

2016

**REGISTRATION
DOCUMENT
ANNUAL
FINANCIAL REPORT**

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2016

REGISTRATION DOCUMENT AND ANNUAL FINANCIAL REPORT



The French version of the Annual Report was filed by the "Autorité des Marchés Financiers" (AMF – French stock exchange commission) on 8 March 2017, in accordance with the article 212-13 of the General Regulation of the AMF.

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

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

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

This is a free translation into English of the TF1 2016 registration document issued in the French language and is provided solely for the convenience of English speaking readers. In case of discrepancy, the French version prevails.



TF1 GROUP INTEGRATED REPORT

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MESSAGE FROM GILLES PÉLISSON

A new
ambition

DEAR SHAREHOLDERS,

Your Group is operating in a world where the free-to-air television offering continues to expand and where global internet players are becoming increasingly active. Against this background, we can draw upon our huge talent pool to explore all creative avenues and technological innovations and thereby offer viewers increasingly immersive experiences.

During 2016 we have been engaged in a process of transforming our Group, and we have already achieved a lot. Our multi-channel strategy has taken on a new dimension with the repositioning of TMC, and LCI has successfully relaunched in the universe of free-to-air channels, as witness the fine audience figures for the fourth quarter of 2016. In production, our acquisition of a stake in Newen Studios opens up a range of possibilities in content creation and distribution, both internationally and in France, and we have signed agreements with the industry to achieve a better balance between producers and broadcasters. We have ramped up our digital activities in order to attract millennials, who will rejuvenate our mass-market TV audiences. Hence our decisions to take a majority stake in MinuteBuzz and a minority stake – alongside two major European broadcasters from Italy and Germany – in the international MCN Studio 71, with the aim of developing the brand in France, with the support of Finder Studios.

And finally, this year we have implemented an action plan to identify sources of productivity and improve our profitability.

Our operating methods have been streamlined to enable us to be bolder, more fleet-of-foot and more agile in our decision-making. Every one of our employees must be able to fully express his/her potential and contribute positively to the income growth of the company. In them, we have a pool of talents that is lively, imaginative and capable of re-inventing itself.



In this sense, 2017 will see even more substantial evidence of our ambitions as a multi-channel, multi-media, multi-activity group coming to fruition. Our teams are fired up with the will to win, determined to continue our transformation initiatives with the same energy and commitment as before.

We are primed and ready to strengthen our leadership in television, innovate in services to advertisers, accelerate our growth in production and digital, showcase our brands across all platforms, increase our profitability, and create value for our people and shareholders.

Boulogne, 8 March 2017

Gilles C. PELISSON
Chairman and CEO of TF1

ABOUT THE REPORT

The TF1 group’s integrated report presents the Group and its environment, governance, business model, strategy and performance from the perspective of the valuation of its capital for the short-, medium- and long-term, and how this relates to our stakeholders.

METHODOLOGY

This report is based on the framework published by the International Integrated Reporting Council (IIRC). It builds on pro-active initiatives taken over a number of years in the area of social responsibility and transparent communication with all stakeholders.

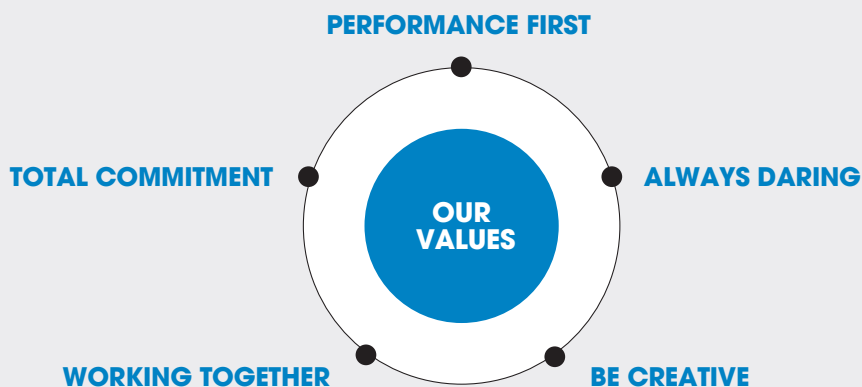
Throughout the process an internal working party led by TF1’s Financial Communication Department working in close collaboration with several other departments, in particular Strategy, Development & Transformation and Corporate Social Responsibility, has been devising structures for the information.

