

No material contingent liabilities (*i.e.* litigation or claims liable to result in a possible outflow of resources) were identified as of the balance sheet date.

3.10 LIABILITIES

3.10.1 Bond issues

In November 2003, carried out a €500 million bond issue; this issue was redeemed in full in November 2010.

3.10.2 Bank borrowings

This item includes an immaterial amount of accrued interest on swaps contracted by TF1 SA.

TF1 SA had confirmed credit facilities of €1,105.5 million with various banks as at December 31, 2010, none of which was drawn down at that date; of this amount, €300.5 million was due to expire within less than one year and €805.0 million after more than one year.

3.10.3 Other borrowings

This item includes surplus cash invested on behalf of subsidiaries under cash pooling agreements of €497.2 million (versus €561.7 million at end 2009).

3.10.4 Other liabilities

This item mainly comprises credit notes and accrued discounts in favour of TF1 Publicité amounting to €293.1 million (versus €378.2 million in 2009).

3.10.5 Liabilities by maturity

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total
Bank borrowings	0.1			0.1
Other borrowings	497.2			497.2
Trade creditors	318.0			318.0
Tax and employee-related liabilities	159.9			159.9
Amounts payable in respect of non-current assets	1.4			1.4
Other liabilities	311.9	1.7		313.6
TOTAL	**1,288.5**	**1.7**	**0.0**	**1,290.2**

3.10.6 Accrued income and expenses

(€m)			
Accrued income included in:		**Accrued expenses included in:**	
Trade debtors	6.9	Trade creditors	150.9
Other debtors	55.8	Tax and employee-related liabilities	66.1
		Amounts payable in respect of non-current assets	0.8
		Other liabilities	293.2

Note 4 Notes to the income statement

4.1 REVENUE

Advertising revenue of €1,473.9 million was recognised in 2010, compared with €1,357.7 million in 2009.

4.2 PURCHASES OF RAW MATERIALS AND OTHER SUPPLIES AND CHANGES IN INVENTORY

This line includes broadcasting rights consumed of €631.3 million (2009: €674.8 million). See note 3.4.

4.3 TAXES OTHER THAN INCOME TAXES

The main item included on this line is TF1 SA's contribution to the French cinematographic industry support fund, which amounted to €84.1 million in 2010 compared with €77.6 million in 2009. In 2010, this line also included €6.0 million in respect of the tax on broadcast advertising (versus €9.3 million in 2009).

4.4 WAGES, SALARIES AND SOCIAL SECURITY CHARGES

An expense of €7.9 million was recognised in 2010 in respect of the voluntary profit-sharing agreement implemented in the TF1 group in 2008 (compared with €9.7 million in 2009).

The expense recognised for the employer's contribution to the company savings plan (employee share ownership plan) was €4.2 million.

4.5 OTHER EXPENSES

This item includes payments to copyright-holders of €58.5 million in 2010 (versus €54.9 million in 2009).

4.6 COST TRANSFERS

This item mainly comprises reimbursements of costs incurred by TF1 SA on behalf of its subsidiaries.

4.7 NET FINANCIAL INCOME

The components of net financial income are as follows:

(€m)	2010	2009
Dividends and transfers of profits / losses from flow-through entities	70.1	172.4
Net interest paid	(3.6)	(14.8)
Provisions for impairment of equity investments[1]	1.3	4.7
Provisions for impairment of current accounts	4.5	(4.6)
Provisions for risks relating to subsidiaries	(23.4)	(7.0)
Other provisions	0.3	0.6
Foreign exchange gains / (losses)	2.0	(1.2)
Amortisation of bond redemption premium	(0.4)	(0.4)
Net financial income	**50.8**	**149.7**

(1) See note 3.3.

The "Other provisions" line includes provisions for unrealised foreign exchange losses.

Interest paid to related companies in 2010 totalled €2.2 million (2009: €3.4 million), and interest received from related companies totalled €8.9 million (2009: €12.6 million).

4.8 EXCEPTIONAL ITEMS

Exceptional items break down as follows:

(€m)	2010	2009
Retirements of programmes and losses on disposals	(8.5)	(8.3)
Net charge to provisions (including tax depreciation)	0.1	0.4
Gains / (losses) on disposals of non-current financial assets	(0.3)	(0.9)
Other items	(0.9)	(0.6)
Exceptional items, net	**(9.6)**	**(9.4)**

4.9 INCOME TAXES

This item breaks down as follows:

(€m)	2010	2009
Income tax expense incurred by the tax group	(55.4)	(2.8)
Income tax credits receivable from companies entitled to tax credits	21.9	20.5
Income taxes	**(33.5)**	**17.7**

Income tax credits arising on exceptional items amounted to €3.3 million.

TF1 made a group tax election on January 1, 1989. Under the group tax election agreement, the tax liability borne by each company included in the election is the same as it would have borne had there been no group tax election. The group tax election included 37 companies in 2010.

The difference between the standard French tax rate of 34.43% and the effective tax rate of 17.6% is mainly due to tax-exempt income in 2010 (primarily dividends) and tax savings arising from the losses of group tax election member companies.

The total amount of tax losses that generated savings for the tax group and may generate a tax liability in the future is €121.7 million.

4.10 DEFERRED TAX POSITION

The table below shows future tax effects that were not recognised by TF1 SA at the balance sheet date but will be recognised when the underlying transactions are recognised in the income statement. They were calculated using a tax rate of 34.43%.

(€m)	Future increases in tax liability	Future reductions in tax liability
Restricted provisions	10.8	-
Accrued employee profit-sharing, holiday pay entitlement and social solidarity contributions, provisions for retirement benefit obligations and long-service leave, and other non-deductible provisions	-	19.9

Note 5 Other information

5.1 OFF BALANCE SHEET COMMITMENTS

The table shows off balance sheet commitments by type and maturity:

Commitments given *(€m)*	Less than 1 year	1 to 5 years	More than 5 years	Total 2010	Total 2009
Operating leases	24.6	114.3	60.5	199.4	219.9
Image transmission contracts	36.8	42.9	3.0	82.7	120.8
Property finance leases[(1)]	2.1	7.3		9.4	
Guarantees	2.8	20.7	4.7	28.2	41.4
Commitments relating to equity interests[(2)]		155.0		155.0	192.0
Other commitments[(3)]	6.4	0.3		6.7	10.0
TOTAL	**72.7**	**340.5**	**68.2**	**481.4**	**584.1**

Commitments received *(€m)*	Less than 1 year	1 to 5 years	More than 5 years	Total 2010	Total 2009
Operating leases	24.6	114.3	60.5	199.4	219.9
Image transmission contracts	36.8	42.9	3.0	82.7	120.8
Property finance leases[(1)]	2.1	7.3		9.4	
Commitments relating to equity interests[(2)]		155.0		155.0	192.0
Other commitments[(4)]	6.8	1.3		8.1	16.5
TOTAL	**70.3**	**320.8**	**63.5**	**454.6**	**549.2**

(1) On June 1, 2010, TF1 acquired technical and computer equipment under a 5-year finance lease contracted with a bank for a total amount of €10.1 million (excluding interest). Lease payments made during 2010 amounted to €1.2 million, and estimated future lease payments amount to €9.4 million.
(2) See note 1, "Significant Events".
(3) Other commitments given include:
- *the financial contribution of €3.5 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 €50 million each (see note 5.2.2), representing a commitment of €0.2 million;*
- *the fair value of currency instruments (see note 5.2.1), representing a commitment of €2.7 million.*

(4) Other commitments received include:
- *the financial contribution of €3.5 million to GIP France Télé Numérique;*
- *the fair value of currency instruments (see note 5.2.1), representing a commitment of €4.4 million.*

Other reciprocal commitments relating to the operating cycle are reported in the notes relating to the relevant balance sheet item (in particular, commitments to secure future programming schedules) and to the financing of these items (see note 3.10.2).

TF1 SA had not contracted any complex commitments as of December 31, 2010.

5.2 USE OF HEDGING INSTRUMENTS

5.2.1 Hedging of foreign exchange risk

TF1 is exposed to fluctuations in exchange rates as a result of:

- making and receiving commercial payments in foreign currencies;
- providing subsidiaries with a guaranteed annual exchange rate per currency, applied to annual projections of their foreign-currency cash needs or surpluses.

TF1 buys and sells currency forward and contracts swaps to protect itself against exchange rate fluctuations. These hedging instruments, which are traded on the currency markets, cover 100% of the Group's net exposure for 2011 and 2012 arising from contracts already signed as at December 31, 2010.

At December 31, 2010, the equivalent value of these hedging instruments contracted with banks was €148.0 million, comprising:

- €131.7 million of forward purchases (€3.5 million in GBP, €128.2 million in U.S. dollars);
- €16.3 million of currency swaps (all 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, 2010), TF1 SA has contracted the following instruments:

- two €50 million interest rate swaps, both contracted in 2010 and expiring in 2011;
- two €100 million interest rate swaps, one contracted in 2008 and one in 2009, which both expired in February 2010;
- a €300 million interest rate swap, contracted in 2003, which was closed out in January 2010.

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:

	2010	2009	2008
Clerical and administrative	10	12	13
Supervisory	390	410	415
Managerial	960	938	891
Journalists	244	237	217
TOTAL	**1,604**	**1,597**	**1,536**

5.4 EXECUTIVE COMPENSATION

Total compensation paid during 2010 to key executives of the TF1 group (*i.e.* the 15 members of the TF1 Management Committee mentioned in the Annual Report) was €7.7 million.

The portion of the total obligation in respect of retirement and other post-employment benefits relating to these key executives was €2.6 million.

The Bouygues Group offers the members of its Executive Committee, who include 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 2010 to the investment fund of the insurance company which manages the scheme was €0.1 million.

Apart from loans of shares made to key executives who are also members of the Board of Directors in connection with their duties, no material loans or guarantees were extended to key executives or members of the Board of Directors.

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 chapter 2, page 66 of the present registration document.

5.6 DIRECTORS' FEES

Directors' fees paid in 2010 amounted to €0.2 million.

5.7 AMOUNTS INVOLVING RELATED COMPANIES

(€m)			
Assets		**Liabilities**	
Non-current financial assets	160.0	Debt	497.2
Trade debtors	408.8	Trade creditors	21.7
Other debtors	64.1	Other liabilities	307.1
Cash and current accounts	47.3		
Expenses		**Income**	
Operating expenses	230.4	Operating income	1,570.4
Financial expenses	17.7	Financial income	85.8

5.8 LIST OF SUBSIDIARIES, AFFILIATES AND OTHER EQUITY INVESTMENTS

Company / Group	Share capital	Equity other than share capital and profit / loss	Share of capital held	Gross book value of invest-ment(1)	Net book value of invest-ment(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										
I. Subsidiaries (at least 50% of the capital held by TF1 SA)										
■ TF1 PUBLICITÉ	2,400	287	100.00%	3,038	3,038	17,328	-	1,705,684	16,385	15,780
■ TF1 FILMS PRODUCTION	2,550	17,362	100.00%	1,768	1,768	-	-	46,957	(1,850)	-
■ TÉLÉ-SHOPPING	5,127	2,745	100.00%	5,130	5,130	12,689	-	73,245	(7,215)	1,008
■ TF1 PUBLICATIONS*	75	(1,431)	99.88%	519	0	-	-	0	5	-
■ TF1 ENTREPRISES	3,000	9,509	100.00%	3,049	3,049	-	-	31,144	1,338	-
■ e-TF1	1,000	(289)	100.00%	1,000	1,000	-	-	66,672	2,248	-
■ TF1 THÉMATIQUES	40,000	(314)	100.00%	209,451	63,919	1,815	-	12,130	4,336	-
■ EUROSPORT	15,000	327,247	100.00%	234,243	234,243	160,000	,	345,792	20,696	-
■ EUROSPORT FRANCE	2,325	14,411	100.00%	126,825	102,325	-	1,349	66,288	2,975	1,500
■ ONE CAST	3,000	(47)	100.00%	17,940	4,540	3,509	-	6,135	9	-
■ TF1 EXPANSION	269	341,507	100.00%	291,291	291,291	-	-	0	(14,627)	50,021
■ TF1 DROITS AUDIOVISUELS	40,000	7,366	100.00%	116,430	96,730	2,394	23,885	49,375	603	-
■ LA CHAÎNE INFO	4,500	50	100.00%	2,059	2,059	946	1,222	42,708	(5,845)	-
■ OUEST INFO	40	322	100.00%	1,617	1,617	264	-	2,066	(444)	-
■ TF1 PRODUCTION	10,080	890	100.00%	24,052	24,052	2,635	-	89,365	(3,512)	-
■ TF1 INSTITUT	40	27	100.00%	590	590	130	-	558	(140)	-
■ TF1 MANAGEMENT	40	(13)	100.00%	40	40	-	-	0	(2)	-
■ WAT	100	468	100.00%	12,140	12,140	-	-	2,413	(246)	-
■ LCI RADIO*	40	(7)	100.00%	40	40	-	-	0	(3)	-
■ PREFAS 4*	40	(6)	100.00%	40	40	-	-	0	(3)	-
■ PREFAS 5*	40	(6)	100.00%	40	40	-	-	0	(3)	-
■ TF1 DISTRIBUTION	40	(8)	100.00%	40	40	-	-	0	(5)	-
■ HOP	11,624	(230,816)	100.00%	276,185	276,185	-	-	397	270,509	-
■ TF1 DS	100	0	100.00%	100	100	40	-	120,706	112	-
■ GIE ACQUISITION DE DROITS	0	0	96.00%	0	0	49,453	-	62,385	(18,451)	-

Company / Group	Share capital	Equity other than share capital and profit / loss	Share of capital held	Gross book value of invest-ment(1)	Net book value of invest-ment(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										
II. Affiliates (10% to 50% of the capital held by TF1 SA)										
■ MEDIAMÉTRIE*	930	12,005	10.80%	44	44	-	-	59,111	3,010	-
■ A1 INTERNATIONAL*	20	5,015	50.00%	12,809	0	-	-	0	(3,779)	-
■ MONTE CARLO PARTICIPATION	25,285	(129)	50.00%	12,642	12,642	-	-	295	(86)	-
■ TCM GESTION	40	7	33.92%	14	14	-	-	1	0	-
■ TCM DROITS AUDIOVISUELS	240	5,165	34.00%	82	82	757	-	9,152	5,682	-
■ PUBLICATIONS METRO FRANCE	100	1,372	34.30%	12,343	12,343	-	-	32,284	(1,238)	-
■ SMR6*	90	47	16.67%	15	15	5	-	78	2	-
■ AB GROUP	462,687	2	33.50%	155,000	155,000	-	-	713	(2,142)	-
■ AB GROUP	462,687	2	33.50%	155,000	155,000	-	-	713	(2,142)	-
■ WIKIO*	3,267	8,764	13.22%	3,504	3,504	-	-	-	(204)	-
■ MR5*	38	-	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	3,964	5.00%	1,407	1,407	-	-	47,926	27,433	-
■ MEDIAMÉTRIE EXPANSION*	1,829	105	5.00%	91	0	-	-	0	177	7
■ LES NOUVELLES ÉDITIONS TF1	40	54	1.00,%	0	0	-	-	4	(1)	-
■ EZ TRADING	75	41	0.02%	0	0	-	-	12,318	2,411	-
■ TF6	80	(5)	0.02%	0	0	119	175	16,619	(1,501)	-
■ TF6 GESTION	80	25	0.001%	0	0	267	-	6	(4)	-
■ SÉRIE CLUB	50	648	0.004%	2	2	-	-	8,852	173	-
■ APHELIE	2	(1,007)	0.05%	0	0	34	-	9,131	5,504	-
■ DUJARDIN	463	2,132	0.01%	1	1	-	-	18,990	520	- DUJARDIN
TOTAL SUBSIDIARIES, AFFILIATES & EQUITY INVESTMENTS	0			**1,530,094**	**1,313,543**	**252,385**	**26,631**	**-**	**-**	**68,316**

(1) Includes transaction costs where relevant
(2) "Guarantees provided" represent guarantees given by TF1 SA to cover possible default by a subsidiary, and are disclosed in off balance sheet commitments
** Share capital, equity other than share capital and profit / loss, revenue, and profit / loss all relate to the 2009 financial year*

Note 6 Post balance sheet events

None.

5

STATUTORY AUDITORS' REPORT

5.1 STATUTORY AUDITORS' REPORT ON THE REPORT BY THE CHAIRMAN

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 31 December 2010

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 31 December 2010.

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 17, 2011

KPMG Audit	MAZARS
Department of KPMG S.A.	
Éric Lefebvre	*Gilles Rainaut*
	Olivier Thireau

5.2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking users. The Statutory Auditors' report includes information specifically required by French law in such reports. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information not derived from the consolidated financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended 31 December 2010

To the Shareholder's,

Following our appointment as Statutory Auditors by the Shareholders' Annual General Meeting, we hereby report to you, for the year ended December 31, 2010, 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, 2010 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 Notes to the consolidated financial statements, which describe the effect of the new or amended International Financial Reporting Standards applicable on or after the January 1st, 2010, in particular concerning the acquisition of additional interest in the entities TMC and NT1.

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 2.11 to the consolidated financial statements. Based on the information available to us, we examined the methods used to test for impairment and the cash flow forecasts and ensured that the note provides appropriate disclosures thereon;
- broadcasting rights are accounted for in accordance with the accounting policies described in note 2.13 to the consolidated financial statements. This note sets out the methods used to account for the consumption of Broadcasting rights and the principle used to determine impairment. Based on the information available to us, we examined the method used to determine the net present value of the programs and broadcasting rights and we ensured that the note provides appropriate disclosures thereon;

- the impact of the takeover of the entities TMC and NT1 in 2010, according the amended standard IFRS 3, is described in the notes 1.1 and 3.1.1 to the consolidated financial statements. We reviewed the accounting of that transaction 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 17, 2011

KPMG Audit	MAZARS
Department of KPMG S.A.	
Éric Lefebvre	*Gilles Rainaut*
	Olivier Thireau

5.3 STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking users. The Statutory Auditors' report includes information specifically required by French law in such reports. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information not derived from the financial statements.

This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

Year ended December 31, 2010

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, 2010, 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, 2010 and of the results of its operations for the year then ended in accordance with French accounting principles.

2 JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of Article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we draw your attention to the following matters:

- note 2.4 to the financial statements describes the method used to determine the value in use of investments for which an impairment charge or provision may be recorded. Based on the information available to us, we examined the method used to determine the value in use of the investments and verified that the information provided in the note was appropriate;
- broadcasting rights are accounted for in accordance with the policies described in notes 2.2 and 2.5 to the financial statements, which set out the associated amortization and consumption methods and principle used to determine to impairment. Based on the information available to us, we examined the method used to determine the net present value of the broadcasting rights and verified that the information provided in the note was appropriate.

The assessments were made in the context of our audit of the financial statements taken as a whole and therefore contributed to the formation of the opinion expressed in the first part of this report.

3 SPECIFIC VERIFICATIONS AND INFORMATION

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code ("Code de Commerce") relating to remunerations and benefits received by the Directors and any other commitments made in their favour, we have verified its consistency with the financial statements or with the underlaying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders (and holders of the voting rights) has been properly disclosed in the management report.