The report prioritises relevance over completeness.

SCOPE

The report covers the 2016 fiscal year (from 01/01/2016 to 31/12/2016) and TF1 group entities included in the consolidated financial statements. It reminds readers of the objectives set for 2016 and includes medium- and long-term projections, thereby providing a forward-looking vision of the Group in its environment.

OUR VALUES



GROUP PROFILE

NO. 1
PRIVATE SECTOR
FREE-TO-AIR TELEVISION
COMPANY IN FRANCE

**5 FREE-TO-AIR
CHANNELS**



32.1%
GROUP AUDIENCE
SHARE⁽¹⁾

€2,063m
REVENUE

3,107
EMPLOYEES⁽²⁾

TF1 is an **integrated media group** with a vocation to **inform and entertain**.

Broadcaster of France's **leading free-to-air channel**, the TF1 group provides content and an offering adapted to all platforms.

TF1 is the **leading private-sector free-to-air broadcaster** in France. It broadcasts five complementary free-to-air channels (TF1, TMC, NT1, HD1 and LCI)⁽³⁾, which together had an average 32.1% share of the key "women under 50 purchasing decision-makers" target audience in 2016.

This positioning is strengthened by the Group's constant adaptation to new ways of consuming content. So TF1 is adding a high-powered **digital dimension** to its channels. It is also offering exclusive digital content and video-on-demand in order to reach all audiences on all platforms.

The Group screens the following high-quality **theme channels** on pay-TV to meet special-interest demand: TV Breizh, Histoire, Ushuaïa and Serieclub (50% holding).

TF1's **sales house** offers advertisers the combined benefits of access to its mass-market television channels and to personal digital media. It also sells advertising space on independent radio stations and numerous websites.

In conjunction with its core business, the TF1 group is present in the **production and distribution of content** relating to its own channels. The main aim of taking a majority stake in Newen was to accelerate the international expansion of production and distribution.

Finally, the TF1 group has created a large range of **complementary businesses** in key areas such as home shopping, licences, board games, music and entertainment production, etc.

As a media group, TF1 is aware of its responsibilities and is engaged in **high-quality dialogue with all its stakeholders** in order to enhance transparency and continually improve its practices.

(1) Médiamétrie – Target: women under 50 purchasing decision-makers (W<50PDM).

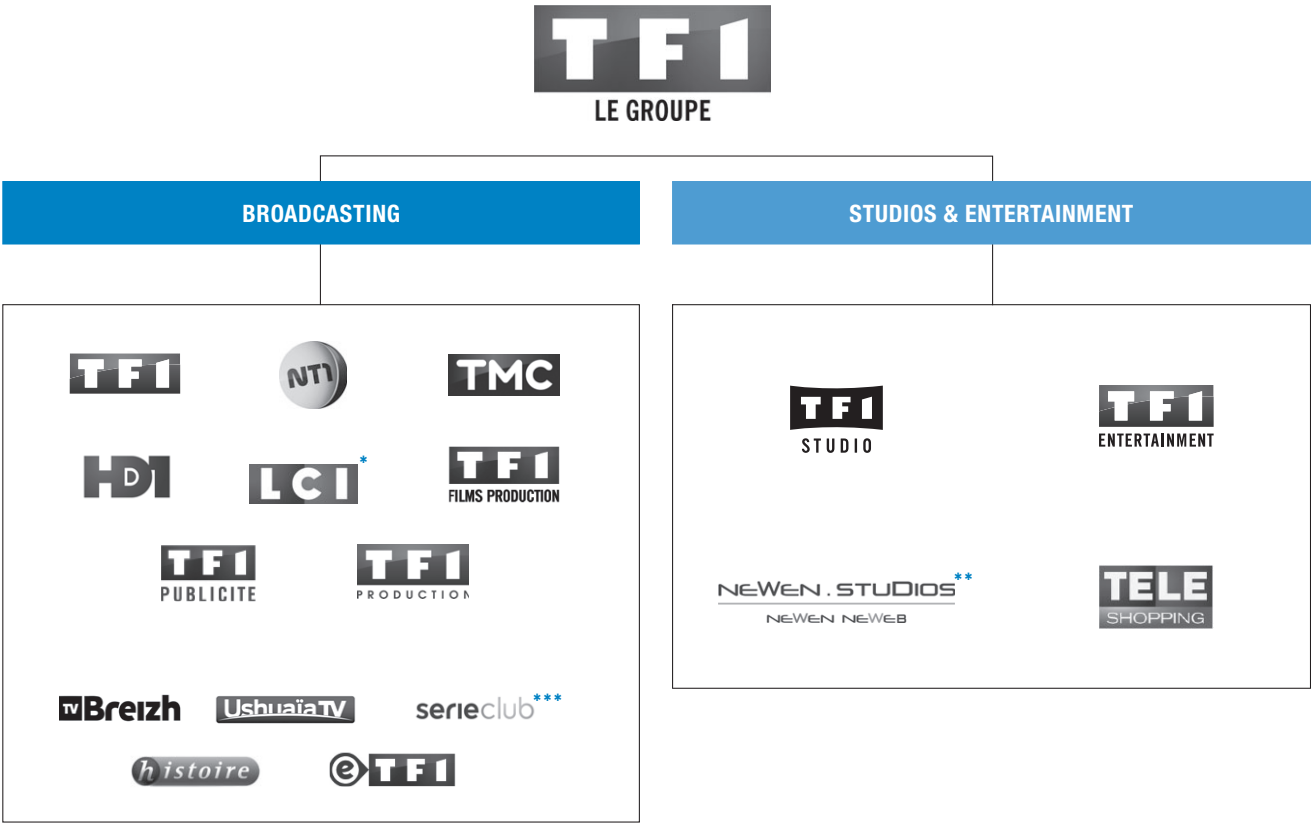
(2) Newen's employees on permanent contracts are aggregated with TF1 group employees.

(3) LCI has been free-to-air since 5 April 2016.