The Statutory Auditors

Paris La Défense and Courbevoie, February 17, 2011

KPMG Audit	MAZARS
Department of KPMG S.A.	
Éric Lefebvre	*Gilles Rainaut*
	Olivier Thireau

5.4 STATUTORY AUDITORS' SPECIAL REPORT DEALING WITH REGULATED AGREEMENTS AND UNDERTAKINGS

Annual General Meeting called to approve the financial statements for the year ending December 31, 2010

To the shareholders,

As Statutory Auditors of TF1 SA, we hereby submit to you our report dealing with regulated agreements and undertakings.

We are responsible, not for searching to identify any other regulated agreements and undertakings, but for communicating to you, based on the information with which we have been provided, the essential characteristics of those agreements and undertakings of which we have been informed, without expressing any opinion as to their justification or utility. As provided for by section R. 225-31 of the French Commercial Code, you are then free to judge as to the usefulness of those agreements and undertakings before deciding whether to approve them.

We are also required to communicate to you, if necessary, the information provided for by section R. 225-31 of the French Commercial Code as regards the performance, during the last financial year, of any agreements and undertakings already approved by shareholders during previous General Meetings.

We have performed our examination in accordance with the professional standards applicable in France (and issued by the Compagnie nationale des commissaires aux comptes) which require that we verify the agreement of the information provided to us with the source documents on which it is based.

Agreements and undertakings submitted for approval by shareholders during the present General Meeting

1. AGREEMENTS AND UNDERTAKINGS AUTHORISED BY THE BOARD OF DIRECTORS DURING THE YEAR

As required by section L. 225-40 of the French Commercial Code, we were informed of the following agreements and undertakings authorised in advance by your Board of Directors:

WITH BOUYGUES

Shared services agreement

The agreement provides for specific services supplied on a shared services basis by Bouygues to TF1, at TF1's request, part of which may be invoiced as a residual adjustment. In 2010 Bouygues invoiced a total of €3,500,973 (net of VAT) to TF1 under this agreement, of which €86,318 related to the residual adjustment for the services rendered in 2009.

Persons concerned:

- Patricia Barbizet, Martin Bouygues, Olivier Bouygues and Nonce Paolini. Bouygues is a shareholder.

Use of airplanes operated by Bouygues

The agreement offers TF1 the possibility of contracting with Bouygues' Air Transport Department which operates a fleet of airplanes.

No invoice was issued by Bouygues in this respect during 2010.

Persons concerned:

- Patricia Barbizet, Martin Bouygues, Olivier Bouygues and Nonce Paolini. Bouygues is a shareholder.

Executive Directors' supplementary pension entitlement

By virtue of a contract governed by the French Insurance Code, the members of Bouygues' Executive Committee are entitled to a defined supplementary pension benefit amounting to 0.92% of their applicable annual salary for each year of plan entitlement, up to a limit of eight times the maximum remuneration subject to social security contributions.

Nonce Paolini was a member of that committee in 2010.

Bouygues invoiced €87,179 (net of VAT) in that respect in 2010.

Persons concerned:

- Patricia Barbizet, Martin Bouygues, Olivier Bouygues and Nonce Paolini. Bouygues is a shareholder.

WITH THE "32 AVENUE HOCHE" JOINT VENTURE

Use of office premises

The agreement provides for use granted to TF1 by the "32 avenue Hoche" joint venture of function and meeting rooms located on the 1st floor of 32 avenue Hoche, as well as for related services such as reception, computer facilities and secretarial services.

For the period from February 18 to December 31, 2010, the joint venture received €12,718 (net of VAT) of consideration in this respect.

Persons concerned:

- Patricia Barbizet, Martin Bouygues, Olivier Bouygues and Nonce Paolini. Bouygues is a shareholder.

WITH TF1 SUBSIDIARIES

Service agreements exist under which TF1 may provide subsidiaries, at their request, with specific services notably rendered by TF1's management and human resources, legal and financial departments. Separate bases of allocation (dependent on subsidiaries' headcount and revenue) are applied for each type of cost to be apportioned.

The amounts invoiced in 2010 by TF1 to its subsidiaries under these agreements were as follows:

(€ thousands)	Amount net of VAT
TF1 PUBLICITÉ	3,713
EUROSPORT	2,191
TF1 PRODUCTION (EX GLEM)	903
E-TF1	843
TF1 VIDEO	639
LA CHAÎNE INFO	513
TÉLÉ-SHOPPING	475
EUROSPORT FRANCE	329
TF1 DROITS AUDIOVISUELS	310
TF1 ENTREPRISES	256
TF1 FILMS PRODUCTION	212
TV BREIZH	167
INFOSHOPPING	99
DUJARDIN	67
ODYSSÉE	62
OUEST INFO	49
WE ARE TALENTED	43
EZ TRADING	43
TOP SHOPPING	37
HISTOIRE	35
USHUAÏA TV	22
ONECAST	22
UNE MUSIQUE	10
TF1 INSTITUT	6
TOTAL	**11,046**

The above total of €11,046 thousand included €11,130 thousand in respect of 2010 and a credit of €84 thousand of residual adjustment for the services rendered in 2009.

Persons concerned:

- Olivier Bouygues and Nonce Paolini, TF1 is a shareholder.

WITH LA CHAÎNE INFO (LCI)

Under an agreement dated October 12, 2005 TF1 has the faculty, on major occasions, of transmitting LCI's broadcast as a means of providing immediate coverage of the event.

In 2010 LCI received a lump-sum annual payment of €5,000,000 (net of VAT) under this agreement.

Persons concerned:

- Nonce Paolini. TF1 is a shareholder.

2. AGREEMENTS AND UNDERTAKINGS AUTHORISED BY THE BOARD OF DIRECTORS DURING PRIOR YEARS BUT NOT YET APPROVED BY SHAREHOLDERS

We bring to your attention the following agreement authorised by the Board of Directors in 2009 and included in our special report for that year, but not subject to approval by shareholders at the Annual General Meeting called to approve the financial statements for 2009.

WITH APHÉLIE S.N.C.

Commercial lease

On June 19, 2009 and following authorisation by your Board of Directors, TFI and Aphélie signed a commercial lease in respect of certain premises (IGH buildings, north wing and central portion of the Point du Jour building).

The lease was signed for nine years and nine days, with a firm commitment to six years and nine days, and provided for a rent-free period of twelve months and nine days from June 22, 2009 to June 30, 2010. No rent was therefore billed under this lease in 2009; the rent for the period from July 1st to December 31, 2010 amounted to €6,456,199 (net of VAT).

TF1 holds an interest in Aphélie S.N.C. *via* its subsidiary TF1 Expansion.

Agreements and undertakings approved by shareholders during previous General Meetings

AGREEMENTS AND UNDERTAKINGS PREVIOUSLY APPROVED AND WHICH REMAIN IN FORCE

As required by section R. 225-30 of the French Commercial Code, we were informed that the following agreements and undertakings, approved by shareholders during prior years, remained in force during the current year.

WITH BOUYGUES

Institutional communication

Bouygues has engaged an institutional campaign designed to raise awareness of the sustainability commitment of the Group's various businesses. The campaign was programmed over 2008 and 2009 and partly financed by Bouygues Group companies in proportion to their respective revenues.

Bouygues invoiced €75,304 (net of VAT) under this agreement in 2010.

WITH TF1 SUBSIDIARIES

WITH E-TF1

Under a business lease signed between e-TF1 and TF1 and last modified on July 13, 2007, TF1 receives royalties based on the revenue earned by e-TF1.

The royalties received in 2010 amounted to €983,212.

WITH EUROSPORT

On October 1st, 2006, TF1 granted Eurosport a €160 million five year loan repayable in full at the latest on September 30, 2011 but with the option of early repayment (without penalty) in amounts of at least €10 million.

Interest is payable quarterly and in arrears based on a fixed rate (arising from a fixed rate / 3 month Euribor swap contracted for on September 28, 2006) plus a spread of 0.375%.

In 2010 TF1 received €6,601,958 under this agreement.

WITH TF1 THÉMATIQUES (EX-TF1 DIGITAL)

Business lease (Belgium)

On April 20, 2006, TFI entered into a six year lease with TF1 Thématiques taking effect on January 1st, 2006.

Under the agreement, TF1 Thématiques obtained the right to operate TF1's business in Belgium, *i.e.* in particular the use of TF1's programme rights for its in-house productions and other audiovisual rights arising from co-productions or purchases and destined for use in Belgium.

The business assets made available under the lease include the TF1 logo, brand and customers, as well as the benefit of all third party agreements existing for the purpose of operation of the business.

TF1 Thématiques pays TF1 royalties based on 5% of the revenue arising from distributors of the services offered.

For 2010 TF1 received total royalties of €137,497 net of VAT.

The agreement was terminated with effect from December 31, 2010.

Business lease (Grand Duchy of Luxemburg)

Under the five year agreement signed on December 3, 2008 with effect from January 1st, 2008, TF1 Thématiques obtained the right to operate TF1's business in the Grand Duchy of Luxemburg, *i.e.* in particular the use of TF1's programme rights for its in-house productions and other audiovisual rights arising from co-productions or purchases and destined for use in Luxemburg.

The business assets made available under the lease include the TF1 logo, brand and customers, as well as the benefit of all third party agreements existing for the purpose of operation of the business.

TF1 Thématiques pays TF1 royalties based on 5% of the revenue (net of VAT) arising from distributors of the services offered and generated from Luxemburg-based TF1 advertising developed by TF1 Thématiques whether individually or in partnership.

From 2008 to 2012 the annual royalties were set at a maximum (net of VAT) of €10,800, €10,900, €11,000, €11,100 and €11,200.

For 2010 TF1 received total royalties of €11,000 net of VAT.

The agreement was terminated with effect from December 31, 2010.

Agreements and undertakings authorised by the Board of Directors during the year but not submitted for approval by shareholders during the present General Meeting

As required by section R. 225-40 of the French Commercial Code, we were informed that the following agreements and undertakings were authorised by your Board of Directors in 2010. However the authorisations, valid for one year, take effect from January 1st, 2011 and therefore had no application in respect of 2010. These agreements will therefore be submitted for approval at the Annual General Meeting called to approve the financial statements for the year ending December 31, 2011.

WITH BOUYGUES

Use of airplanes operated by Bouygues

The agreement offers TF1 the possibility of contracting with Bouygues' Air Transport Department which operates a fleet of airplanes. With effect from January 1st, 2011, hourly rates (net of VAT) of €8,000 (Global craft) and €6,000 (Hawker 900 craft) will apply.

WITH THE "32 AVENUE HOCHE" JOINT VENTURE

Use of office premises

The agreement provides for use granted to TF1 by the "32 avenue Hoche" joint venture of function and meeting rooms located on the 1st floor of 32 avenue Hoche, as well as for related services such as reception, computer facilities and secretarial services. For 2011 the joint venture will receive €9,366 (net of VAT) of consideration in this respect.

The Statutory Auditors

Paris La Défense and Courbevoie, March 1, 2011

KPMG Audit	MAZARS
Department of KPMG S.A.	
Éric Lefebvre	*Gilles Rainaut*
	Olivier Thireau

5.5 STATUTORY AUDITORS' REPORT ON THE CAPITAL TRANSACTIONS SET OUT IN RESOLUTIONS 18, 19, 21, 22, 23, 24, 25, 26, 27, 28, 29 AND 30 SUBMITTED FOR APPROVAL AT THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF APRIL 14, 2011

To the Shareholders,

As Statutory Auditors of TF1 SA, hereinafter referred to as "the company", and in compliance with the French Commercial Code, we hereby report to you on the transactions submitted for your approval.

1 SHARE CAPITAL REDUCTION THROUGH REPURCHASE AND CANCELLATION OF OWN SHARES (RESOLUTION NO.18)

In accordance with our assignment pursuant to Article L. 225-209, paragraph 7 of the French Commercial Code relating to share capital reductions through the cancellation of own shares, we have prepared this report to inform you of our assessment of the causes and conditions governing the planned share capital reduction.

We conducted the work we deemed necessary in accordance with the professional standards issued by the French Institute of Statutory Auditors (CNCC). Our work involved examining the appropriateness of the terms and conditions of the planned share capital reduction.

The transaction is planned in connection with the repurchase by the company of a number of its own shares representing a maximum of 10% of its share capital, under the conditions set forth in Article L. 225-209 of the French Commercial Code. Authorization for the repurchase is subject to your approval at this Meeting (resolution no. 17) and would be granted for a period of 18 months.

The company's Board of Directors requests that you grant it, for a period of 18 months, with the powers to implement the authorization to repurchase the company's own shares and cancel up to 10% of the shares repurchased, over a 24 month period.

We have no comments to make on the causes and conditions governing the planned share capital reduction, which can only be undertaken if you give your approval at this Meeting for the company to repurchase its own shares.

2 ISSUE OF SHARES AND / OR MARKETABLE SECURITIES, WITH OR WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS (RESOLUTIONS NO. 19, 21, 22, 23, 24, 25, 26 AND 27)

DELEGATION OF POWERS (AND DELEGATION OF POWERS UNDER ARTICLE L. 225-147 RELATING TO SHARES ISSUED AS CONSIDERATION FOR CONTRIBUTIONS IN KIND – RESOLUTION NO. 25)

In compliance with our assignment pursuant to the French Commercial Code and particularly Articles L. 225-135, L. 225-136, L. 225-138 and L. 228-92, we hereby present our report on the proposals to grant the Board of Directors the authority to issue ordinary shares and marketable securities, which require your approval.

The company's Board of Directors proposes, on the basis of its report:

- that it be entrusted with the authority, for a period of 26 months, to set out the final terms and conditions of the share issues. It also proposes cancelling your preferential subscription rights, where appropriate. The transactions concerned are the following:
  - issue of ordinary shares and marketable securities conferring entitlement to the company's ordinary shares, with preferential subscription rights (resolution 19),
  - public issue of ordinary shares and marketable securities conferring entitlement to the company's ordinary shares, without preferential subscription rights (resolution 21),
  - issue of ordinary shares and marketable securities conferring entitlement to the company's ordinary shares, without preferential subscription rights, through a private offering to qualified investors or to a limited number of investors pursuant to paragraph II of Article L. 411-2 of the French Monetary and Financial Code (resolution 22),
  - issue of ordinary shares and marketable securities conferring entitlement to the company's ordinary shares, in the event of a public share exchange offer initiated by the company (resolution 26);

- that it be authorized, under resolution 24 and in connection with the powers granted under resolutions 21 and 22, to set the issue price within the statutory annual limit of 10% of share capital;
- that it be entrusted with the authority to set out the arrangements for the issuance of ordinary shares and marketable securities conferring entitlement to ordinary shares as consideration for the contributions in kind granted to the company comprising shares and marketable securities conferring entitlements to share capital (resolution 25), not exceeding 10% of share capital.

As stated in resolution 27 of this Meeting, the total nominal amount of new share capital that may be issued immediately or in the future shall not exceed €4.3 million. The par value of any additional shares issued pursuant to the law to protect the rights of holders of marketable securities conferring entitlement to the ordinary shares of the company under resolutions 21, 22, 23, 25 and 26 shall be added to this amount. The amounts issued as ordinary shares under these resolutions shall be charged to the maximum aggregate amount of €8.6 million set out in resolution 19 of this Meeting.

As stated in resolution 27 of this Meeting, the total nominal amount of debt securities that may be issued shall not exceed €900 million under resolutions 19, 21, 22, 23, 25 and 26.

If you adopt resolution 23 the number of new shares issued in connection with the authorizations granted under resolutions 19, 21 and 22 may be increased, without exceeding 15% of the respective ceilings set in the resolutions, pursuant to Article L. 225-135-1 of the French Commercial Code. The ceilings set are €4.3 million under resolution 21 and 22 and €8.6 million under resolution 19.

It is the responsibility of the company's Board of Directors to prepare a report in accordance with Articles R. 225-113, R. 225-114 and R. 225-117 of the French Commercial Code. Our responsibility is to express an opinion on the fair presentation of the figures provided in the company's financial statements, on the proposal to withdraw the preferential subscription rights and on other information relating to these transactions, presented in the report.

We conducted the work we deemed necessary in accordance with the professional standards issued by the French Institute of Statutory Auditors (CNCC). Our work consisted in verifying the content of the report by the Board of Directors on these transactions and the methods used to determine the issue price.

Subject to the subsequent examination of the issue arrangements, we have no matters to report regarding the methods used to determine the issue price of the shares to be issued, as stated in the report by the Board of Directors, under resolutions 21, 22 and 23.

Furthermore, as the report does not indicate how the issue price is determined for the shares to be issued under resolutions 19, 25 and 26, we cannot express an opinion on the choice of the components used to calculate the issue price.

As the issue price of the shares has not yet been set, we do not express an opinion on the final issue conditions, or on the proposal to withdraw the preferential subscription rights in resolutions 21, 22 and 23.

In accordance with Article R. 225-116 of the French Commercial Code, we will prepare an additional report, where appropriate, when the Board of Directors uses the authorizations to issue ordinary shares without preferential subscription rights and marketable securities conferring entitlement to share capital.

3 ALLOCATION OF STOCK OPTIONS AND SUBSCRIPTION RIGHTS TO EMPLOYEES AND EXECUTIVE OFFICERS (RESOLUTION NO. 28)

As Statutory Auditors of the company and in accordance with our assignment pursuant to Article L. 225-177 and Article R. 225-144 of the French Commercial Code, we hereby present our report on the proposed allocation of stock options and subscription rights to employees and executive officers.

It is the responsibility of the company's Board of Directors to prepare a report on the reasons for the allocation of the stock options and subscription rights and on the methods proposed for setting the price of the stock options and subscription rights. Our role is to express an opinion on the methods proposed for setting the price of the stock options and subscription rights.

We conducted the work we deemed necessary in accordance with the professional standards issued by the French Institute of Statutory Auditors (CNCC). Our work consisted in verifying that the methods proposed for setting the price of the stock options and subscription rights are presented in the report by the company's Board of Directors, that they provide shareholders with the information they require in compliance with statutory provisions, and that they do not appear to be inappropriate.

We have no comments to make regarding the methods proposed.

4 ALLOCATION OF FREE EXISTING OR NEW SHARES TO EMPLOYEES AND EXECUTIVE OFFICERS (RESOLUTION NO. 29)

In accordance with Article L. 225-197-1 of the French Commercial Code, we hereby present our report on the proposed allocation of free existing or new shares to employees and executive officers of TF1 SA and related entities within the meaning of Article L. 225-197-2 of the French Commercial Code.

The company's Board of Directors proposes that you authorize it to allocate free existing or new shares. It is the responsibility of the company's Board of Directors to prepare a report on the proposed transaction. Our responsibility is to inform you of any observations we may have on the information provided to you relating to the proposed transaction.

We conducted the work we deemed necessary. Our work consisted in verifying that the terms of the transaction and information provided in the report by the Board of Directors comply with the legal provisions governing such transactions.

We have no matters to report regarding the information provided in the report by the Board of Directors on the proposed free share allocation.

5 ISSUANCE OF SHARES TO MEMBERS OF A COMPANY EMPLOYEE SAVINGS PLAN PURSUANT TO THE FRENCH COMMERCIAL CODE AND ARTICLES L. 3332-18 *ET SEQ* OF THE LABOUR CODE (RESOLUTION NO. 30)

As Statutory Auditors of your company and in accordance with Articles L. 225-135 *et seq*. of the French Commercial Code, we hereby present our report on the proposal to grant the Board of Directors the authority to increase share capital, once or several times, by issuing share capital without preferential subscription rights representing a maximum of 2% of existing share capital on the date of the decision by the Board of Directors. This ceiling, upon which you will be required to vote, is independent of any other ceilings set under other resolutions of this Meeting.

These increases in share capital are submitted for your approval in accordance with the provisions of Articles L. 225-129-6 of the French Commercial Code and L. 3332-18 *et seq*. of the Labour Code.

The company's Board of Directors proposes, on the basis of its report, that you grant it the authority to increase share capital, for a 26 month period, and that you relinquish your preferential subscription rights for these issuances. The Board of Directors will set out the final arrangements for the share capital increases, where appropriate.

It is the responsibility of the company's Board of Directors to prepare a report in accordance with R. 225-113 and R. 225-114 of the French Commercial Code.

Our responsibility is to express an opinion on the information presented in this report and on the proposal to withdraw the preferential subscription rights.

We conducted the work we deemed necessary in accordance with the professional standards issued by the French Institute of Statutory Auditors (CNCC). Our work consisted in verifying the content of the report by the Board of Directors relating to the share capital increases and the methods used to determine the issue price.

Subject to the examination at a subsequent date of the terms of the issuances, we have nothing to report on the methods used to set the issue price, as provided in the report by the Board of Directors.

As the issue price has not yet been set, we do not express an opinion on the final issue conditions of the capital increases, or on the proposal that you relinquish your preferential subscription rights.

In accordance with Article R. 225-116 of the French Commercial Code, we will prepare an additional report, if necessary, when the company's Board of Directors uses this authorization to issue the shares.

The Statutory Auditors

Paris La Défense and Courbevoie, February 18, 2011

KPMG Audit Department of KPMG S.A. *Éric Lefebvre*	MAZARS *Gilles Rainaut* *Olivier Thireau*

6

INFORMATION ABOUT THE COMPANY AND ITS CAPITAL

6.1 INFORMATION ABOUT TF1

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. 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.

6.1.5 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

I. The company's shares may be registered or bearer shares.

The shares and all other securities issued by the company shall be registered in their holders' names or, if appropriate, in the name of an intermediary, under the conditions set forth in the applicable legal and regulatory texts.

II. To identify holders of bearer shares, the company reserves the right, under the legal and regulatory conditions in force, to request at any time and at its own expense, that the central custodian responsible for keeping the account of shares in issue (hereafter the "central custodian") provide the name of the person or entity, nationality, year of birth or constitution, and address of any holder of securities conferring, immediately or at a later time, the right to vote at its General Meetings. It may also request from the central custodian information as to the quantity of shares held by each shareholder, and if appropriate any restrictions that may apply to the shares.

With respect to the list transmitted to the company by the central custodian, the company may request either from the central custodian or directly from the persons on this list whom the company believes may be registered as intermediaries for third-party accounts holding securities, the information noted in the previous paragraph concerning the owners of the securities.

These persons are required, if acting as intermediaries, to reveal the identities of the owners of the securities. The information shall be provided directly to the authorised account-keeping financial intermediary, who is responsible for transmitting it, as appropriate, to the issuing company or the central custodian.

With regard to securities in registered form, the company also reserves the right at any time to request that the registered intermediary for a third-party securities account reveal the identity of an owner of these securities.

For as long as the company believes that certain holders of its securities in either bearer or registered form, of whose identities it has been informed, are acting on behalf of third-party owners of the securities, it may request that these holders reveal the identities of the owners of these securities subject to the conditions stated above.

Following requests for 'information described above, the company may request any legal entity that is an owner of the company's shares representing more than one-fortieth of the share capital or voting rights to reveal to it the identity of persons holding directly or indirectly more than one-third of that legal entity's share capital or voting rights exercised at its General Meetings.

If a request is made pursuant to the stipulations of this Article 7. b and the information requested has not been transmitted within the legal and regulatory time limits, or if information transmitted is incomplete or erroneous with respect to the requested party/s own status or the owners of the securities, then the shares or other securities conferring immediate or subsequent access to the capital and for which this person was registered shall forfeit their voting right for any General Meeting that may take place until the matter of identity is settled. Payment of any dividend is postponed until that date.

Furthermore, in the event that the registered person knowingly disregards the above stipulations, the court of competent jurisdiction in the area of the entity's registered office may, upon request by the company or one or more shareholders representing at least 5% of the share capital, decree the forfeit of all or part of the voting rights from the shares concerned for a period not to exceed five years. The court may also deprive the shares of the corresponding dividend for the same period.

III. All persons, acting alone or in concert, who acquire at least 1%, 2%, 3% or 4% of the capital or voting rights shall be bound, within five days of the registration on their account of the shares causing them to attain or exceed this threshold, to declare to the company the total number of shares and the number of voting rights they possess by means of a return-receipted registered letter sent to the registered office.

This declaration must be undertaken under the conditions stipulated above every time the threshold of 1%, 2%, 3% or 4% is overstepped in either direction.

If they have not been declared in accordance with the above conditions, shares exceeding the proportion that should have been declared shall forfeit their voting rights as provided by law, if one or several shareholders holding at least 5% of the capital so request during the General Meeting.

This provision is in addition to the legal provisions for declarations relative to the overstepping of shareholding thresholds.

IV. Cash shares shall be paid up under legal conditions.

V. Holders of fractional shares resulting from the exchange, consolidation, allotment or subscription of shares shall be responsible for their aggregation and any necessary purchases or sales of shares and / or rights.

ARTICLE 8

ASSIGNMENT AND TRANSFER OF SHARES

Shares shall be freely negotiable within the limit of the laws or regulations in force, including the conditions stipulated by Acts 86-1067 of September 30, 1986, 86-1210 of November 27, 1986 and 89-25 of January 17, 1989.

Subject to the international commitments made by France, no person of foreign nationality within the meaning of Article 40 of Act 86-1067 of September 30, 1986 may undertake an acquisition whose effect is to directly or indirectly increase the share of capital held by foreigners to more than 20 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 March 5, 2009;
- European Directive on Television Without Borders of October 3, 1989 amended (latest amendment on December 11, 2007);
- Decree no. 2010-747 of July 2, 2010 on the contribution to the production of cinematographic and audiovisual works for terrestrial broadcast;
- Decree no. 90-66 of January 17, 1990, as amended by Decree no. 92-279 of March 27, 1992, by Decree no. 2001-1330 of December 28, 2001 and by Decree no. 2009-1271 of October 21, 2009 (broadcasting obligation);
- Decree no. 92-280 of March 27, 1992 as amended by Decree no. 2001-1331 of December 28, 2001, by Decree no. 2003-960 of October 7, 2003 and by Decree no. 2008-1392 of December 19, 2008 (obligations relating to advertising and sponsorship).

In terms of general obligations concerning broadcasting and investment in production, the main prevailing provisions are the following:

- a maximum of 192 cinema films per year may be broadcast, of which a maximum of 104 shall begin between 8.30pm and 10.30pm No cinema film shall be broadcast on Wednesday and Friday evenings, Saturday all day, or Sunday before 8.30pm;
- broadcasting quotas apply for the whole broadcasting time and for peak viewing hours, to cinema and audiovisual works. 60% of broadcast material shall be of European origin and 40% of French origin;
- a minimum of two-thirds of the annual broadcasting airtime shall be devoted to French-speaking programmes;
- obligation to broadcast annually a minimum of 1,000 hours of children's programmes including 50 hours of magazines and documentaries;
- obligation to broadcast annually 800 hours of television news bulletins and television news magazines;
- obligation to commission audiovisual products: invest 12.5% of the previous year's net annual advertising turnover for the commissioning of national heritage audiovisual works, of which at least 9.25% from independent producers, and to broadcast 120 hours of French-speaking or European unreleased audiovisual works (including 30 hours of rebroadcast), starting between 8pm and 9pm;
- obligation to invest 0.6% of the previous year's net advertising turnover for the commissioning of French-speaking and European cartoons (obligation as to French-speaking content included in the previous 12.5%), including at least 0.45% by independent producers;
- obligation to invest 3.2% of the previous year's net annual advertising turnover (with at least 2.5% dedicated to French-speaking cinema works and at least 75% commissioned from independent producers) in the co-production of European cinema works. This investment is to be achieved through a subsidiary of the broadcaster (TF1 Films Production) operating as a minority participator. The co-production element must be approximately equal to the broadcasting right element;
- obligation, within a period of five years following the publication of Act 2005-102 of February 11, 2005, to make accessible to the deaf and hearing-impaired all of the channel's programmes, with the exception of advertising. It is to be noted that the CSA (French audiovisual industry regulator) may exempt a section of programming from this obligation due to its nature (this concession is included in the agreement).

Respect of these legal obligations is monitored. The CSA can impose fines in compliance with the provisions of Articles 42 to 42-11 of the above Act of September 30, 1986.

In view of the need to protect children and young people, the TF1 channel has committed to adopt a 5-category signage code enabling viewers to gauge the acceptability of broadcast programmes.

6.2.4 Discontinuation of analogue broadcasting on November 30, 2011

Act 2007-309 of March 5, 2007 amending Act of September 30, 1986 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. By the end of 2010, over 20 million French people had gone fully digital.

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 (French audiovisual industry regulator). 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 (French audiovisual industry regulator) launched a tender for candidates for the use of a radio-electric resource dedicated to broadcasting nationwide high-definition Digital Terrestrial Television services.

On November 21, 2007, the CSA selected TF1. The TF1 agreement was subsequently modified on May 6, 2008 (published in the Official Journal on May 31, 2008).

On November 8, 2007, the CSA launched a tender for candidates for personal mobile television services. On May 27, 2008, the CSA selected 13 candidates, including TF1.

6.3 CAPITAL

Relating to Article 6 of the Articles of Incorporation.

6.3.1 Amount / Category of shares

Since 12 November 2007 TF1 has had capital of €42,682,098.40, divided into 213,410,492 shares.

The shares in issue represent 100% of the existing capital and voting rights.

There are no founder shares, beneficiary shares, convertible / exchangeable bonds, voting right certificates, or double voting rights.

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.

6.3.2 Description of the new share buyback programme

Pursuant to Articles 241-1 and 241-3 of the AMF General Regulation and in accordance with European Regulation 2273/2003 of December 22, 2003, the company hereby provides a description of the share buyback programme that will be submitted for the approval of the Combined Annual General Meeting of April 14, 2011.

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 16, 2011 and deducting the 14,625 shares (that will be cancelled soon) held at that time, this would amount to 21,326,424 shares.

TF1 has set the maximum amount allocated to the programme at €150 million.

Since the programme's main goal is the cancellation of shares, this maximum amount is unlikely to be reached. However, TF1 reserves the option of using the entire allocation.

To date, there is an opened position on derivatives: a call option on 1,008,000 shares were purchased on the cover of Plan Option no. 8, at maturity of September 16, 2011.

GOALS OF THE BUYBACK PROGRAMME

Shares bought back under the programme may be used for the following purposes:

- cancel shares under the conditions provided for by law, subject to authorisation from the Extraordinary General Meeting;
- allocate shares to employees or corporate officers of the company or of related companies, in accordance with the requirements and procedures provided for by law, and particularly in connection with profit-sharing or stock option plans, or *via* company or intercompany savings schemes, or *via* the allocation of shares;
- ensure liquidity and make a market in the company's shares, through an investment services provider operating within the framework of a liquidity agreement that complies with an AMF-recognised Code of Conduct;
- hold shares and, as the case may be, use them as a means of payment or exchange in acquisitions;
- hold shares and, as the case may be, allocate them following the exercise of rights attached to securities giving access to the company's capital;
- implement any market practice accepted by the AMF and, more generally, conduct any transaction that complies with current regulations.

Shares may be acquired, sold, transferred or exchanged by any means allowed by the current regulations, *i.e.* on- or off-exchange, including over the counter and by means of derivative financial instruments, and at any time, except during a public purchase, exchange or standing market offer. The proportion of the programme that may be executed through block trades is not limited and may account for the entire programme.

The purchase price may not exceed €25 per share and the sale price may not be less than €7 per share, subject to adjustments relating to transactions involving the company's capital.

The total number of shares held at given date may not exceed 10% of the share capital at that same date.

DURATION OF THE BUYBACK PROGRAMME

Eighteen months starting from the Combined Annual General Meeting of April 14, 2011.

6.3.3 Purchase on the stock market

The Combined Annual General Meetings of April 15, 2010 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 2010. Following a forward purchase to cover the 2006 allotment of bonus shares, and the delivery of shares to their beneficiaries, TF1 owns 14,625 TF1 shares.

TRADING IN TF1 SHARES IN 2010 BY SENIOR MANAGERS OR BY THE PERSONS REFERRED TO IN ARTICLE L. 621-18-2 OF THE MONETARY AND FINANCIAL CODE

Bouygues bought a total of 139,732 TF1 shares for a total €1,497,019.45 on June 30 and July 1, 2010.

6.3.4 Financial authorisations submitted for approval to the Combined Annual General Meeting of April 14, 2011

DELEGATIONS AND FINANCIAL AUTHORISATIONS STILL IN EFFECT

In accordance with Article L. 225-100 of the Commercial Code, the following table summarises the delegations and authorisations still in effect and granted by the General Meeting to the Board of Directors, and the use made of such delegations and authorisations in full year 2010.

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 with preferential subscription rights and €4.3 million without preferential subscription rights.

The maximum nominal amount of debt instruments that may be issued by virtue of authorisations granted is fixed at €900 million.

The delegations and authorisations granted by the General Meetings of 2008, 2009 and 2010 all expire in 2011.

Authorisation	Maximum nominal amount of capital increases	Maximum nominal amount of debt instruments	Validity of authorisation	Time remaining[2]	Combined Annual General Meeting	Resolution no.	Use made of the authorisation during the year
Share buybacks and reduction of share capital							
Purchase by the company of its own shares	10% of capital		18 months	6 months	15/04/2010	8	N/A
Capital reduction through cancellation of shares	10% of capital per 24-month period		18 months	6 months	15/04/2010	9	N/A
Issuance of securities							
Capital increase with PSR[3] through issuance of shares or securities	€15 million	€900 million	26 months	2 months	17/04/2009	17	N/A
Capital increase through incorporation of issuance premiums, profits or reserves	€400 million		26 months	2 months	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	2 months	17/04/2009	20	N/A
Capital increase without PSR[3] through issuance of shares or securities by public offer	€4.3 million	€900 million	14 months	2 months	15/04/2010	10	N/A
Capital increase without PSR[3] through issuance of shares or securities in connection with a private placement	€4.3 million	€900 million	14 months	2 months	15/04/2010	14	N/A
Increase in the number of securities to be issued in the event of a capital increase without PSR[3]	15% of initial issue		14 months	2 months	15/04/2010	11	N/A
Setting of issue price, without PSR[3], of shares or securities	10% of capital[1]		14 months	2 months	15/04/2010	12	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]		26 months	2 months	17/04/2009	22	N/A
Capital increase without PSR[3] to remunerate securities tendered as part of a public exchange offer	€4.3 million[1]		14 months	2 months	15/04/2010	13	N/A
Issuance of securities giving the right to receive debt instruments (delegation of powers)	-	€900 million	26 months	2 months	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		26 months	2 months	17/04/2009	25	N/A
Free allocation of existing shares or shares to be issued in the future	10% of capital		38 months	2 months	17/04/2008	15	N/A

(1) It is specified that:
- *the total nominal amount of capital increases authorised (resolution no. 17 of the AGM of April 17, 2009 with preferential subscription rights, resolution no. 22 of the AGM of April 17, 2009 and Nos. 10, 13 and 14 of the AGM of April 15, 2010 without preferential subscription rights) may not exceed €15 million and €4.3 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 subscription). It is specified that the total nominal amount of capital increases realised as part of the resolutions and without preferential subscription rights (€4.3 million) is applied against the overall ceiling specified in resolution no. 17 of the AGM of April 17, 2009, with preferential subscription rights (€15 million);*
- *the total nominal amount of debt instruments (resolution no. 17 of the AGM of April 17, 2009 and resolutions Nos. 10 and 14 of the AGM of April 15, 2010) may not exceed €900 million.*

(2) From the vote of the AGM of April 14, 2011.
(3) PSR: Preferential Subscription Rights.

USE OF DELEGATIONS AND FINANCIAL AUTHORISATIONS PREVIOUSLY GRANTED

In 2010:

- the company did not buy back any of its own shares;
- the company did not use prior authorisations to issue securities;
- the company issued no bonus shares and did not use the authorisation to increase capital *via* the PEE savings plan.

DELEGATIONS AND FINANCIAL AUTHORISATIONS SUBMITTED TO THE COMBINED ANNUAL GENERAL MEETING OF APRIL 14, 2011

The authorisations and delegations granted by the Combined Annual General Meetings of 2008, 2009 and 2010 all expire in 2011.

The table below sets out the delegations and financial authorisations to be entrusted to the Board of Directors by the Combined Annual General Meeting of April 14, 2011.

These various delegations and authorisations will replace, as from the date of their approval by the General Meeting, the unused portion, if any, of delegations and authorisations granted previously for the same purpose.

These new delegations comply with standard practices and recommendations in terms of amounts, limits and duration (26 months).

Some resolutions have been adjusted, *i.e.*:

- the global authorisation limit on capital increases with or without preferential subscription rights has been further cut from 34% to 20% of capital;
- for the allotment of bonus shares and options, the limit applicable to both resolutions has been reduced from 10% to 3% of capital.

The delegations provided for by these resolutions concern the issue of equity securities and securities giving access to capital, with or without preferential subscription rights. The policy of the Board of Directors is to give preference on principle to increases that maintain preferential rights for shareholders. Nevertheless, it may be necessary to cancel these preferential rights. In this case, the Board of Directors may nevertheless give priority to shareholders for subscribe subscription by way of pro rata entitlement, without reduction, or additional right subject to reduction.

The maximum nominal amount of immediate and / or deferred capital increases that can be made by virtue of authorisations granted is €8.6 million (20% of capital – the "overall ceiling") with preferential subscription rights (19th resolution) or €4.3 million (10% of capital – "below the ceiling") without preferential subscription rights. The maximum nominal amount of debt instruments that may be issued by virtue of authorisations granted is fixed at €900 million.

The 20th resolution suggests authorising the Board of Directors to increase capital by incorporating reserves, profits, issuance premiums and other amounts that can be capitalised up to a nominal amount of €400 million. This limit is independent and distinct from the overall ceiling set in the 19th resolution.

Furthermore, note that the company is not allowed to buy back its own shares during a public purchase, exchange or standing market offer. Moreover, derivatives will not be used for these purchases.