1. THE GROUP AND ITS ENVIRONMENT

SIMPLIFIED DIAGRAM OF THE GROUP'S ACTIVITIES

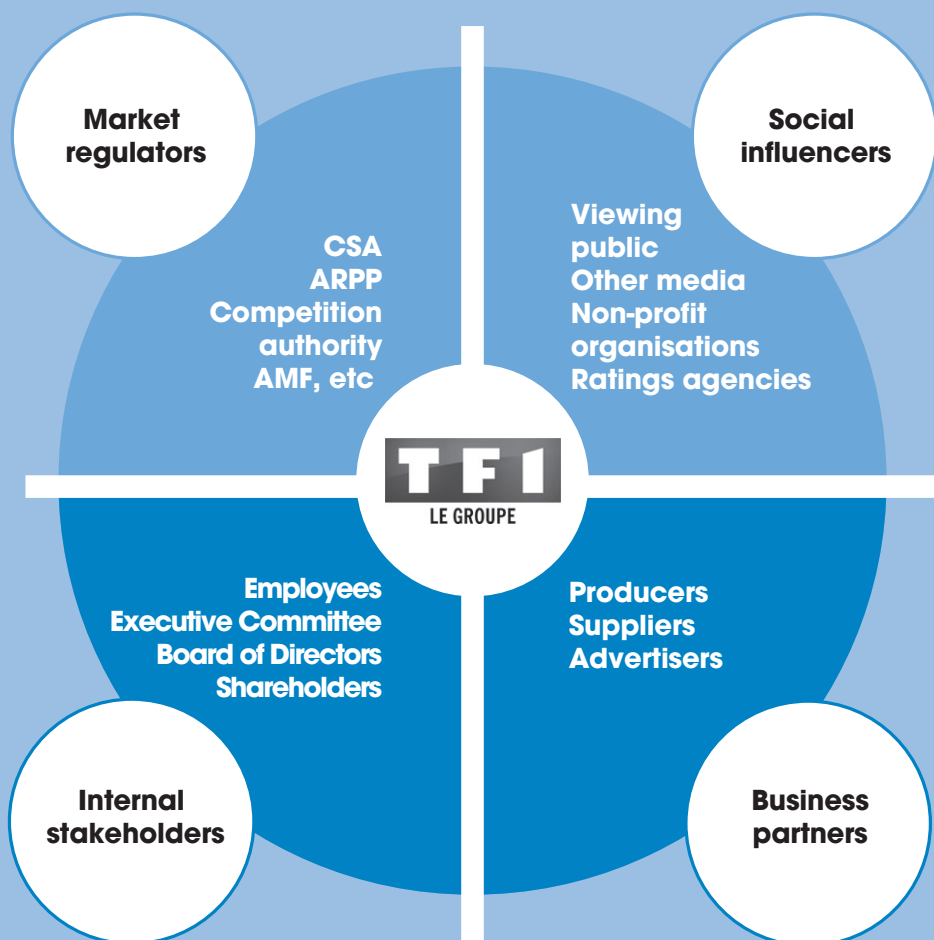
See Section 6.1.1 of this document for a simplified organisation chart showing the Group's subsidiaries.



* LCI joined TF1'S free-to-air offering in 2016.
 ** 70% owned by the TF1 group.
 *** Owned 50/50 by the TF1 group and the M6 group.

OUR STAKEHOLDERS

In its corporate governance as in all our activities TFI group applies ethical and responsible principles in its dealings with regulators, the viewing public, its customers and suppliers, and its staff. We account for our activities to the community in a manner that is **exhaustive** and **transparent**.



See Section 7.3.4 for details of stakeholder concerns.

MATERIALITY MATRIX

THE MATERIALITY MATRIX RANKS CORPORATE SOCIAL RESPONSIBILITY CONCERNS RELATING TO THE TF1 GROUP

An initial materiality study was conducted with internal and external stakeholders in 2014. In 2016, a new survey was carried out, targeting the Group's employees in particular.

The list of concerns was revised to take into account:

- the previous mapping exercise;
- the needs of extra-financial ratings agencies (in particular DJSI, Oekom, Vigeo);
- the audiovisual regulatory framework (terms of reference agreed with the CSA);
- the CSR reporting benchmark and the materiality mapping of other French and anglophone media;
- key word occurrences in the press (4 national daily newspapers) in the last two years.

Employees were asked to rank 17 concerns relating to content produced or broadcast by the Group and to the conduct of the Group, including