Authorisation	Maximum nominal amount of capital increases	Maximum nominal amount of debt instruments	Validity of authorisation	Time remaining(1)	Combined Annual General Meeting	Resolution no.
Share buyback and reduction of share capital						
Purchase by the company of its own shares	10% of capital		18 months	18 months	14/04/2011	17
Capital reduction through cancellation of shares	10% of capital per 24-month period		18 months	18 months	14/04/2011	18
Issuance of securities						
Capital increase with PSR(2) through issuance of shares or securities	€8.6 million	€900 million	26 months	26 months	14/04/2011	19
Capital increase through incorporation of issuance premiums, profits or reserves	€400 million		26 months	26 months	14/04/2011	20
Capital increase without PSR(2) through issuance of shares or securities by public offer	€4.3 million	€900 million	26 months	26 months	14/04/2011	21
Capital increase without PSR(2) through issuance of shares or securities in connection with a private placement	€4.3 million	900 million	26 months	26 months	14/04/2011	22
Increase in the number of securities to be issued in the event of a capital increase with or without PSR(2)	15% of the initial issue		26 months	26 months	14/04/2011	23
Setting of issue price, without PSR(2), of shares or securities	10% of capital		26 months	26 months	14/04/2011	24
Capital increase intended to remunerate in-kind contributions made up of the securities of a company or securities giving access to capital	10% of capital	€900 million	26 months	26 months	14/04/2011	25
Capital increase without PSR(2) to remunerate securities tendered as part of a public exchange offer	€4.3 million		26 months	26 months	14/04/2011	26
Issues reserved for employees and senior managers						
Grants of options to subscribe to and/or purchase shares	3% of capital		38 months	38 months	14/04/2011	28
Free allotment of existing shares or shares to be issued in the future	3% of capital		38 months	38 months	14/04/2011	29
Capital increase reserved for employees or corporate officers participating in a company savings scheme (PEE)	2% of capital		26 months	26 months	14/04/2011	30

(1) As from the vote of the AGM of April 14, 2011.
(2) PSR: preferential subscription rights.

The overall ceiling on financial delegations is €8.6 million, *i.e.* 20% of the company's capital at April 14, 2011.

Alongside this overall ceiling, a sub-ceiling of €4.3 million, or 10% of the capital at April 14, 2011, is applicable and is shared with other issues depending on the type of transactions planned. These possibilities are limited by the overall ceiling. The maximum nominal amount of debt securities may be issued under the authorisations would be to give €900 million.

The following amounts will be deducted from the sub-ceiling:

- issues without preferential subscription rights (21st resolution for public offers and 22nd resolution for private placements);
- additional issues by application of the green-shoe clause, if the issue is organised without subscription rights (23rd resolution);
- issues for in-kind contributions (25th resolution);
- issues for contributions of shares (26th resolution).

A common overall ceiling equal to 3% of the share capital is provided for in the 28th and 29th resolutions.

6.3.5 Potential capital

If all the options granted were to be exercised, the share capital of TF1 would increase by 4,558,897 shares, to comprise 217,969,389 shares after this gross dilution.

There is no other form of potential capital.

Options remaining valid appear in chapter 2, note 2.3.2, page 70 of this registration document.

6.3.6 Change in capital over the last five years

CHANGE IN CAPITAL AS OF 2010, DECEMBER 31

Date	Change in capital over the last five years	Number of shares	Increase / decrease in capital *(in euros)* Nominal	Premium	Total share capital after increase *(in euros)*	New shares outstanding
From 22/02/2006 to 19/05/2006 certified on 22/05/2006	Exercise of share options in plan no. 4 (€23.27)	382,000	76,400	8,812,740		
	Exercise of share options in plan no. 7 (€20.20)	15,000	3,000	300,000	42,889,826	214,449,129
22/05/2006	Cancellation of shares bought by the company	-200,000	-40,000	-	42,849,826	214,249,129
From 05/07/2006 to 20/09/2006 certified on 21/11/2006	Exercise of share options in plan no. 4 (€23.27)	1,731,000	346,200	39,934,170	43,196,026	215,980,129
21/11/2006	Cancellation of shares bought by the company	-1,928,000	-385,600	-	42,810,426	214,052,129
From 22/11/2006 to 31/12/2006	Exercise of share options in plan no. 7 (€20.20)	70,000	14,000	1,400,000	42,824,426	214,122,129
20/02/2007	Cancellation of shares bought by the company	-251,537	-50,307	-	42,774,118	213,870,592
From 24/01/2007 to 16/07/2007	Exercise of share options in plan no. 7 (€20.20)	339,900	67,980	6,798,000		
	Exercise of share options in plan no. 7 (€21.26)(1)	100,000	20,000	2,106,000	42,862,098	214,310,492
12/11/2007	Cancellation of shares bought by the company	-900,000	-180,000	-	42,682,098	213,410,492

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

6.4 OWNERSHIP STRUCTURE

6.4.1 Description of TF1 shares

TF1, as issuing company, manages its own registrar and paying agent services.

6.4.2 Shareholders' agreements

TF1 has signed several shareholders agreements, the most significant of which is reviewed below.

SHAREHOLDERS' AGREEMENTS WITH GROUPE AB – JUNE 11, 2010

Since 2007, the TF1 group had held a 33.5% interest in the AB Group, which in turn held investments including a 40% interest in TMC and a 100% interest in NT1. TF1 also held a 40% direct interest in TMC, acquired in 2005.

On June 11, 2010, TF1 and the AB Group finalized the implementation of the agreement signed on June 10, 2009, as a result of which TF1 acquired from the other AB Group shareholders their remaining 66.5% stake in the AB Group's 40% interest in TMC and the 100% interest in NT1 held by the AB Group, for a total price of €194.9 million. As a result, the TMC and NT1 channels have been fully consolidated by the TF1 group since July 1, 2010.

TF1 has retained the same interest in the other activities of the AB Group (33.5%) as it held prior to this transaction; this interest is valued at €155 million. The AB Group management team (Port Noir Investment) has been granted a call option over this interest, exercisable at any time during a two-year period starting June 11, 2010 at a price of €155 million.

TF1, Port Noir Investment and Claude Berda signed a agreement on their shareholding in the newly formed company Groupe AB. The salient points of agreement are as follows:

- TF1 is entitled to appoint a number of members to Groupe AB's Boards that is proportional to its holding, *i.e.* one-third of the members;
- TF1 has a pre-emptive right in the event of disposal of Groupe AB's assets or key business rights or of any ownership interests that the company might sell;
- TF1 has a joint right of disposal, notably if the controlling interest in Groupe AB is sold.

6.4.3 Action in concert

There is no concerted action to report relative to TF1.

6.4.4 Shareholders and ownership structure

EVOLUTION OF SHARE OWNERSHIP STRUCTURE

To the best knowledge of the Board of Directors, the company's share ownership is broken down as follows:

	December 31, 2010			December 31, 2009			December 31, 2008		
	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights
Bouygues	91,946,297	43.1%	43.1%	91,806,565	43.0%	43.0%	91,806,565	43.0%	43.0%
Treasury shares	14,625	0.01%	-	14,625	0.01%	-	14,625	0.01%	-
TF1 employees	12,149,695	5.7%	5.7%	11,466,260	5.4%	5.4%	9,174,435	4.3%	4.3%
via the FCPE TF1 fund(1)	*12,025,780*	*5.6%*	*5.6%*	*11,341,320*	*5.3%*	*5.3%*	*9,045,380*	*4.2%*	*4.2%*
as registered shares	*123,915*	*0.1%*	*0.1%*	*124,940*	*0.1%*	*0.1%*	*129,055*	*0.1%*	*0.1%*
Free float – France(2)(3)	34,833,010	16.3%	16.3%	37,348,254	17.5%	17.5%	44,763,959	21.0%	21.0%
Free float – rest of world(3)	74,466,865	34.9%	34.9%	72,774,788	34.1%	34.1%	67,650,908	31.7%	31.7%
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 as of December 31, 2010 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 2010 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
18/01/2010	15/01/2010	DNCA Finance / Leonardo Asset Management	2%	Down	4,208,000	1.97%	4,208,000	1.97%
02/02/2010	29/01/2010	UBS AG	1%	Up	2,228,463	1.04%	2,228,463	1.04%
02/02/2010	29/01/2010	Natixis Asset Management	0.5%	Up	1,085,275	0.51%	1,085,275	0.51%
11/02/2010	03/02/2010	Natixis Asset Management	0.5%	Down	1,062,302	0.498%	1,062,302	0.498%
03/03/2010	02/03/2010	Orbis Investment Management Limited	3%	Up	6,409,207	3.00%	6,409,207	3.00%
12/03/2010	11/03/2010	Orbis Investment Management Limited	3%	Down	6,373,360	2.99%	6,373,360	2.99%
04/05/2010	30/04/2010	UBS AG	1%	Down	2,133,621	1.00%	2,133,621	1.00%
05/05/2010	03/05/2010	UBS AG	1%	Up	2,735,866	1.28%	2,735,866	1.28%
19/05/2010	19/05/2010	Artisan partners	2%	Down	3,684,617	1.73%	3,684,617	1.73%
09/06/2010	07/06/2010	UBS AG	1%	Down	2,034,668	0.95%	2,034,668	0.95%
03/11/2010	28/01/2010	Manning & Napier	5%	Up	10,891,252	5.10%	10,197,882	4.78%
23/11/2010	09/02/2010	Manning & Napier	5%	Up	10,689,890	5.01%	10,689,890	5.01%
23/11/2010	18/11/2010	Manning & Napier	5%	Up	15,393,656	7.21%	15,393,656	7.21%
24/11/2010	23/11/2010	Amundi Asset Management	1%	Up	2,219,668	1.04%	2,219,668	1.04%

To the best knowledge of the company, there are no shareholders other than Bouygues, Société Générale Asset Management (FCPE TF1), Manning & Napier and Harris Associates L.P. holding more than 5% of the capital or voting rights.

Société Générale Asset Management held 5.6% of the capital at December 31, 2010; it manages the FCPE TF1 scheme.

On February 3, 2011, Harris Associates L.P., which acts on behalf of funds and customers to which it provides management services, has declared that it reached the 10% threshold of TF1 capital and of voting rights the February 1, 2011. Harris Associates L.P. declared it hold on behalf of this funds 20,765,100 TF1 shares which represent 9.73% of capital and voting rights.

6.5 STOCK MARKET INFORMATION

6.5.1 Description of TF1 shares

TF1 shares are quoted on Euronext Paris, compartment A.

ISIN Code: FR0000054900, CFI: ESVUFB, ICB: 5553 – Audiovisual and entertainment, Mnemo: TFI.

At December 31, 2010, 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: ASPI Eurozone®, FTSE4Good, Euronext FAS IAS, Ethibel PIONEER and Ethibel EXCELLENCE Investment Registers.

There is currently no request for admission to another stock exchange.

6.5.2 Price and volumes

At December 31, 2010, TF1 closed at €13.00, a year-on-year gain of 1%, compared with a 3% decrease for the CAC 40 index and a flat growth for the SBF120.

Media indices were stable over 2010, with the EURO STOXX® Media and the CAC Media putting on 4% and 6%.

In 2010 daily turnover of TF1 shares amounted to an average of 681,574 shares, or 22% lower than 2009. On February 18, 2010, 2,238,345 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, 2010. PER (based on 2010 net income excluding net non-current operating income) was 19 compared with 24 at December 31, 2009.

TF1 (ISIN Code: FR0000054900) share price and transaction volumes over the year:

Month	Highest(1) Euros	Lowest(1) Euros	Last Euros	Number of shares exchanged(2)	Capitalisation(3) (€ million)
January	14.2	12.4	12.5	14,315,600	2,671
February	13.3	11.4	11.8	16,728,465	2,513
March	14.0	11.8	13.7	15,796,791	2,931
April	14.7	13.2	14.0	16,680,798	2,989
May	14.3	10.7	11.7	20,890,470	2,489
June	12.6	10.6	10.8	17,361,383	2,299
July	12.8	10.2	12.2	15,345,546	2,605
August	13.1	11.2	11.7	11,117,378	2,496
September	12.6	11.4	11.4	11,313,940	2,437
October	11.9	11.0	11.7	9,790,425	2,502
November	13.1	11.2	11.2	14,704,921	2,391
December	13.5	11.2	13.0	11,800,363	2,774

Source: NYSE Euronext.
(1) The highest and lowest prices quoted refer to extreme values achieved during the session.
(2) Volumes exchanged refer to transactions taking place on NYSE Euronext.
(3) Calculation based on last price of the month multiplied by the number of shares reported at the end of the month..

6.5.3 Dividends and returns

No interim dividends were paid out of 2010 profits.

Dividends are available to shareholders from their date of payment, either at TF1 for registered shares or at financial institutions for managed registered shares and bearer shares.

Dividends that are not claimed within five years are remitted to the government.

Year	Number of share as of December 31	Dividends[(1)] paid in the business year *(in euros)*			Stock market price[(1)] *(in euros)* Closing price			Gross return based on last price
		Net	Overall amount	Paid	Highest	Lowest	Last	
2006	214,122,129	0.85	0.85	May 02, 2007	29.1	23.3	28.1	3.0%
2007	213,410,492	0.85	0.85	April 30, 2008	28.5	17.5	18.3	4.6%
2008	213,410,492	0.47	0.47	April 27, 2009	19.2	9.1	10.4	4.5%
2009	213,410,492	0.43	0.43	May 03, 2010	12.9	5.2	12.9	3.3%
2010	213,410,492	0.55[(1)]	0.55[(1)]	April 26, 2011	14.6	10.2	13.0	4.2%

(1) Dividends submitted to General Meeting for approval on April 14, 2011.

GENERAL MEETING

7.1 GENERAL MEETING TAKING PART IN THE COMBINED ANNUAL GENERAL MEETING OF APRIL 14, 2011

All shareholders may participate in General Meetings, irrespective of the number of shares they own.

FORMALITIES TO BE COMPLETED BEFORE PARTICIPATING IN GENERAL MEETINGS

Shareholders wishing to attend the Meeting, be represented at it or vote by mail must proceed as follows:

- holders of registered shares must be entered in the shareholders' register of the company no later than midnight (CET), Monday, April 11, 2011;
- holders of bearer shares must arrange for the authorised intermediary who manages their share account to provide a certificate of participation showing that their shares have been recorded or book-entered no later than midnight (CET), Monday April 11, 2011.

Only shareholders that can prove they were shareholders at midnight (CET) on Monday April 11, 2011 may participate in the Meeting.

PARTICIPATION IN THE GENERAL MEETING

No arrangements have been made for voting *via* electronic telecommunication media at this Meeting. Accordingly, none of the sites provided for in Article R. 225-61 of the Commercial Code will be set up for this purpose.

In accordance with Article R. 225-85 of the Commercial Code, when a shareholder has already voted remotely, sent a proxy, requested an admission card or an attendance certificate to attend the General Meeting, he or she may not choose another method of participation thereafter.

- Shareholders wishing to attend the Meeting can request an admission card as follows:
  - holders of registered shares should request the admission card from TF1 – Service Titres - c/o Bouygues – 32 avenue Hoche – 75008 Paris (Tel: +33 (0)1.44.20.11.07 - fax: +33 (0)1.44.20.12.42);
  - holders of bearer shares should ask the authorised intermediary who manages their share account to see that TF1 sends them the admission card on the basis of the certificate of participation that has been issued. Any holder of bearer shares who has not received the admission card can have the certificate of participation issued directly by the authorised intermediary who manages their share account.
- Shareholders who do not plan to attend in person but wish to vote by mail should proceeds as follows:
  - holders of registered shares should return the proxy / correspondence form sent to them with the invitation to TF1 – Service Titres – c/o Bouygues – 32 avenue Hoche – 75008 Paris;
  - holders of bearer shares should ask the authorised intermediary who manages their share account to provide the proxy / correspondence form and return it together with the participation certificate to TF1 - Service Titres – c/o Bouygues – 32 avenue Hoche – 75008 Paris.

Forms for voting by correspondence must be received by TF1 - Service Titres – c/o Bouygues – 32 avenue Hoche – 75008 Paris, no later than midnight (CET), Monday, April 11, 2011.

- Shareholders who do not plan to attend in person but wish to be represented should proceeds as follows:
  - holders of registered shares should send in the proxy / correspondence form, which will be sent to them with the notice of Meeting, to TF1 – Service Titres – c/o Bouygues – 32 avenue Hoche – 75008 Paris;
  - holders of bearer shares should ask the authorised intermediary who manages their share account to provide the proxy / correspondence form and return it together with the participation certificate to TF1 – Service Titres – c/o Bouygues – 32 avenue Hoche – 75008 Paris.

Shareholders may be represented by giving a proxy to the Chairman, their spouse or civil union partner, another shareholder or any other legal or natural person of their choice, as set forth in Article L. 225-106 of the Commercial Code; they may also give a proxy with the name left blank. Note that in the case of a blank proxy, the Chairman of the General Meeting will vote in favour of the draft resolutions submitted or authorised by the Board of Directors and against all other draft resolutions.

In accordance with Article R. 225-79 of the Commercial Code, shareholders must sign the proxy voting form, which may be sent electronically, where applicable, in the following manner: a scanned and signed copy of the form, stating the full name and address of the appointed proxy, must be sent as an email attachment to tf1mandatag2011@bouygues.com.

Proxy voting forms that are unsigned will not be considered valid.

Shareholder may cancel a proxy in writing, in the same way as they appointed the proxy, and send the cancellation to the company. To appoint a new proxy, the shareholder must ask either the company (for registered shareholders) or his or her financial intermediary (for bearer shareholders) to send a new proxy voting form indicating a change of proxy.

To be valid, proxy appointments or cancellations sent electronically must be received no later than 3 pm CET on the day before the General Meeting, *i.e.* Wednesday April 13, 2011.

WRITTEN QUESTIONS

In compliance with Article R. 225-84 of the Commercial Code, shareholders may submit questions in writing until midnight CET on the fourth business day before the General Meeting, *i.e.* Friday April 8, 2011. Questions must be sent to the Chairman of the Board of Directors at the registered office of the company by registered letter with return receipt or by email to tf1questionecriteag2011@tf1.fr. Bearer shareholders must send a book-entry attestation along with their questions.

DOCUMENTS PROVIDED TO SHAREHOLDERS

The documents to be provided to shareholders in connection with the General Meeting are available at the registered office of the company, in accordance with statutory and regulatory requirements.

In addition, the documents to be presented at the General Meeting will be posted on the www.tf1finance.com website at least 21 days before the Meeting date, in accordance with statutory and regulatory requirements.

7.2 AGENDA

WITHIN THE AUTHORITY OF THE ORDINARY GENERAL MEETING

- Board of Directors' reports and Statutory Auditors' reports;
- Approval of the 2010 company accounts and approval of the 2010 consolidated accounts; discharge to the Directors;
- Approval of regulated agreements and commitments stipulated in Article L.225-38 of the Commercial Code;
- Appropriation and distibution of earnings;
- Ratification of the appointment of Laurence Danon as Director;
- Renewal of the term of office of Patricia Barbizet, Claude Berda, Martin Bouygues, Olivier Bouygues, Laurence Danon, Nonce Paolini, Gilles Pélisson and of Bouygues company and Société Française de Participation et de Gestion – SFPG company, as a Director;
- Appointment of KPMG Audit IS as principal auditor;
- Appointment of KPMG Audit ID as alternate auditor;
- Authorisation to the Board of Directors to buy back the own shares of the company.