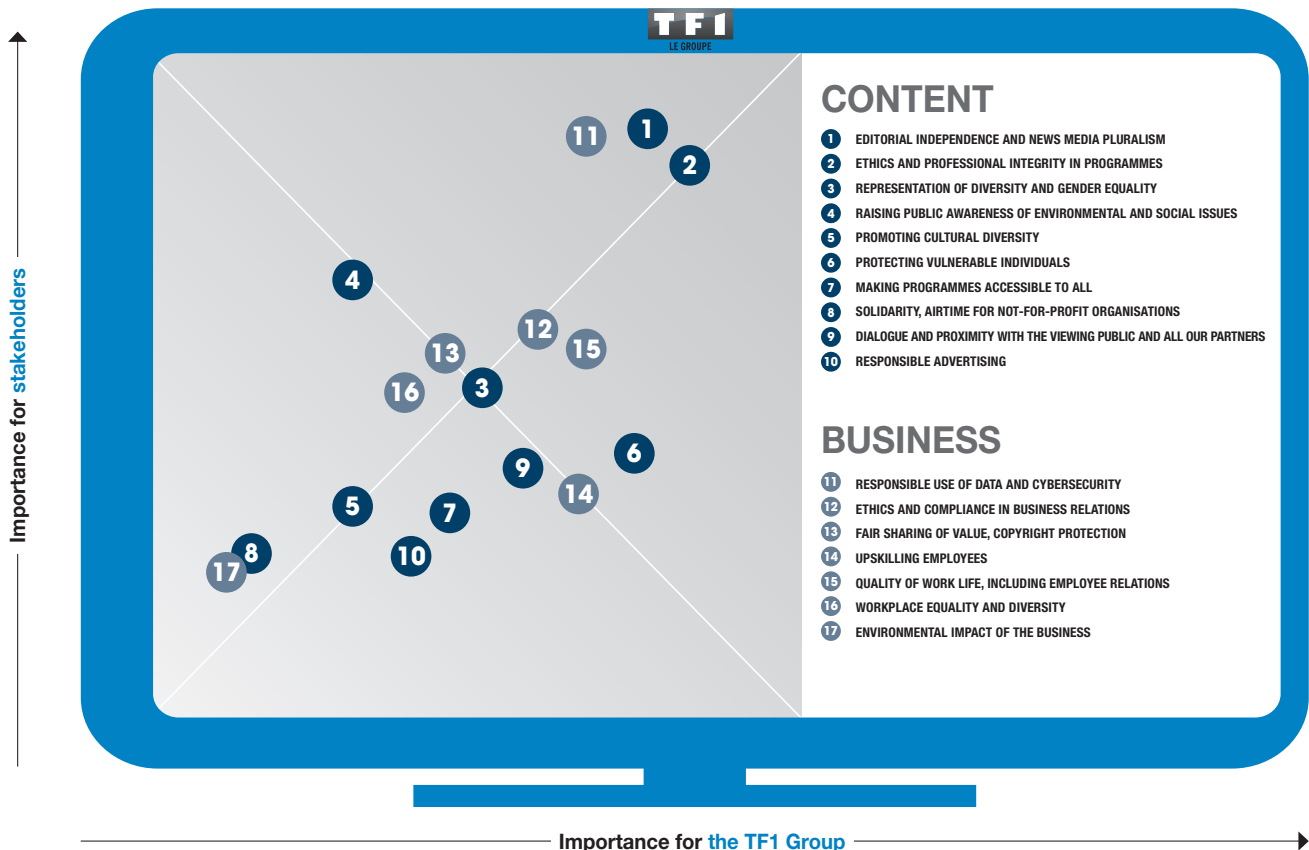
two new ones (cultural diversity in content and responsible advertising), according to people's expectations of the Group.

The importance of those concerns for TF1 in terms of the impact on its business was then assessed by the members of the Executive Committee in charge of Strategy and CSR, as well as the Investor Relations Department and Internal Control.

The main changes between the first and second mapping exercises relate to the growing importance for the business of:

- **data management**, which has now become a monetisable asset and hence more important to the Group;
- **editorial independence and news media pluralism**, in conjunction with societal expectations and the French law passed in this area in 2016 (law no. 2016-1524 of 14 November 2016 on strengthening media freedom, independence and pluralism);
- **upskilling employees and evolving working methods**, crucial in an increasingly digital ecosystem.