WITHIN THE AUTHORITY OF THE EXTRAORDINARY GENERAL MEETING

- Board of Directors' reports and statutory auditors' reports;
- Authorisation to the Board of Directors to reduce share capital by cancelling shares held by the company;
- Delegation of powers to the Board of Directors to increase the share capital with preferential subscription rights for existing shareholders, by issuing shares or securities giving access to shares of the company;
- Delegation of powers to the Board of Directors to increase the share capital by the incorporation of premiums, reserves or earnings;
- Delegation of powers to the Board of Directors to increase share capital without preferential subscription rights for existing shareholders by public offer;
- Delegation of powers to the Board of Directors to increase share capital without preferential subscription rights through an offer addressed solely to persons providing the investment service management portfolio on behalf of others, to investors qualified or a restricted circle of investors within the meaning subsection II of Article L. 411-2 of the Monetary Code and Finance (private investment);
- Authorisation to the Board of Directors to increase the number of securities to be issued in the event of a capital increase with or without preferential subscription rights for existing shareholders;
- Authorisation to the Board of Directors to set the price, without preferential subscription rights, for immediate or future public issues of equity securities or issues falling within the scope of paragraph II, Article L. 411-2 of the Monetary and Financial Code, without preferential subscription rights for existing shareholders;
- Delegation of powers to the Board of Directors to carry out a capital increase as consideration for contributions in kind consisting of a company's shares or securities giving access to capital;
- Delegation of powers to the Board of Directors to increase the share capital, without preferential subscription rights for existing shareholders, as consideration for securities tendered to a public exchange offer;
- Global limitation of the financial authorizations;
- Authorisation given to the Board of Directors to grant options to subscribe to and/or purchase shares;
- Authorisation to the Board of Directors to proceed with the free allotment of new or existing shares;
- Delegation of powers to the Board of Directors to carry out a capital increase for the benefit of employees or officers of the company or associated companies who are members of a company savings scheme;
- Powers to carry out formalities.

7.3 REPORT OF THE BOARD OF DIRECTORS ON THE RESOLUTIONS SUBMITTED TO THE COMBINED ANNUAL GENERAL MEETING

To the shareholders,

This report is part of the management report of the Board of Directors for the General Meeting of April 14, 2011.

RESULTS FOR THE YEAR

The consolidated and individual financial statements are included in this registration document and annual financial report (chapter 4, page 113).

INFORMATION ON THE CAPITAL

See chapter 6, page 221 of this registration document and annual financial report.

ACQUISITION AND DISPOSAL OF HOLDINGS

See chapter 6, page 109 of this registration document and annual financial report.

RESOLUTIONS SUBMITTED BY THE BOARD OF DIRECTORS TO THE GENERAL MEETING – ORDINARY BUSINESS

Your Statutory Auditors will provide you with their reports on the accounts for 2010 and on agreements and commitments relative to Article L. 225-38 of the Commercial Code;

In the resolutions that are submitted to you, we propose that you:

- approve the individual and consolidated financial statements for 2010;
- discharge the Board of Directors;
- appropriate and distribute the profits for the year;

In the resolutions submitted for your approval, we are asking you to approve the individual financial statements and the consolidated financial statements for the year ended December 31, 2010, and (having noted the existence of distributable profits of €407,887,977.73, comprising net profit for the period of €157,208,740.70 and retained earnings of €250,679,237.03) to appropriate this sum as follows, as proposed by the Board of Directors:

- distribution of a cash dividend of €117,375,770.60 (*i.e.* a dividend of €0.55 per €0.20 par value share),
- the balance of €290,512,207.13 to be carried forward as retained earnings.

The ex-date of the dividend on the Euronext Paris market will be April 19, 2011. 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 21, 2011. The payment date of the dividend will be April 26, 2011.

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

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 the flat rate of 19% specified in Article 117 *quater* of the French General Tax Code. This election must be made each time a dividend is received, is irrevocable, and cannot be made retrospectively.

We are also asking for your authority to transfer to retained earnings the amount of dividend accruing to any of its own shares that TF1 may hold, in accordance with Article L. 225-210 of the French Commercial Code.

The amount of dividend distributed in respect of the three previous financial years was as follows:

Year ended	Net dividend per share	Tax relief(1)
December 31, 2007	€0.85	yes
December 31, 2008	€0.47	yes
December 31, 2009	€0.43	yes

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

- agreements and commitments referred to in Article L. 225-38 of the Commercial Code, mentioned in the special report of the Statutory Auditors;

This resolution concerns, having read the special report of the auditors on agreements and commitments referred to in Articles L. 225-38 of the Commercial Code, approve the agreements and commitments, excluding routine operations, decided by the Board and in particular those entered between the company and other companies with her Directors or officers in common, or between the company and shareholders owning more than 10% of capital.

The special report of the auditors mentioned in particular the agreements and commitments approved during the previous General Meeting, whose performance continued in fiscal 2010.

The related-party agreements between TF1 and its subsidiaries, described in the Statutory Auditors' report on such agreements, relate to:

- permanent access by the subsidiaries to TF1 corporate functions (General Counsel's office, Corporate Affairs, Legal, Internal Communication, Research & Statistics, Financial Control, etc.). Access to these functions is invoiced to each subsidiary in proportion to its headcount and individual-company revenues. The total amount invoiced for the year ended December 31, 2010 was €11.1 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 2010, LCI received an annual fixed fee of €5.0 million;
- the other agreements (mainly business management leases) are described in the Statutory Auditors' report.

The related-party agreements between TF1 and Bouygues, as described in the Statutory Auditors' report on such agreements, cover:

- access by TF1 to Bouygues corporate functions.

  In 2010, Bouygues invoiced TF1 a total of €3.5 million for corporate services, equivalent to 0.13% of the total revenue generated by the TF1 group (versus €3.4 million and 0.14% of total revenue for 2009).

  Bouygues provides the various companies in the Bouygues Group with expert services in a variety of fields such as finance, legal, human resources, administration, information systems and new technologies...

  TF1 has a contractual right to call upon these services in response to issues as and when they arise, in accordance with the terms of an agreement approved annually by the Board of Directors. TF1 can consult Bouygues Group experts at any time in areas where they have limited in-house expertise. For example, TF1 does not have an in-house insurance law specialist, and so consults the Bouygues Insurance Department when it needs a new policy. The same applies to information systems audit.

  As well as providing advice and assistance on request, the Bouygues Group corporate functions co-ordinate activities within their areas of expertise, in particular by arranging meetings at which specialists can exchange views, discuss technical issues and familiarise themselves with new developments; examples include contract law and accounting standards.

  The actual cost of these shared corporate functions is recharged to TF1 using a formula tailored to the nature of the service: the ratio of TF1 headcount to total Bouygues Group headcount for human resources, long-term capital for financial matters, and revenue for all other functions.
- the other agreements with Bouygues (institutional communication campaign, use of executive jets, and the top-up executive retirement benefit plan) are described in the Statutory Auditors' report.

The special report of the auditors mentioned too a new agreement. The agreement provides for use granted to TF1 by the "32 avenue Hoche" joint venture of function and meeting rooms located on the 1st floor of 32 avenue Hoche, as well as for related services such as reception, computer facilities and secretarial services. For 2010, the joint venture received €12,718 (net of VAT) of consideration in this respect.

- endorse the co-opting of Laurence Danon as a Director, executed by the Board of Directors at its Meeting on July 22, 2010,

Laurence DANON. A graduate of École Normale Supérieure (Ulm) and of the Corps des Mines, Laurence Danon holds a teaching qualification in physics and a post-graduate diploma in organic chemistry. She began her career in 1984 at the French Ministry of Industry as head of the Industrial Development Division working in industry and research for the Picardy region. In 1987, she joined the Hydrocarbons Division of the Ministry of Industry, as head of the Exploration-Production department. In 1989, she joined the Elf group, where she exercised commercial responsibilities within the Polymers Division. In 1991, she became Director of the Industrial Specialties Division, and in 1994 Director of the Global Division of Functional Polymers. In 1996, she became CEO of Ato Findley Adhesives, which became Bostik following the merger with Total in 1999. Bostik is world no. 2 in adhesives. In 2001, she was appointed Chairman and CEO of Printemps. Following the successful sale of Printemps in October 2006, she left her job in February 2007. Laurence Danon then joined Edmond de Rothschild Corporate Finance in 2007, as member of the Executive Committee, and is now Chairman of the Executive Committee. Laurence Danon also chairs the "Prospective" (outlook) commission of the MEDEF.

Information about Laurence Danon is given on page 46 of the registration document.

- renew for two years the terms of office as Directors of Patricia Barbizet, Claude Berda, Martin Bouygues, Olivier Bouygues, Laurence Danon, Nonce Paolini, Gilles Pélisson, Bouygues and SFPG- Société Française de Participation et de Gestion, which expire at the end of this Meeting.

Patricia BARBIZET. A graduate of the École Supérieure de Commerce de Paris (ESCP) in 1976, Patricia Barbizet began her career with the Renault group as treasurer of Renault Véhicules Industriels, then Finance Director of Renault Crédit International. She joined the Pinault group in 1989 as Finance Director. She became Managing Director of Artémis in 1992, and of Financière Pinault in 2004. She was Chairman of the Supervisory Board of Pinault Printemps-Redoute to May 2005 and has been Vice Chairman of the Board of Directors of Pinault Printemps-Redoute since May 2005.

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 freeview Digital Terrestrial Television by founding NT1 in 2002 and acquiring TMC, alongside TF1, in 2005. In parallel, Claude Berda diversified his wealth management business, moving into real estate. In 2007 he sold 33.5% of AB Group to TF1. In 2010 he finalised an agreement for the sale of NT1 and TMC to TF1, thus refocusing AB Group on its catalogue and pay-TV channels.

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

Olivier BOUYGUES. 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 Works in France and the Special Projects Division. From 1988 to 1992, he was Chairman and CEO of Maison Bouygues. In 1992, he became group Executive Vice President of Utilities Management, combining the French and international activities of Saur. Olivier Bouygues was appointed Deputy CEO of Bouygues in 2002.

Laurence DANON

(See fifth resolution)

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.

SFPG – Société Française de Participation et de Gestion Director, represented by **Olivier ROUSSAT**. 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.

BOUYGUES, Director, represented by **Philippe MARIEN**. 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.

Gilles PÉLISSON, Graduate of ESSEC and holder of an MBA from the Harvard Business School, Gilles Pélisson started his career in 1983 with the Accor Group, first in the United States and then in Asia-Pacific. At Accor he served as the co-Chairman of the Novotel hotel chain. He was named CEO of Euro Disney in 1995 and Chairman and CEO in 1997. He moved to the Suez Group in 2000 and then to Bouygues Telecom, where he served as CEO before being appointed as Chairman and CEO (a position he held from February 2004 to October 2005). He was appointed CEO of Accor in January 2006, then Chairman and CEO up to December 2010.

Patricia BARBIZET, Laurence DANON and Gilles PÉLISSON qualify as independent with regard to the criteria set forth in the AFEP / MEDEF Code of Corporate Governance. After renewing the terms of office as proposed in these resolutions, three of the 12 members of your Board will be independent.

These renewals are valid for two years, that is to say until the General Meeting called in 2013 to approve the financial statements for the year ending December 31, 2012. A summary of the information concerning the Directors is shown on page 44 *et seq.* of the registration document.

- appoint KPMG Audit IS S.A.S and KPMG Audit ID S.A as principal and alternate Statutory Auditors, respectively, to replace KPMG and Bertrand Vialatte, for six financial years, that us to say until the General Meeting called to approve the financial for 2016.

The fees paid to the Statutory Auditors by TF1 and its subsidiaries are shown in chapter 4 of this registration document and annual financial report, and in note 35 to the consolidated financial statements, page 169.

- authorise a share buyback programme allowing your company to purchase its own shares on the stock market.

This resolution permits the company to buy back its own shares, within the limits set by the shareholders and in accordance with law. It supersedes the authorisations given by the shareholders at previous General Meetings.

Details of the programme submitted for approval:

- securities concerned: shares;
- maximum percentage of the capital authorised for repurchase: 10%;
- maximum overall amount: €150 million;
- maximum price per share: €25.

Aims:

- cancel shares under the conditions provided for by law, subject to authorisation from the Extraordinary General Meeting;
- allocate shares to employees or corporate officers of the company or of related companies, in accordance with the requirements and procedures provided for by law, and particularly in connection with profit-sharing or stock option plans, or *via* company or intercompany savings schemes, or *via* the allotment of bonus shares;
- ensure liquidity and make a market in the company's shares, through an investment services provider operating within the framework of a liquidity agreement that complies with an AMF-recognised Code of Conduct;
- hold shares and, as the case may be, use them as a means of payment or exchange in acquisitions;
- hold shares and, as the case may be, allocate them following the exercise of rights attached to securities giving access to the company's capital;
- implement any market practice accepted by the AMF and, more generally, conduct any transaction that complies with current regulations.

Duration: 18 months

These transactions may be carried out at any time, except during a takeover bid, a public offer of exchange or a standing market offer for the company's shares, and without using derivatives.

Please note that, at December 31, 2010, the company:

- had made no purchases under the previous programme, approved by the Combined Annual General Meeting of April 15, 2010;
- held 14,625 of the 213,410,492 existing TF1 shares following a forward purchase to cover the 2006 plan to allot and deliver bonus shares to the plan's beneficiaries;
- did not have a liquidity contract in place with an investment services provider.

RESOLUTIONS SUBMITTED BY THE BOARD OF DIRECTORS TO THE GENERAL MEETING – EXTRAORDINARY BUSINESS

The authorisations and delegations granted by the Combined Annual General Meetings of 2008, 2009 and 2010 all expire in 2011.

These new delegations comply with standard practices and recommendations in terms of amounts, limits and duration.

Some resolutions have been adjusted, *i.e.*:

- the global authorisation limit on capital increases with or without preferential subscription rights has been further cut from 34% to 20% of capital;
- for the allotment of bonus shares and options, the limit applicable to both resolutions has been reduced from 10% to 3% of capital.

CAPITAL REDUCTION THROUGH CANCELLATION OF SHARES

The purpose of this resolution is to authorise your Board of Directors to reduce the capital of the company, on one or more occasions and by up to 10% of the capital per 24-month period, by cancelling some or all of the shares acquired under the buyback programmes authorised by the General Meeting. This authorisation will be given for an 18-month period and replace the one given at the Combined Annual General Meeting of April 15, 2010, which was not used.

The purposes of this programme, inter alia, are to purchase a number of shares equivalent to the number issued for employee-only capital increases, stock option plans and bonus share allotments for Group employees and managers.

The company did not buy back any of its shares in 2010. TF1 has held 14,625 shares in treasury stock since April 1, 2008, following a forward purchase to cover the 2006 plan to allot and deliver bonus shares to the plan's beneficiaries. As at February 16, 2011, treasury shares accounted for 0.00006% of the capital. Their portfolio value is €0.2 million and the market value of the portfolio is €0.1 million (based on the closing price at February 15, 2011, *i.e.* €14.41).

FINANCIAL DELEGATIONS

In past years the General Meeting has regularly given your Board of Directors the authorisations it needs to take opportunities that arise in financial markets and to trade on the best possible terms, depending on the company's need for equity and being able to choose securities giving access to capital with our without preferential subscription rights for shareholders.

The proposed resolutions terminate the existing delegations (given at the General Meetings of April 17, 2008, April 17, 2009 and April 15, 2010), which concern the issue, with our without preferential subscription rights, of all equity securities and securities giving immediate or future access to capital and which the Board did not use.

We ask you to renew the previous authorisations by delegating the authority of the General Meeting to the Board of Directors for a period of 26 months.

The delegations provided for in these resolutions concern the issue of equity securities and securities giving immediate or future access to capital with our without preferential subscription rights.

The policy of the Board of Directors is to give preference on principle to increases that maintain preferential subscription rights for shareholders. Nevertheless, it may be necessary to cancel these preferential subscription rights. In this case, the Board of Directors may nevertheless give priority to shareholders for subscribe subscription by way of pro rata entitlement, without reduction, or additional rights subject to reduction.

In all cases where preferential subscription rights are maintained, in addition to their *pro rata* entitlement, an additional right will be granted so that holders of pre-existing shares may subscribe, subject to reduction, for a larger number of shares than they would otherwise be entitled to subscribe on a preferential basis, in proportion to the rights they hold and within the limit of their requests.

Where preferential rights are eliminated, the Board of Directors may give shareholders the possibility of subscribing on a priority basis, with or without a reduction of their entitlement.

The maximum nominal amount of immediate and / or deferred capital increases that can be made by virtue of authorisations granted is €8.6 million (20% of capital – the "overall ceiling") with preferential subscription rights (19th resolution) or €4.3 million (10% of capital – "below the ceiling") without preferential subscription rights. The maximum nominal amount of debt instruments that may be issued by virtue of authorisations granted is fixed at €900 million.

The sub-ceiling is common to the following issues, depending on the type of transaction envisaged:

- issues without preferential subscription rights (21st resolution for public offers and 22nd resolution for private placements);
- additional issues by application of the green-shoe clause, if the issue is organised without subscription rights (23rd resolution);
- issues for in-kind contributions (25th resolution);
- issues for contributions of shares (26th resolution).

The 20th resolution proposes to authorise your Board of Directors to increase the capital by capitalising reserves, profits, premiums or other sums that may be capitalised up to a nominal €400 million. This ceiling is independent of and separate from the overall ceiling set in the 19th resolution.

In accordance with law, the issue price of equity securities must be equal to or greater that the weighted average value during the three trading sessions before the price is set. However, it is proposed that your Board of Directors be allowed to waive the price-setting conditions provided for in the 21st and 22nd resolutions by setting an issue price equivalent to the average of the prices observed during a maximum period of six months prior to the issue or an issue price equivalent to the volume-weighted average market price on the day before the issue ("1-day VWAP") with a maximum discount of 10%.

STOCK OPTIONS AND BONUS SHARES

At the Combined Annual General Meetings on April 17, 2007 and 2008 you authorised your Board to proceed with a capital increase in one or more tranches for salaried members of staff or certain categories of employees and / or for corporate officers, both of TF1 and of companies and economic interest groupings related to it, by granting stock options or bonus shares in the company.

The Board of Directors allotted no shares and granted no options in 2010.

The 28th and 29th resolutions relate to grants of option and allotments of bonus shares. For a period of 38 months your Board of Directors would be authorised to determine the Group's overall remuneration policy and allow it to involve senior managers more closely in the proper functioning of the Group and its future, and allow them to share in the results of their efforts.

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

It should be noted that the options granted to the Chairman and CEO have been subject to performance criteria since 2009. A portion of the bonus shares provided for in the 2006 plan was also subject to performance criteria, which are applicable to all beneficiaries.

At December 31, 2010, a total of 4,558,897 options were unexercised, around 2.1% of the capital at that date.

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

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

Furthermore, the 28th resolution rules out any discounts. Depending on the case, the subscription or purchase price of shares will be equal to or greater than the average share price over the 20 days prior to their allotment, or to the average price at which they are purchased by the company.

EMPLOYEE SHARE OWNERSHIP

The purpose of the 30th resolution is to authorise your Board of Directors for 26 months to proceed with capital increases capped at 2% of the capital and reserved for employees of the TF1 group who are members of the Group's company savings scheme. The previous authorisation, which was given by the Combined Annual General Meeting of April 17, 2009 (25th resolution) and has not been used by the Board, expires in 2011.

TF1 set up a company savings scheme for all Group employees in 1988.

2,763 employees were members of the scheme at December 31, 2010, *i.e.* 78% of the employees of companies belonging to the scheme. Through the "FCPE TF1 Actions" scheme, employee shareholders owned 5.6% of the capital and voting rights. It should be noted that TF1 shares held by employees can be bought in the market, with no discount, by the company which manages FCPE TF1 Actions.

If the Board of Directors is granted the delegation, it may decide to proceed with one or more subscriptions and would have the authority to:

- determine the length-of-service conditions for employees entitled to benefit from subscription offers;
- set the subscription dates;
- set the subscription price for new shares, in accordance with Article L. 3332-19 of the Labour Code, for each issue; the price cannot be more than 20% lower than the average initial price quoted for the shares at the 20 trading sessions before the opening date of the subscription period set by the Board of Directors;
- in general, decide upon all the other conditions and arrangements for the transaction.

FILINGS AND FORMALITIES

The purpose of the resolution is to allow all legal and administrative formalities, filings and disclosures provided for by prevailing law to be carried out.

The indications on the progress of social affairs, to be provided under the law, contained in the report of management that you received.

In accordance with Articles R. 225-114 and R. 225-115 of the Commercial Code, we inform you, below, the implications of emissions allowed on the situation of shareholders, in particular for their proportionate share of earnings and that of equity.

We proceed on the consolidated financial statements December 31, 2010. To date, the equity per share after distribution of profit for the year, amounted to €5.98. The proposed programs will therefore have the effect of increasing shareholders' equity per share if the average price over the period is higher at €5.98. For information, the average closing price of the action was for the month of January 2011, for €14.05. Earnings per share for fiscal 2010 amounted to €0.65. We are not able to quantify the impact of permits and authorizations to issue the earnings per share. Indeed, the price and the amount of operations will not be known until the Board decides to use these delegations. You will please you vote on the resolutions on offer.

The Board of Directors.

7.4 PRESENTATION OF DRAFT RESOLUTIONS

Ordinary General Meeting / Presentation of resolutions

APPROVAL OF THE COMPANY ACCOUNTS AND OF THE CONSOLIDATED ACCOUNTS

The first two resolutions submit for shareholders' approval the statutory and consolidated financial statements of TF1 for 2010.

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 2010, 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 2010 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 2010 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 2010, and in the Statutory Auditors' report on the consolidated accounts for the said business year, approves these reports together with the consolidated accounts for 2010 comprising the Balance Sheet, the Profit and Loss account and the notes to the financial statements as submitted to them, as well as the operations reflected in these accounts and summarised in these reports.

APPROVAL OF REGULATED AGREEMENTS AND COMMITMENTS

In this resolution we ask you, after having acquainted yourselves with the auditors' special report on regulated agreements and commitments governed by Articles L. 225-38 *et seq.* of the Commercial Code, to approve those regulated agreements and commitments (excluding transactions falling within the ordinary course of business) between the company and the companies with which it has one or more Directors or executives in common, or between the company and shareholders with an interest of more than 10% in the company's share capital.

The special report of the auditors mentioned in particular the agreements and commitments approved during the previous General Meetings, whose performance continued in fiscal 2010, and specially:

- related-party agreements between TF1 and its subsidiaries;
- related-party agreements between TF1 and Bouygues.

THIRD RESOLUTION

(Approval of regulated agreements and commitments)

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.

APPROPRIATION OF EARNINGS

The year ended December 31, 2010 ended in a distributable profits of €407,887,977.73, comprising net profit for the period of €157,208,740.70 and retained earnings of €250,679,237.03.

This resolution proposes an appropriation of the earnings for fiscal year 2010 that allows a dividend of 0.55 euro per share and an allocation of the balance to retained earnings.

The ex-date of the dividend on the Euronext Paris market will be April 19, 2011. The payment date of the dividend will be April 26, 2011.

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 €407,887,977.73, taking into account the net income for the period of €157,208,740.70 and retained earnings of €250,679,237.03, approves the following appropriation and distribution proposed by the Board of Directors:

- distribution of a cash dividend of €117,375,770.60 (*i.e.*, a dividend of €0.55 per share with a par value of €0.20);
- appropriation of the balance to Retained Earnings €290,512,207.13.

The ex-dividend date for the EURONEXT PARIS market shall be April 19, 2011.

The cut-off date for positions qualifying for payment shall be April 21, 2011.

The dividend shall be paid in cash on April 26, 2011.

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 19% withholding tax in accordance with Article 117 *quater* of the General Tax Code; this option should be selected at the time of each payment. It is irrevocable and cannot be exercised post-payment.

The General Meeting authorises the appropriation to Retained Earnings of the dividends arising on the TF1 shares that TF1 is authorised to hold as treasury shares, in accordance with Article 225-210 of the Code of Commerce.

The General Meeting notes that the dividends distributed for the last three business years were as follows:

Year ending:	Dividend per share	Allowance*
31/12/2007	€0.85	Yes
31/12/2008	€0.47	Yes
31/12/2009	€0.43	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.*

RATIFICATION OF THE APPOINTMENT AS DIRECTOR

The 5th resolution proposes the ratification of the appointment of Laurence DANON as Director made by the Board Meeting of July 22, 2010 replacing resigning Director Haïm SABAN.

FIFTH RESOLUTION

(Ratification of the appointment of Laurence DANON as Director)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, ratifies the appointment of Laurence DANON as Director made by the Board Meeting of July 22, 2010, replacing resigning Director Haïm SABAN. Her 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.

RENEWAL OF TERMS OF OFFICE OF DIRECTORS

Resolutions six through fourteen deal with the renewal of terms of office of the Directors of the company. You are being asked to renew the terms of office of Mrs Patricia Barbizet, of Messrs Claude Berda, Martin BOUYGUES, Olivier BOUYGUES, of Mrs Laurence DANON, of Messrs Nonce PAOLINI, Gilles PELISSON and of BOUYGUES company and Société Française de Participation et de Gestion – SFPG company.

SIXTH RESOLUTION

(Renewal of the term of office of Patricia BARBIZET as a Director)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, renews the term of office of Patricia BARBIZET as a Director, which expires at the end of this Meeting, for a further two years.

This term shall expire after the Combined Annual General Meeting called to approve the financial statements for 2012.

SEVENTH RESOLUTION

(Renewal of the term of office of Claude BERDA as a Director)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, renews the term of office of Claude BERDA as a Director, which expires at the end of this Meeting, for a further two years.

This term shall expire after the Combined Annual General Meeting called to approve the financial statements for 2012.

EIGHTH RESOLUTION

(Renewal of the term of office of Martin BOUYGUES as a Director)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, renews the term of office of Martin BOUYGUES as a Director, which expires at the end of this Meeting, for a further two years.

This term shall expire after the Combined Annual General Meeting called to approve the financial statements for 2012.

NINTH RESOLUTION

(Renewal of the term of office of Olivier BOUYGUES as a Director)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, renews the term of office of Olivier BOUYGUES as a Director, which expires at the end of this Meeting, for a further two years.

This term shall expire after the Combined Annual General Meeting called to approve the financial statements for 2012.

TENTH RESOLUTION

(Renewal of the term of office of Laurence DANON as a Director)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, renews the term of office of Laurence DANON as a Director, which expires at the end of this Meeting, for a further two years.

This term shall expire after the Combined Annual General Meeting called to approve the financial statements for 2012.

ELEVENTH RESOLUTION

(Renewal of the term of office of Nonce PAOLINI as a Director)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, renews the term of office of Nonce PAOLINI as a Director, which expires at the end of this Meeting, for a further two years.

This term shall expire after the Combined Annual General Meeting called to approve the financial statements for 2012.

TWELFTH RESOLUTION

(Renewal of the term of office of Gilles PELISSON as a Director)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, renews the term of office of Gilles PELISSON as a Director, which expires at the end of this Meeting, for a further two years.

This term shall expire after the Combined Annual General Meeting called to approve the financial statements for 2012.

THIRTEENTH RESOLUTION

(Renewal of the term of office of BOUYGUES company as a Director)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, renews the term of office of BOUYGUES company as a Director, which expires at the end of this Meeting, for a further two years.

This term shall expire after the Combined Annual General Meeting called to approve the financial statements for 2012.

FOURTEENTH RESOLUTION

(Renewal of the term of office of SOCIÉTÉ FRANÇAISE DE PARTICIPATION ET DE GESTION – SFPG company as a Director)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, renews the term of office of SOCIETE FRANCAISE DE PARTICIPATION ET DE GESTION – SFPG company as a Director, which expires at the end of this Meeting, for a further two years.

This term shall expire after the Combined Annual General Meeting called to approve the financial statements for 2012.

APPOINTMENT OF PRINCIPAL AUDITOR AND ALTERNATE AUDITOR

As KPMG's term of office as principal auditor expires at the end of this Annual General Meeting, we ask you to appoint KPMG Audit is S.A.S to replace him for the statutory six-year term expiring at the end of the 2017 Annual General Meeting called to approve the financial statements for 2016.

As Bertrand VIALATTE's term of office as alternate auditor expires at the end of this Annual General Meeting, we ask you to appoint KPMG Audit ID S.A.S to replace him for the statutory six-year term expiring at the end of the 2017 Annual General Meeting called to approve the financial statements for 2016.

FIFTEENTH RESOLUTION

(Appointment of KPMG Audit IS as principal auditor)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, hereby appoints KPMG Audit IS as principal auditor for a period of six years. He will replace KPMG, whose term of office expires at the end of the present Ordinary General Meeting.

This appointment shall expire after the Combined Annual General Meeting called to approve the financial statements for 2016.

SIXTEENTH RESOLUTION

(Appointment of KPMG Audit ID as alternate auditor)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, hereby appoints KPMG Audit ID as alternate auditor for a period of six years. He will replace Bertrand VIALATTE, whose term of office expires at the end of the present Ordinary General Meeting.

This appointment shall expire after the Combined Annual General Meeting called to approve the financial statements for 2016.

AUTHORISATION TO BUY BACK SHARES

This resolution allows the company to buy its own shares within the limits set by the shareholders and by law. It replaces the authorizations previously granted by the shareholders at previous Shareholders' Meetings.

SEVENTEENTH RESOLUTION

(Authorisation to the Board of Directors with a view to enabling the company to deal in its own shares)

The General Meeting, acting in compliance with the quorum and majority rules required for Ordinary General Meetings, and having acquainted itself with the Board of Directors' report:

1. hereby authorises the Board of Directors to buy back, under the conditions set out below, shares representing up to 10% of the company's share capital at the date of the buy-back, in compliance with the prevailing legal and regulatory conditions applicable at that date, particularly the conditions laid down by Articles L. 225-209 *et seq.* of the Commercial Code, by European Commission Regulation no. 2273/2003 of December 22, 2003, and by the AMF (Autorité des Marchés Financiers) General Regulation.

Resolves that the purpose of this authorisation is to enable the company to:

- cancel shares under the conditions provided for by law, subject to authorisation by the Extraordinary General Meeting;
- grant shares to employees or corporate officers of the company or related companies under the terms and conditions laid down by law, in particular as part of profit-sharing schemes, stock option schemes, corporate savings plans and inter-company savings schemes or through an allotment of bonus shares;
- ensure the liquidity of and organise the market for the company's shares, through an investment service provider acting under the terms of a liquidity agreement that complies with a code of conduct recognised by the AMF;
- retain shares with a view to using them subsequently as a medium of payment or exchange;
- retain shares with a view to delivering them subsequently upon exercise of rights attached to securities;
- implement any market practice accepted by the AMF and generally to carry out any other transaction in compliance with prevailing regulations;

2. resolves that the acquisition, sale, transfer or exchange of these shares may be carried out, in compliance with rules issued by the market authorities, in any manner, notably on or off-market (including the over-the-counter market) without appeal to derivative financial instruments, and at any time, except in a public tender or exchange offer. The entire programme may be carried out through block trades;
3. resolves that the purchase price cannot exceed €25 per share and the sale price cannot be less than €7 per share, subject to any adjustments relating to share capital transactions. If share capital is increased by incorporating premiums, earnings, reserves or bonus shares into capital, or in the event of a stock split or reverse stock split, the price indicated above shall be adjusted by a multiplication factor equal to the ratio of the number of shares making up the share capital before the transaction to the number of shares after the transaction;
4. sets at €150,000,000 (hundred and fifty million euro) the maximum amount of funds that can be used for the share buy-back programme;
5. notes that, in accordance with law, the total shares held at any given date may not exceed 10% of the share capital outstanding at that date;
6. gives full powers to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, to implement this authorisation, place all stock orders, conclude all agreements, in particular with a view to the registration of purchases and sale of shares, completing all declarations and formalities with the AMF or any other body, and in general taking all necessary measures to execute the decisions taken within the scope of this authorisation;
7. resolves that the Board of Directors shall inform the Annual General Meeting of the transactions carried out, in accordance with applicable regulations;
8. grants this authorisation for eighteen months as from the date of this Meeting and notes that it cancels and replaces the unused portion of any previous authorisation given for the same purpose.

Extraordinary General Meeting

REDUCTION OF SHARE CAPITAL BY CANCELLING SHARES

In this resolution we ask you to grant the Board of Directors an eighteen-month authorisation to reduce share capital, on one or more occasions, up to a limit of 10% of the share capital in any twenty-four month period, by cancelling some or all of the shares that the company holds as a result of using the various share buyback authorisations given by the Combined Annual General Meeting. This authorisation would replace the authorisation given by the Combined Annual General Meeting of April 15, 2010.

EIGHTEENTH RESOLUTION

(Authorisation to the Board of Directors to reduce share capital by cancelling shares held by the company)

The General Meeting, acting in compliance with the quorum and majority rules required for Extraordinary General Meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with Article L. 225-209 of the Commercial Code:

- authorises the Board of Directors to cancel, at its own initiative, on one or more occasions, some or all of the shares that the company holds or may hold as a result of utilising the various share buy-back authorisations given by the Annual General Meeting to the Board of Directors, particularly under the seventeenth resolution submitted to this Annual General Meeting for approval, up to a limit of 10% in any twenty-four-month period; authorises the Board of Directors to charge the difference between the purchase value of the cancelled shares and their nominal value to all available premium and reserve funds including the legal reserve up to 10% at the cancelled capital;
- delegates to the Board of Directors full powers to carry out the capital reduction(s) and generally to attend to all necessary formalities;
- delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, full powers to carry out the capital reduction(s) resulting from cancellations of shares

authorised by this resolution, to have the relevant entries made in the financial statements, to amend the by-laws accordingly, and generally to attend to all necessary formalities;

- grants this authorisation for eighteen months from the date of this Annual General Meeting and notes that it cancels and replaces the unused portion of any previous authorisation given for the same purpose.

FINANCIAL DELEGATIONS

The proposed resolutions terminate the existing delegations (given at the General Meetings of April 17, 2008, April 17, 2009 and April 15, 2010), which concern the issue, with our without preferential rights, of all equity securities and securities giving immediate or future access to capital and which the Board did not use.

The delegations provided for in these resolutions concern the issue, for a period of 26 months, of equity securities and securities giving access to capital with our without preferential subscription rights.

The maximum nominal amount of immediate and / or deferred capital increases that can be made by virtue of authorisations granted is €8.6 million (20% of capital – the "overall ceiling") with preferential subscription rights (19th resolution) or €4.3 million (10% of capital – "below the ceiling") without preferential subscription rights: the sub-ceiling is common to all issues without preferential subscription rights and associated possible issues are included in "overall ceiling". The maximum nominal amount of debt instruments that may be issued by virtue of authorisations granted is fixed at €900 million.

The 20th resolution proposes to authorise your Board of Directors to increase the capital by capitalising reserves, profits, premiums or other sums that may be capitalised up to a nominal €400 million. This ceiling is independent of and separate from the overall ceiling set in the 19th resolution.

In accordance with law, the issue price of equity securities must be equal to or greater that the weighted average value during the three trading sessions before the price is set. However, it is proposed that your Board of Directors be allowed to waive the price-setting conditions provided for in the 21st and 22nd resolutions by setting an issue price equivalent to the average of the prices observed during a maximum period of six months prior to the issue or an issue price equivalent to the volume-weighted average market price on the day before the issue ("1-day VWAP") with a maximum discount of 10%.

NINETEENTH RESOLUTION

(Delegation of powers to the Board of Directors to increase the share capital with preferential subscription rights, by issuing shares or securities giving access to shares of the company)

The General Meeting, acting in compliance with the quorum and majority rules required for Extraordinary General Meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with Articles L. 225-129-2, L. 228-92 and L. 228-93 of the Commercial Code:

1. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, full powers to carry out one or more capital increases, in the proportions, at the times, and in the manner it deems appropriate, by issuing with preferential subscription rights (i) ordinary shares of the company, and (ii) securities of any kind, issued free of charge or against payment, giving access by any means, immediately and / or in the future, at any time or at a fixed date, to existing shares or ones to be issued by the company. These securities may be denominated in euros, in foreign currencies or in any other monetary unit established with reference to several currencies, in France and abroad, and they may be subscribed for either in cash or by offsetting debts;
2. resolves that the total amount of capital increases in cash that may be carried out immediately and / or in the future under this delegation may not exceed a maximum nominal amount of €8,600,000 (eight millions six hundred thousand euro), to which amount shall be added, if need be, the nominal amount of any additional shares issued to preserve, as required by law, the rights of holders of securities giving access to ordinary shares of the company; the nominal amount of ordinary shares issued by virtue of the twenty-first, twenty-second, twenty-third, twenty-fifth and twenty-sixth resolutions of the Annual General Meeting shall count toward this maximum amount;
3. resolves that the securities giving access to ordinary shares of the company issued in this way may be debt securities or be linked to the issue of such securities, or allow the issue of such securities as intermediate securities. They may be subordinated or unsubordinated securities, with a fixed or variable term, and issued in euros, in other currencies, or in monetary units established with reference to several currencies.

   Resolves that the nominal amount of all debt securities issued under this authorisation may not exceed €900,000,000 (nine hundred million euro) or their counter-value in euros at the date the issue is decided, with the stipulation that this amount does not include the redemption premium(s) above par value, if any. The nominal amount of the debt securities issued under the twenty-first and twenty-second resolutions will count toward this maximum amount; this maximum amount is independent and distinct from the amount of the debt securities whose issue would be decided or authorised by the Board of Directors in accordance with Article L. 228-40 of the Commercial Code. Loans (giving access to ordinary shares of the company) may have a fixed and / or variable interest rate or be capitalised, and they may be redeemed with or without a premium or amortisation. The securities may also be redeemed on the stock market or offered for purchase or exchange by the company;
4. resolves, in the event the Board of Directors uses these delegated powers, that:

   a. the shareholders shall have, proportionally to the amount of their shares, a non-reducible preferential subscription right to ordinary shares and securities that would be issued under this resolution;

   b. in addition, the Board of Directors shall have the power to grant shareholders reducible preferential subscription rights that will be exercised in proportion to their rights and up to the limit of their requests;

   c. if the subscriptions on a non-reducible basis and, if any, on a reducible basis have not absorbed all the ordinary shares or securities issued under this authorisation, the Board of Directors may do one or more of the following, in the order it chooses:

- limit the issue to the amount of subscriptions collected, on condition that this amount is at least three-quarters of the issue decided on;
- distribute freely some or all of the unsubscribed securities;
- offer some or all of the unsubscribed securities to the public on the French and / or international and / or foreign markets;

d. the Board of Directors shall decide the characteristics, amount and form of any securities issue and of the securities themselves. In particular, it shall determine the category of securities issued and, on the basis of information contained in its report, their subscription price, with or without a premium, the terms and conditions for paying them up, and their vesting date, which may be retroactive; it shall also determine the terms and conditions under which securities issued under this resolution give access to ordinary shares of the company as well as the conditions for suspending the allotment rights of the holders of securities giving access to ordinary shares, in accordance with applicable law;

e. the Board of Directors shall have full powers, with the power to sub-delegate under and in accordance with applicable law, to implement this authorisation, notably by concluding agreements for this purpose and in particular with a view to issuing securities; to carry out on one or more occasions, in the proportion and at the times it deems appropriate, in France and / or abroad and / or on the international market, the aforementioned issues of securities – and, if need be, to postpone them – to record them and to amend the by-laws accordingly; and to carry out all formalities and filings and demand all authorisations necessary to issue these securities;

5. notes that this authorisation entails the waiver by shareholders of their preferential subscription rights to ordinary shares in the company to which the securities issued under this authorisation would entitle them;
6. grants this authorisation for twenty-six months from the date of this Annual General Meeting and notes that it cancels and replaces the unused portion of any previous authorisation for the same purpose.