MATERIALITY MATRIX OF THE TF1 GROUP



SHARE OWNERSHIP AND STOCK MARKET INFORMATION



SHARE FACTSHEET

LISTED ON: Euronext Paris

MARKET: Compartment A

ISIN CODE: FR0000054900

MAIN INDICES:

SBF 120,
CAC MID 60,
CAC MID & SMALL,
NEXT 150®,
EURO STOXX® TMI Media.

CSR INDICES:

Dow Jones Sustainability World Index,
Dow Jones Sustainability Europe Index,
GAIA Index,
Oekom,
MSCI,
Ethibel Sustainability Europe,
Ethibel Excellence,
Ethibel Pioneer.

Shares eligible for French equity savings plans (PEA) and the deferred settlement service (SRD) for long positions.

FINANCIAL TIMETABLE

13 APRIL 2017

Annual General Meeting of shareholders

28 APRIL 2017

2017 first-quarter revenue and financial statements

28 APRIL 2017

Dividend ex-date

2 MAY 2017

Dividend date of record

3 MAY 2017

Dividend payment date

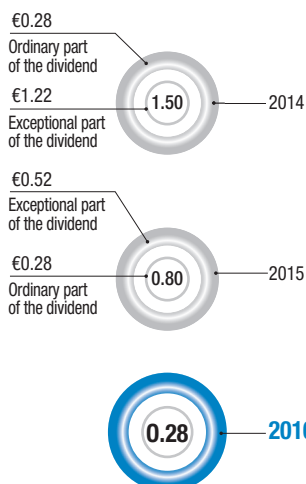
21 JULY 2017

2017 first-half revenue and financial statements

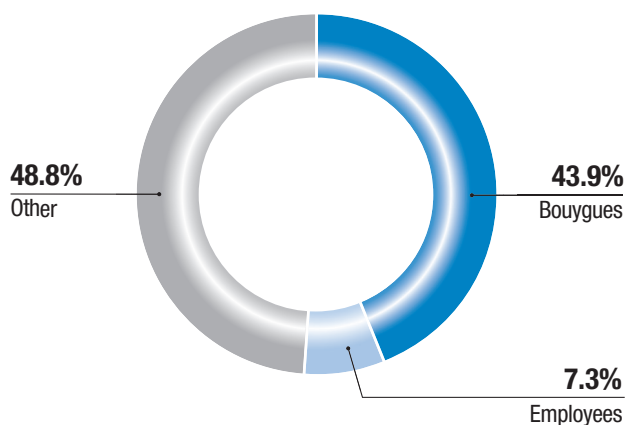
30 OCTOBER 2017

2017 nine-month revenue and financial statements

DIVIDEND FOR THE YEAR (€)