TWENTIETH RESOLUTION

(Delegation of powers to the Board of Directors to increase the share capital by the incorporation of premiums, reserves or earnings)

The General Meeting, acting in compliance with the quorum and majority rules required for Extraordinary General Meetings, in accordance with Article 225-98 of the Commercial Code, having acquainted itself with the Board of Directors' report, and in accordance with Articles L. 225-129-2 and L. 225-130 of the Commercial Code:

1. gives full powers to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, to carry out one or more capital increases, in the proportions and at the times its deems appropriate, through the successive or simultaneous incorporation of share premiums, reserves, earnings or other sums whose capitalisation is legally and statutorily possible, in the form of the allotment of free shares or an increase in the nominal value of existing shares or by the combined use of both these means;
2. resolves that the total nominal amount of capital increases carried out under this resolution may not exceed €400,000,000 (four hundred million euro), to which amount shall be added, if need be, the nominal amount of any additional shares issued to preserve, as required by law, the rights of holders of securities giving access to ordinary shares of the company. The maximum amount of this authorisation is independent and distinct from the maximum total amount set by the preceding nineteenth resolution;
3. resolves, in accordance with Article L. 225-130 of the Commercial Code, that should the Board of Directors use this authorisation to increase the capital by the free allotment of shares, rights to fractions of shares shall be non-tradable and non-transferrable, and the corresponding shares shall be sold; the proceeds from the sale shall be allotted to the rights holders within the regulatory time period;
4. resolves that the Board of Directors shall have full powers, with the power to sub-delegate to any person authorised by law, to implement this authorisation and generally to take all steps and carry out all formalities required to complete each capital increase, record them, and amend the by-laws accordingly;
5. grants this authorisation for twenty-six months as from the date of this Meeting and notes that it cancels and replaces the unused portion of any previous authorisation given for the same purpose.

TWENTY-FIRST RESOLUTION

(Delegation of powers to the Board of Directors to increase share capital without pre-emptive rights through public offering)

The General Meeting, acting in compliance with the quorum and majority rules required for Extraordinary General Meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with Articles of the Commercial Code, in accordance with L. 225-129:

1. gives full powers to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, to carry out one or more capital increases, in the proportions and at the times its deems appropriate, through public offering, by issuing without preferential subscription rights for existing shareholders, in France as well as abroad, in euros, in foreign currencies, or in any monetary unit established with reference to several currencies, i) ordinary shares of the company and ii) securities giving access by

any means, immediately and / or in the future, to new or existing shares of the company, which may be subscribed for in cash or by offsetting debts;

2. resolves that the maximum nominal amount of any capital increase carried out immediately and / or in the future under this resolution may not exceed €4,300,000 (four millions three hundred thousand euro), to which amount shall be added, if need be, the nominal amount of any additional shares issued to preserve, as required by law, the rights of holders of securities giving access to ordinary shares of the company. This amount shall count toward the maximum total amount set in the nineteenth resolution;
3. resolves that the securities giving access to ordinary shares of the company issued in this way may be debt securities or linked to the issue of such securities, or enable such securities to be issued as intermediate securities. They may be subordinated or unsubordinated securities, with a fixed or variable term, and they may be issued in euros, in other currencies, or in monetary units established with reference to several currencies;
4. resolves that the nominal amount of all debt securities issued under this authorisation may not exceed €900,000,000 (nine hundred million euro) or their counter-value in euros at the date the issue is decided, with this amount counting toward the maximum amount set in the nineteenth resolution, with the stipulation that this amount does not include the redemption premium(s) above par value, if any. This maximum amount is independent and distinct from the amount of the debt securities whose issue would be decided or authorised by the Board of Directors in accordance with Article L. 228-40 of the Commercial Code. Loans giving access to ordinary shares of the company or a Subsidiary may have a fixed and / or variable interest rate or be capitalised, and they may be redeemed with or without a premium or amortisation. The securities may also be redeemed on the stock market or offered for purchase or exchange by the company;
5. resolves to cancel the preferential subscription rights of existing shareholders to securities issued under this authorisation and to give to the Board of Directors the power to institute on behalf of shareholders a non-reducible and / or reducible priority right to subscribe for them in accordance with Article L. 225-135 of the Commercial Code. If the subscriptions, including those of any shareholders, have not absorbed all the securities issued, the Board of Directors may limit the amount of the issue as provided for by law;
6. notes that this authorisation entails the waiver by shareholders of the pre-emptive rights to ordinary shares in the company to which the securities issued under this authorisation would entitle them;
7. resolves that the Board of Directors shall decide the characteristics, amount and form both of any securities issue and of the securities themselves. In particular, it shall determine the category of securities issued and, on the basis of information contained in its report, their subscription price, with or without a premium, the terms and conditions for paying them up, and their vesting date, which may be retroactive; if need be, it shall also determine the term and the conditions by which securities issued under the authority granted by this resolution shall give access to ordinary shares of the company as well as the conditions for suspending the allotment rights of securities giving access to ordinary shares, in accordance with applicable law. The issue price of the ordinary shares and securities shall be such that the amount received immediately by the company, plus any amount to be received later by the company, shall be, for each ordinary share issued, at least equal to the minimum amount provided for by applicable regulations;
8. resolves that the Board of Directors shall have full powers, with the power to sub-delegate under and in accordance with applicable law, to implement this authorisation, notably by concluding agreements for this purpose, in particular with a view to issuing securities; to carry out on one or more occasions, in the proportions and at the times it deems appropriate, in France and / or abroad and / or on the international market, the aforementioned issues of securities – and, if need be, to postpone them – to record them and to amend the by-laws accordingly; and to carry out all formalities and filing and demand all authorisations necessary to issue these securities.
9. grants this authorisation for twenty-six months as from the date of this Meeting, and notes that it cancels and replaces the unused portion of any previous authorisation given for the same purpose.

TWENTY-SECOND RESOLUTION

(Delegation of powers to the Board of Directors to increase share capital without preferential subscription rights through an offer addressed solely to persons providing the investment service management portfolio on behalf of others, to investors qualified or a restricted circle of investors within the meaning subsection II of Article L. 411-2 of the Monetary Code and Finance (private investment)

The General Meeting, acting in compliance with the quorum and majority rules required for Extraordinary General Meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with Articles of the Commercial Code, in accordance with L. 225-129, L. 225-135 and L. 225-136:

1. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, full powers to carry out one or more capital increases, that the nominal amount of the capital increases that may be carried out immediately and / or in the future under this resolution may not exceed 20% of the share capital over a twelve-month period, in the proportions and at the times its deems appropriate, through one or more offers falling within the scope of paragraph II, Article L. 411-2 of the Monetary and Financial Code, by issuing without preferential subscription rights, in France and abroad, in euros, in foreign currencies, or in any monetary unit established with reference to several currencies, i) ordinary shares of the company as well ii) securities giving access by any means, immediately and / or in the future, to new or existing shares of the company, which may be subscribed in cash or by offsetting debts;

2. resolves that the nominal amount of the capital increases that may be carried out immediately and / or in the future under this resolution may not exceed €4,300,000 (four millions three hundred thousand euro), with the nominal amount of these capital increases counting toward the maximum amount set in the twenty-first, twenty-third, twenty-fifth and twenty-sixth resolutions; the maximum nominal amount of capital increases that can be made by virtue of authorisations will be deducted from the overall ceiling mentioned in the nineteenth resolution of the present Annual General Meeting.
3. resolves that the securities giving access to ordinary shares of the company issued under this resolution may be debt securities or linked to the issue of such securities, or enable such securities to be issued as intermediate securities. They may be subordinated or unsubordinated, with a fixed or variable term, and issued in euros, in other currencies, or in monetary units established with reference to several currencies;
4. resolves that the nominal amount of all debt securities issued under this resolution may not exceed €900,000,000 (nine hundred million euro) or their counter-value in euros at the date the issue is decided, with this amount counting toward the maximum amount set in the nineteeth resolution, with the stipulation that this amount does not include the redemption premium(s) above par value, if any. This amount is independent and distinct from the amount of the debt securities issued by decision or authorisation of the Board of Directors in accordance with Article L. 228-40 of the Commercial Code. Loans giving access to ordinary shares of the company may have a fixed and / or variable interest rate or be capitalised, and they may be redeemed with or without a premium or amortisation. The securities may also be redeemed on the stock market or offered for purchase or exchange by the company;
5. resolves to cancel the preferential subscription rights of shareholders to ordinary shares and / or securities issued under this authorisation;
6. notes that this authorisation entails the waiver by shareholders of their preferential subscription rights to ordinary shares of the company to which the securities issued under this authorisation would entitle them;
7. decide that the issue price of the ordinary shares and securities shall be by virtue of this delegation will be fixed according to provisions of the Article L. 225-136-1 of the commercial law;
8. resolves that the Board of Directors shall decide the characteristics, amount and form both of any securities issue and of the securities themselves. In particular, it shall determine the category of securities issued and, on the basis of information contained in its report, their subscription price, with or without a premium, and their vesting date, which may be retroactive; if need be, it shall also determine the term and the conditions by which securities issued on the basis of this resolution shall give access to ordinary shares of the company, in accordance with applicable law, as well as the conditions for suspending the allotment rights of the holders of securities giving access to ordinary shares, in accordance with applicable law. The issue price of the ordinary shares and securities shall be such that the amount received immediately by the company, increased by any amount to be received later by the company, is for each ordinary share issued at least equal to the minimum amount provided for by applicable regulations at the time this authorisation is used;
9. resolves that the Board of Directors shall have full powers, with the power to sub-delegate under and in accordance with applicable law, to implement this authorisation, notably by concluding agreements for this purpose, in particular with a view to issuing securities; to carry out on one or more occasions, in the proportions and at the times it deems appropriate, in France and / or abroad and / or on the international market, the aforementioned issues of securities – and, if need be, to postpone them – to record them and to amend the by-laws accordingly; and to carry out all formalities and filings and demand all authorisations necessary to issue these securities;
10. grants this authorisation for twenty-six months as from the date of this Meeting, and notes that it cancels and replaces the unused portion of any previous authorisation given for the same purpose.

TWENTY-THIRD RESOLUTION

(Authorisation to the Board of Directors to increase the number of securities to be issued in the event of a capital increase with or without preferential subscription rights for existing shareholders)

The General Meeting, acting in compliance with the quorum and majority rules required for Extraordinary General Meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with Article L. 225-135-1 of the Commercial Code:

1. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, full powers to decide in the case of a capital increase decided in application of the nineteenth, twenty-first and twenty-second resolutions with or without preferential subscription rights, to increase the number of shares issued during a thirty-day period from the closing of the subscription period, by up to 15% of the initial issue, at the same price as the initial issue, on condition that the maximum number(s) provided for in the resolution by which the issue was decided is (are) not exceeded;
2. grants this authorisation for twenty-six months as from the date of this Meeting, and notes that it cancels and replaces the unused portion of any previous authorisation given for the same purpose.

TWENTY-FOURTH RESOLUTION

(Authorisation to the Board of Directors to set the price, in accordance with the terms decided by the Combined Annual General Meeting, for immediate or future public issues of equity securities or issues falling within the scope of paragraph II, Article L. 411-2 of the Monetary and Financial Code, without pre-emptive rights for existing shareholders)

The General Meeting, acting in compliance with the quorum and majority rules required for Extraordinary General Meetings, having itself with the Board of Directors' report and the auditors' special report, and in accordance with Article L. 225-136-1° of the Commercial Code, and insofar as the shares to be issued immediately or in the future are of the type that may be traded on a regulated market:

1. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, full powers to disregard for each of the issues decided in application of the twenty-first and twenty-second resolutions, within the limit of 10% of the share capital (existing at the date of this General Meeting) over a twelve-month period, the terms and conditions for setting prices stipulated by applicable regulations at the time this authorisation is used and to set the price of the shares to be issued immediately or in the future by a public offer or by an offer falling within the scope of paragraph II of Article L. 411-2 of the Monetary and Financial Code, in the following manner:

   a. in the case of shares to be issued immediately, the Board of Directors may choose between the following two methods:

   – an issue price equal to the average price over a maximum period of six months preceding the issue, or

   – an issue price equal to the volume weighted average price on the day preceding the issue (VWAP 1 day), with a maximum discount of 10%,

   b. in the case of shares to be issued in the future, the issue price shall be such that the amount received immediately by the company plus what could be received later by the company shall be for each share at least equal to the amount indicated in a) above;
2. resolves that the Board of Directors shall have full powers to implement this resolution under the terms of the twenty-first and twenty-second resolution;
3. grants this authorisation for twenty-six months as from the date of this Meeting, and notes that it cancels and replaces the unused portion of any previous authorisation given for the same purpose.

TWENTY-FIFTH RESOLUTION

(Delegation of powers to the Board of Directors to carry out a capital increase as consideration for contributions in kind consisting of a company's shares or securities giving access to capital)

The General Meeting, acting in compliance with the quorum and majority rules required for Extraordinary General Meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with Article L. 225-147 of the Commercial Code:

1. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, full powers to carry out on the basis of the report of the expert appraiser mentioned in paragraphs 1 and 2 of Article L. 225-147 of the Commercial Code the issue of ordinary shares of the company or securities giving access by any means, immediately and / or in the future, to existing or future ordinary shares of the company as consideration for contributions in kind consisting of another company's shares or securities giving access to such shares, when the provisions of Article L. 225-148 of the Commercial Code are not applicable;
2. resolves that the total nominal amount of capital increases carried out immediately and / or in the future under this authorisation shall be set at 10% of the share capital existing at the date of this Annual General Meeting. This nominal amount shall count toward the maximum total amount set in the twenty-first resolution;

   resolves that the nominal amount of all debt securities issued under this resolution may not exceed €900,000,000 (nine hundred million euro) or their counter-value in euros at the date the issue is decided, with the stipulation that this amount does not include the redemption premium(s) above par value, if any. The nominal amount shall count toward the maximum total amount set in the nineteenth resolution.
3. notes that this authorisation entails the waiver by shareholders of their preferential subscription rights to ordinary shares in the company to which the securities issued under this authorisation would entitle them;
4. resolves that the Board of Directors shall have full powers, with the power to sub-delegate under and in accordance with applicable

law, to implement this resolution, and in particular to evaluate the contributions, on the basis of the report of the expert appraiser mentioned in paragraphs 1 and 2 of Article L. 225-147 of the Commercial Code, and to approve the granting of particular benefits, to record the capital increases carried out under this authorisation, to amend the by-laws accordingly, to carry out all formalities and filings, to demand all authorisations necessary to carry out the contributions, and to make provision for the temporary suspension of the allotment rights of the holders of securities giving access to ordinary shares, in accordance with applicable law;

5. grants this authorisation for twenty-six months as from the date of this Meeting, and notes that it cancels and replaces the unused portion of any previous authorisation given for the same purpose.

TWENTY- SIXTH RESOLUTION

(Delegation of powers to the Board of Directors to increase the share capital, without preferential subscription rights for existing shareholders, as consideration for securities tendered to a public exchange offer)

The General Meeting, acting in compliance with the quorum and majority rules required for Extraordinary General Meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with Articles L. 225-129-2, L. 225-148 and L. 228-92 of the Commercial Code:

1. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, full powers to issue ordinary shares of the company or securities giving access by all means, immediately or in the future, to existing or future ordinary shares of the company as consideration for securities tendered to a public exchange offer initiated by the company, in France or abroad, in accordance with local regulations, for shares of another company whose shares are admitted to trading on a regulated market, in accordance with Article L. 225-148 of the Commercial Code;

   The total nominal amount of all capital increases carried out immediately or in the future under this resolution shall count toward the maximum total amount set in the twenty-first resolution;

2. notes that this authorisation entails the waiver by shareholders of the preferential subscription rights to ordinary shares in the company to which the securities issued under this authorisation would entitle them;

3. resolves that the Board of Directors shall have full powers, with the power to sub-delegate under and in accordance with applicable law, to implement this resolution, including:

   – to set the exchange ratio and, if need be, the amount of the balancing cash adjustment,

   – to record the number of shares tendered to the exchange,

   – to determine the dates, terms and conditions of the issue, and in particular the price and vesting date of new shares or of securities giving immediate or future access to ordinary shares of the company, if any,

   – make provision for the temporary suspension of the allotment rights of holders of securities giving access to ordinary shares,

   – recognise the difference between the issue price of new ordinary shares and their nominal value on a "share premium" account, against which all shareholders have rights, on liabilities side on the balance sheet,

   – charge all costs and fees, if any, arising from the authorised transaction against this contribution premium,

   – make all arrangements and conclude all agreements necessary to carry out the authorised transaction, record the capital increases resulting from it, and amend the by-laws accordingly;

4. grants this authorisation for twenty-six months as from the date of this Meeting, and notes that it cancels and replaces the unused portion of any previous authorisation given for the same purpose.

GLOBAL LIMITATION OF THE FINANCIAL AUTHORISATIONS

The maximum nominal amount of immediate and / or deferred capital increases that can be made by virtue of authorisations granted is €8.6 million (20% of capital – the "overall ceiling") with preferential subscription rights (19th resolution) or €4.3 million (10% of capital – "below the ceiling") without preferential subscription rights. The maximum nominal amount of debt instruments that may be issued by virtue of authorisations granted is fixed at €900 million.

TWENTY-SEVENTH RESOLUTION

(Global limitation of the financial authorizations)

The General Meeting, acting in compliance with the quorum and majority rules required for Extraordinary General Meetings, having reviewed the Board of Directors' report and further to the vote of nineteenth, twenty-first, twenty-second, twenty-third, twenty-fifth and the twenty-sixth resolutions:

1. resolves that the total amount of capital increases in cash that may be carried out immediately and / or in the future, by virtue of the nineteenth, twenty-first, twenty-second, twenty-third, twenty-fifth and twenty-sixth resolutions of the Annual General Meeting shall count toward a maximum nominal amount of €8,600,000 (eight millions six hundred thousand euro), to which amount shall be added, if need be, the nominal amount of any additional shares issued to preserve, as required by law, the rights of holders of securities giving access to ordinary shares of the company;

2. resolves that the total amount of capital increases in cash that may be carried out immediately and / or in the future, by virtue of the twenty-first, twenty-second, twenty-third, twenty-fifth and twenty-sixth resolutions of the Annual General Meeting shall count toward a maximum nominal amount of €4,300,000, to which amount shall be added, if need be, the nominal amount of any additional shares issued to preserve, as required by law, the rights of holders of securities giving access to ordinary shares of the company; it

being specified that the total amount of capital increases will count towards the ceiling in the nineteenth resolution; and

3. resolves that the nominal amount of all debt securities issued, under the nineteenth, twenty-first, twenty-second, twenty-third, twenty-fifth and twenty-sixth resolutions of the Annual General Meeting, may not exceed €900,000,000 (nine hundred million euro) or their counter-value in euro.