SHARE OWNERSHIP AT 31/12/2016



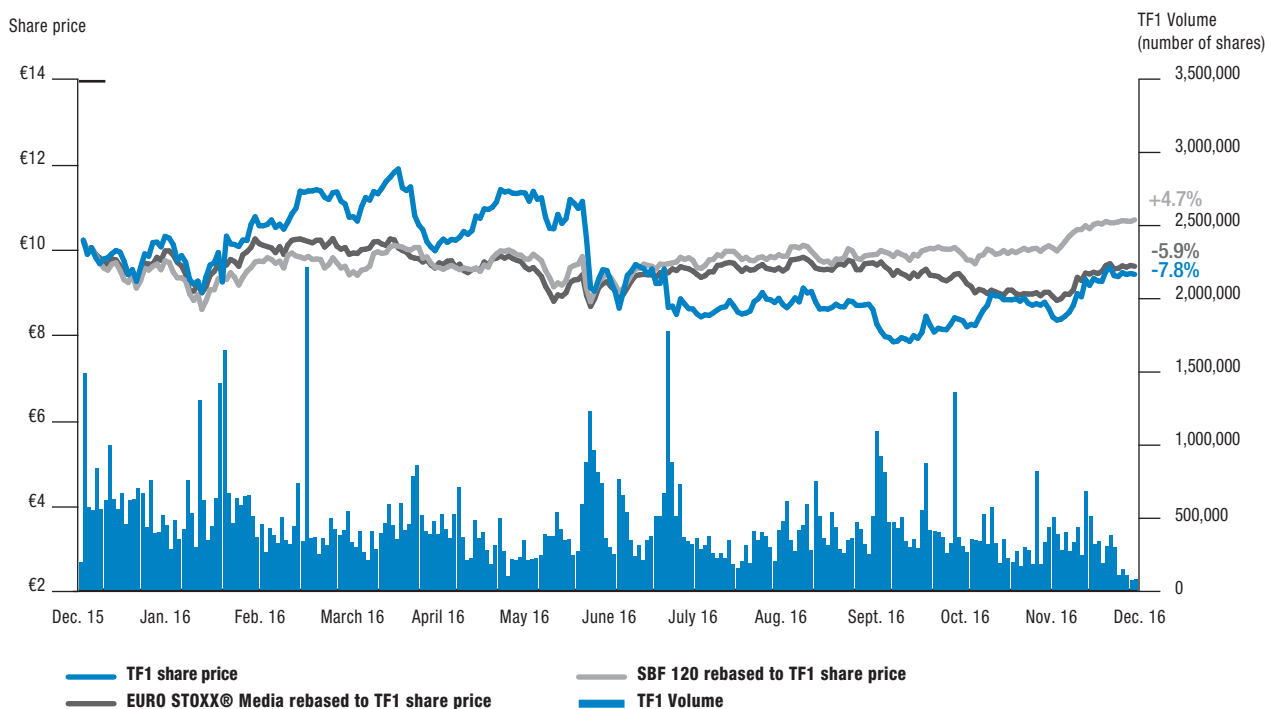
STOCK MARKET DATA

Share price (€)	2016	2015	2014
High ⁽¹⁾	11.99	17.17	14.80
Low ⁽¹⁾	7.80	9.73	10.1
Price at year-end	9.45	10.25	12.72
Performance over the year	-7.8%	-19.4%	-9.2%
CAC 40 performance over the year	+4.9%	+8.5%	-0.5%
SBF 120 performance over the year	+4.7%	+9.8%	+0.7%
Market capitalisation at 31 December (€m)	1,979	2,158	2,691
Average daily volume traded (thousands of shares) ⁽²⁾	440	552	442
Number of shares in issue at 31 December (millions of shares)	209.4	210.5	211.5

(1) Outlying values recorded at close of trading.

(2) Source: Euronext.

TF1 SHARE PRICE CHART



2. GOVERNANCE

COMPOSITION OF THE BOARD OF DIRECTORS

AT 15/02/2017

- Bouygues is the reference shareholder and is responsible for compliance with obligations, including those relating to business continuity.
- Law no. 86-1067 of 30 September 1986 requires that for every six directors there must be one employee representative director.
- The composition of the Board takes into account AFEP/MEDEF recommendations on independence and increasing the number of female directors.
- The composition of the Board of Directors is as follows:

Gilles PÉLISSON*	Directors with a connection to the reference shareholder	Employee representative directors	Independent directors
Chairman of the Board of Directors Chief Executive Officer	Martin BOUYGUES Olivier BOUYGUES Olivier ROUSSAT Philippe MARIEN Permanent representative of Bouygues	Fanny CHABIRAND Sophie LEVEAUX TALAMONI	Laurence DANON Pascaline DE DREUZY Catherine DUSSART Janine LANGLOIS-GLANDIER

* Gilles Pélisson has been Chairman and CEO since 19 February 2016.

- Directors' biographies are shown in Section 2.1.3 of the present document.

PROFILE OF THE BOARD OF DIRECTORS

AT 15/02/2017

11
DIRECTORS

8 YEARS
AVERAGE LENGTH
OF SERVICE

44%
INDEPENDENT
DIRECTORS⁽¹⁾

7
MEETINGS IN 2016

2
EMPLOYEE
REPRESENTATIVES

59 YEARS
AVERAGE AGE

44%
FEMALE DIRECTORS⁽¹⁾

(1) Excluding employee representative directors.