SHARE SUBSCRIPTION AND PURCHASE OPTIONS, FREE SHARES

The 28th and 29th resolutions relate to grants of option and allotments of bonus shares. For a period of 38 months your Board of Directors would be authorised to determine the Group's overall remuneration policy and allow it to involve senior managers more closely in the proper functioning of the Group and its future, and allow them to share in the results of their efforts.

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

Furthermore, the 28th resolution rules out any discounts. Depending on the case, the subscription or purchase price of shares will be equal to or greater than the average share price over the 20 days prior to their allotment, or to the average price at which they are purchased by the company.

TWENTY EIGHTH RESOLUTION

(Authorisation given to the Board of Directors to grant options to acquire new or existing shares)

The General Meeting, acting in compliance with the quorum and majority rules required for Extraordinary General Meetings, having reviewed the Board of Directors' report and the Statutory Auditors' Special Report:

1. authorizes the Board of Directors, under Articles L. 225-177 to L. 225-186 of the Commercial Code, to grant, on one or more occasions, to beneficiaries below, options entitling their holders to subscribe for new shares in the company to be issued in the form of an increase in its capital, and options entitling their holders to purchase shares in the company obtained by the company repurchasing its own shares on the terms set forth by the law;
2. resolves that the beneficiaries will be employees, corporate officers, or certain among them, from the company or from companies or groupings related to the company, on the terms specified in Article L. 225-180 of said Code;
3. resolves that the total number of stock options that may be granted, under this authorization, shall not give the right to subscribe for or acquire a total number of shares representing more than 3% of the share capital of the company, this ceiling being the same for this resolution and the 29th resolution below;
4. resolves that the exercise period for the stock options granted shall not exceed seven years, as from their allotment date.
5. resolves that:
   - the price that the beneficiaries shall pay to purchase shares shall be determined by the Board of Directors on the day the options are granted and that it shall not be less than the average share price quoted on the Eurolist of Euronext Paris for the twenty trading sessions preceding the day when the share subscription options are granted or the average purchase price of shares that shall be held by the company in accordance with Articles L. 225-208 and L. 225-209 of the Commercial Code,
   - the price that the beneficiaries shall pay to subscribe for shares shall be determined on the day the options are granted by the Board of Directors and that the price shall not be less than the average share price quoted on the Eurolist of Euronext Paris for the twenty trading sessions preceding the day when the share subscription options are granted;
6. notes that subscription or purchase options may not be granted less than twenty trading sessions of the stock exchange after a dividend right or a pre-emptive subscription right to a capital increase has been detached from the shares and during the ten trading sessions of the stock exchange preceding and following the date on which the consolidated financial statements or, for lack thereof, the company financial statements are made public;
7. notes that in application of Article L. 225-178 of the Commercial Code, this authorisation expressly entails, for the benefit of the beneficiaries of stock options, the waiver by shareholders of the preferential subscription rights to the ordinary shares in the company that are issued as the stock options are exercised;
8. delegates to the Board of Directors full powers to determine the other terms and conditions for allotting and exercising stock options, and in particular to:
   - resolve that the number of options granted to executive officers of the company may not represent more than 5% of each of the allotments made by the Board during this 38 month period, and that said allotments of options to executive officers of the company will be subject to the satisfaction of performance criteria established by the Board of Directors,
   - draw up a list or determine the categories of other beneficiaries of options or shares; set the criteria they must fulfil; determine the steps necessary to protect the interests of the beneficiaries of options, in accordance with the laws and regulations;
   - determine the exercise period(s) and extensions of the period(s), if any, and to draw up the clauses prohibiting the immediate resale of all or part of the shares,
   - set the vesting date, which may be retroactive, of new shares coming from the exercise of stock options,
   - in the case of stock options granted to corporate officers, provide that the stock options may not be exercised before the officers quit their functions or determine the quantity of registered shares that must be kept until they quit their functions,

- provide for the right to temporarily suspend the exercise of stock options, under Article L. 225-149-1 of the Commercial Code,
- carry out or have carried out all acts and formalities to finalise the capital increase(s) carried out under this authorisation; amend the by-laws accordingly, and generally do whatever is necessary,
- if deemed advisable, charge the costs of the capital increases to the amount of the premiums corresponding to the increases and deduct from this amount the sums necessary to bring the legal reserve up to one-tenth of the new share capital after each capital increase;

9. grants this authorisation for thirty-eight months as from the date of this Meeting, and notes that it cancels and replaces the unused portion of any previous authorisation given for the same purpose.

TWENTY-NINTH RESOLUTION

(Authorisation to the Board of Directors to proceed with the free allotment of new or existing shares)

The General Meeting, acting in compliance with the quorum and majority rules required for Extraordinary General Meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with Articles L. 225-197-1 *et seq.* of the Commercial Code:

1. authorises the Board of Directors to proceed, on one or more occasions, with the free allotment of new or existing shares in the company to the beneficiaries indicated below;
2. resolves that the beneficiaries of such shares, who shall be designated by the Board of Directors, may be salaried employees and / or corporate officers (or certain of them) of TF1 or of companies or economic interest groupings associated with TF1 under the terms of Article L. 225-197-2 of the Commercial Code;
3. resolves that within this authorisation, the Board of Directors may allocate shares representing up to 3% of the company's share capital, it being specified that this number will also count towards the ceiling that applies to share subscription options set forth in the 28th resolution;
4. resolves that the allotment of shares to beneficiaries shall be final only at the end of a vesting period of which the length shall be fixed may not be shorter than two years;
5. resolves that the beneficiaries must then hold these shares for a period of which the length shall be fixed by the Board of Directors but that may not be shorter than two years following their final allotment;
6. authorises the Board of Directors to make use of the authorisations that have been or shall be given by the Annual General Meeting, pursuant to the provisions of Articles L. 225-208 and L. 225-209 of the Commercial Code;
7. notes that this authorisation automatically entails, in favour of the beneficiaries of shares granted free-of-charge, the waiver by the shareholders of their preferential subscription rights and the portion of the reserves which, where applicable, will be used in the event of the issue of new shares;
8. resolves that the Board of Directors shall have full powers to implement this authorisation in compliance with applicable laws and regulations, and notably to:
   - set the terms, resolves that the number of shares to executive officers of the company may not represent more than 5% of each of the allotments made by the Board during this 38 month period, and that said allotments of shares to executive officers of the company will be subject to the satisfaction of performance criteria,
   - determine the list of the other beneficiaries of the shares; resolves that the allotment of the shares will be subject to the satisfaction of performance criteria,
   - provide for the ability to suspend allotment rights provisionally,
   - set in case of allocation of shares to emit the amount and the nature of the reserves, the profits and the bonuses to be incorporated into the capital,
   - decide the adjustments of the number of shares of charge according to the possible operations on the capital of the company,
   - set other terms and conditions for the allotment of shares,
   - attend to all necessary formalities required for the purchase of shares and / or to render definitive any capital increase(s) that may be realised by virtue of this authorisation, to amend the by-laws accordingly and generally to make all necessary arrangements, with the power to sub-delegate under and in accordance with applicable law;
9. grants this authorisation for thirty-eight months from the date of this Annual General Meeting;
10. notes that this delegation cancels and replaces the unused portion of any previous delegation for the same purpose, with immediate effect.

EMPLOYEE PROFIT SHARING – CAPITAL INCREASES IN FAVOR OF EMPLOYEES

The 30th resolution is intended to allow the Board to carry out capital increases of a maximum nominal amount less than 2% of the capital) reserved for employees of TF1 subscribing to a company savings plan or to a partnered employee savings plan of the company or of the Group. The term provided for this delegation is twenty-six months. The resolutions cancel the prior unused delegation (granted during the Meeting of April 17, 2009 - the 25th resolution), that expire in 2011.

THIRTIETH RESOLUTION

(Delegation of powers to the Board of Directors to carry out a capital increase for the benefit of employees or officers of the company or associated companies who are members of a company savings scheme)

The General Meeting, acting in compliance with the quorum and majority rules required for Extraordinary General Meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with the provisions, first, of the Commercial Code and in particular Articles L. 225-129-6 (paragraph 1) and L. 225-138-1, and second, Articles L. 3332-1 *et seq.* of the Labour Code:

1. delegates to the Board of Directors the power to carry out by its own decision, in the proportions and at the times it deems appropriate, one or more capital increases up to a maximum of 2% of the share capital during this 26 month period, by issuing new shares to be paid up in cash and, possibly, the incorporation of reserves, earnings or premiums and the allotment of free shares or other securities giving access to shares in accordance with law; to decide that the maximum amount indicated in this authorisation is independent and distinct and that the amount of the capital increases shall not count toward the other maximum amounts set by this Annual General Meeting;
2. reserves the subscription of all shares issued for employees and corporate officers of TF1 and for employees and corporate officers of French and foreign companies associated with it in the meaning of applicable laws who are members of company or group savings scheme or any inter-company savings scheme;
3. resolves that the subscription price of new shares in each issue set by the Board of Directors in accordance with Article L. 3332-19 of the Labour Code shall be a maximum of 20% less than the average of the opening prices of the share on the Euronext Paris market at the twenty trading sessions of the stock exchange preceding the day the Board of Directors sets the opening date of the subscription;
4. notes that for the benefit of the employees and company officers for whom this capital increase is reserved, this resolution entails the cancellation of pre-emptive rights and the waiver by shareholders of all rights to ordinary shares or other securities giving access to shares allotted free of charge under this resolution;
5. delegates full powers to the Board of Directors to:
   - determine the date and the terms and conditions of the issues that will be carried out under this authorisation; and in particular, to decide whether the shares shall be subscribed for directly or through an investment fund or another entity, in accordance with applicable law; to determine and set the terms and conditions for allotting free shares or other securities giving access to shares, in application of the authorisation granted herein; to set the issue price of new shares according to the rules set forth here above, the opening and closing dates of the subscription, the vesting dates, the payment period, with a maximum period of three years, and, if need be, to set the maximum number of shares that may be subscribed for per employee and per issue,
   - record the capital increases up to the amount of shares that are in fact subscribed for,
   - carry out directly or through a representative all procedures and formalities,
   - amend the by-laws in accordance with the capital increases,
   - charge the costs of carrying out the capital increases to the amount of the premium relate to each increase and to deduct from this amount the sums necessary to bring the legal reserve up to one-tenth of the new share capital after each increase,
   - and generally to do everything necessary.

   The Board of Directors may, within the limits provided by law and any that shall be set beforehand, delegate to the Chief Executive Officer or, with his agreement, to one or more Vice Presidents, the powers granted to it under this resolution;
6. grants this authorisation for twenty-six months as from the date of this Meeting, and notes that it cancels and replaces the unused portion of any previous authorisation given for the same purpose.

DELEGATION OF POWERS TO CARRY OUT CORPORATE FORMALITIES

The thirty-first resolution allows the Board to carry out the formalities required by law following the Meeting.

THIRTY-FIRST RESOLUTION

(Powers to carry out formalities)

The General Meeting gives full powers to the holder of an original, a copy or extract of the minutes of this General Meeting to carry out all legal or administrative formalities and to make all filings and publications under and in accordance with applicable law.

8

ADDITIONNAL INFORMATION

8.1 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT AND INFORMATION CONCERNING THE VERIFICATION OF THE ACCOUNTS

8.1.1 Certificate of the person responsible for the registration document

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

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

I hereby certify that, to the best of my knowledge, the accounts have been prepared in compliance with applicable accounting norms and give a faithful picture of the assets, the financial situation and the results of the company and the consolidated companies, and that the management report (a cross-reference table being included on page 264), presents a true image of the development and performance of the business, results and financial situation of the company and the consolidated companies, as well as a description of the main risks and uncertainties facing them.

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

The historical information provided in this document or incorporated herein by reference is covered by reports issued by the Statutory Auditors, as presented on page 195 of this document or incorporated herein by reference on page 260, which contain explanatory comments about the following changes in accounting policy:

- 2009, first-time application of new IFRS standards and interpretations, with no impact on the financial statements;
- 2010, first-time application of amended IFRS standards and interpretations, and in particular the impact of the takeover of the entities TMC and NT1.

Boulogne-Billancourt, March 17, 2011
Chairman & CEO
Nonce Paolini

8.1.2 Information concerning Statutory Auditors and auditors' fees

Permanent	Date of first appointment	Expiry date of present term of office
KPMG SA represented by Eric Lefebvre Immeuble Le Palatin - 3, Cours du Triangle 92 939 La Défense cedex	General Meeting of January 14, 1988	General Meeting approving the 2010 accounts
MAZARS represented by Gilles Rainaut and Olivier Thireau Immeuble Exaltis - 61, rue Henri Regnault 92 075 La Défense cedex	General Meeting of May 15, 2001	General Meeting approving the 2012 accounts

As KPMG's term of office as principal auditor expires at the end of this Combined Annual General Meeting, we ask you to appoint KPMG Audit IS S.A.S to replace him for the statutory six-year term expiring at the end of the 2017 Combined Annual General Meeting called to approve the financial statements for 2016.

Alternate auditors	Date of first appointment	Expiry date of present term of office
Bertrand VIALATTE Immeuble Le Palatin - 3, Cours du Triangle 92 939 La Défense cedex	General Meeting of April 12, 2005	General Meeting approving the 2010 accounts
Thierry COLIN Immeuble Exaltis - 61, rue Henri Regnault 92 075 La Défense cedex	General Meeting of May 15, 2001	General Meeting approving the 2012 accounts

As Bertrand VIALATTE's term of office as alternate auditor expires at the end of this Combined Annual General Meeting, we ask you to appoint KPMG Audit ID S.A.S to replace him for the statutory six-year term expiring at the end of the 2017 Combined Annual General Meeting called to approve the financial statements for 2016.

The fees paid to the Statutory Auditors by TF1 and its subsidiaries are shown in chapter 4 of this registration document and annual financial report, and in note 35, page 169, to the consolidated financial statements.

8.2 RELATIONS WITH SHAREHOLDERS

LEGAL INFORMATION AND INVESTOR RELATIONS

TF1

1, quai du Point-du-Jour

92 656 Boulogne Billancourt Cedex

Tel.: 00 331 41 41 12 34

General Councel: Jean-Michel Counillon

Tel.: 0033 1 41 41 12 34

Board Secretary: Sébastien Frapier

email: relationsactionnaires@tf1.fr

Tel: 00 331 41 41 25 43

Executive Vice President, Group Finance: Philippe Denery

email: comfi@tf1.fr

Tel.: 01 41 41 26 10

DOCUMENTS AVAILABLE FOR PUBLIC CONSULTATION

Documents such as the internal rules of the Board of Directors, the registration document, the other reports of the Board of Directors to the General Meeting of April 14, 2011 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, 92 656 Boulogne-Billancourt cedex, Tel: 0033 1 41 41 25 43.

You can also receive information on the Group TF1 and obtain on demand historical data about the company by mail at TF1- Investor Relations Department - 1, Quai du Point du Jour – 92 656 Boulogne-Billancourt cedex or by e-mail: comfi@tf1.fr. Tel: 00 33 1 41 41 27 32.

Internet website: http://www.tf1finance.fr

8.3 SCHEDULE OF FINANCIAL ANNOUNCEMENTS FOR 2011

February 17, 2011: 2010 turnover and annual full year accounts, Analysts Meeting

April 14, 2011: General Meeting

April 19, 2011: Ex-dividend date

April 26, 2011: Dividend payment

May 12, 2011: First quarter 2011 results

July 26, 2011: First half 2011 results, Analysts Meeting

November 10, 2011: Nine months 2011 results

This schedule is subject to change.

8.4 INFORMATION INCLUDED BY REFERENCE

In application of Article 28 of Regulation (EC) N° 809/2004 of the Commission of April 29, 2004, the following information is included by reference in the present registration document:

- the consolidated accounts for the year ended December 31, 2009, the relevant report of the Statutory Auditors and the Group's management report appearing on pages 59 to 206 of the registration document registered with the AMF on March 29, 2010 with number D.10-0182;
- 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.

8.5 ADDRESSES OF MAIN SUBSIDIARIES AND PARTICIPATIONS

(February 2011)

1, quai du Point du Jour
92 656 BOULOGNE-BILLANCOURT CEDEX – FRANCE

TF1 THÉMATIQUES

LA CHAÎNE INFO – LCI

USHUAIA TV

SOCIÉTÉ D'EXPLOITATION ET DE DOCUMENTAIRES – STYLIA

HISTOIRE

ONECAST

NT1

MONTE CARLO PARTICIPATION

Immeuble Le Delta – 3-7 Quai du Point du Jour
92 100 BOULOGNE-BILLANCOURT

TF1 PRODUCTION

Atrium – 6, place Abel-Gance
92 100 BOULOGNE-BILLANCOURT

TF1 ENTREPRISES

TF1 VIDÉO

UNE MUSIQUE

TF1 PUBLICITÉ

TF1 FILMS PRODUCTION

TF1 DROITS AUDIOVISUELS

TF1 INTERNATIONAL

TF1 DISTRIBUTION

TF1 D.S.

WAT

e-TF1

L'Amiral – 3, rue Gaston et René-Caudron
97 988 ISSY-LES-MOULINEAUX CEDEX – FRANCE

EUROSPORT

EUROSPORT France

87-89, rue de la Boétie
75008 PARIS

SPS

120, avenue Charles-de-Gaulle
92 200 NEUILLY-SUR-SEINE – FRANCE

TF6

SÉRIE CLUB

Quai Péristyle
56 100 LORIENT – FRANCE

TV BREIZH

3, rue du Commandant-Rivière
75 008 PARIS – FRANCE

TCM DA

Tour Maine Montparnasse
33, avenue du Maine – 75 015 PARIS – FRANCE

LES NOUVELLES ÉDITIONS TF1

45, boulevard Victor-Hugo Bâtiment 264
93 534 AUBERVILLIERS Cedex – FRANCE

TÉLÉSHOPPING

TOP SHOPPING

INFO SHOPPING

EZ TRADING

PLACE DES TENDANCES

*6 bis, quai Antoine-I^er^*
MONACO

TÉLÉ MONTE CARLO (TMC)

Immeuble A du Parc Logistique « Parcolog » – Z.A. du Pot au Pin
33 610 CESTAS

DUJARDIN

44 rue de Strasbourg
44 000 NANTES

OUEST INFO

8.6 REGISTRATION DOCUMENT AND CROSS-REFERENCE TABLE

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8.7 MANAGEMENT REPORT OF THE BOARD OF DIRECTORS AND CROSS-REFERENCE TABLE

The 2010 management report reporting of the elements mentioned below is included in this Registration Document. It was approved by the Board of Directors of TF1 SA on February 16, 2011.

Elements of the management report as required by the Commercial Code, the Monetary and Financial Code, the AMF General Regulation and the General Tax Code	Registration Document
Activity, results and financial condition of the Company during the past financial year (articles L.225-100 et L.232-1 of the Commercial Code)	81-107
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Registration document is available on www.tf1finance.fr

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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