4 SPECIALIST COMMITTEES

AUDIT COMMITTEE

Since the Audit Committee was created on 24 February 2003, its members have been selected for their financial and accounting expertise. The Committee comprises Laurence Danon (Chairwoman, independent director), Pascaline de Dreuzy (independent director) and Philippe Marien.

REMUNERATION COMMITTEE

The Remuneration Committee was set up in 1988. It comprises Catherine Dussart (Chairwoman, independent director), Fanny Chabirand (employee representative director) and Philippe Marien.

DIRECTOR SELECTION COMMITTEE

Set up on 24 February 2003, the director Selection Committee comprises Martin Bouygues (Chairman) and Olivier Roussat.

ETHICS AND CSR COMMITTEE

Set up on 24 July 2014, the Ethics and CSR (Corporate Social Responsibility) Committee comprises Janine Langlois-Glandier (Chairwoman, independent director), Catherine Dussart (independent director) and Sophie Leveaux Talamoni (employee representative director).

EXECUTIVE COMMITTEE AT 31/12/2016

Under the responsibility of the Chairman and Chief Executive Officer, the Executive Committee is the Group's primary management body. It implements the strategic priorities determined by the Board of Directors. The Executive Committee meets weekly.

Gilles Pélisson
Chairman and CEO

Olivier Abecassis
Vice President, Innovation
and Digital

Ara Aprikian
Executive Vice
President, Content

Christine Bellin
Vice President, Strategy,
Development and
Transformation

Arnaud Bosom
Executive Vice President,
Human Relations and CSR

Jean-Michel Counillon
Corporate Secretary

Philippe Denery
Executive Vice President,
Finance and Procurement

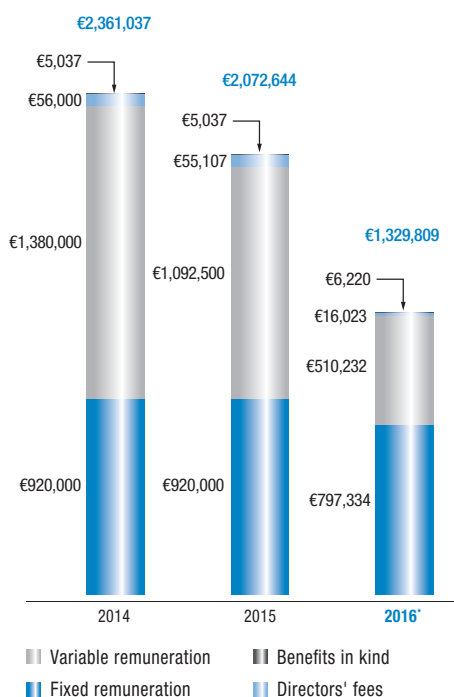
Frédéric Ivernel
Vice President, Communication
and Brands

Catherine Nayl
Executive Vice President, News

Régis Ravanas
Executive Vice
President, Advertising
& Diversification

EXECUTIVE OFFICER REMUNERATION POLICY ADAPTED TO THE ENVIRONMENT, RESPONSIBILITIES AND EXPERTISE

THREE-YEAR TRENDS IN EXECUTIVE OFFICER'S REMUNERATION



**Gilles Pélisson, Executive Officer since 19 February 2016.
NB: the remuneration paid for 2016 to Nonce Paolini, Executive
Officer until 18 February 2016, was €405,903 euros (non included
in the chart above).

No benefit on taking, leaving or changing office or non-competition indemnity.

No deferred annual variable remuneration, multi-year variable remuneration or exceptional remuneration.

TF1's Board of Directors reviews the Executive Officer's fixed remuneration annually in accordance with Article L. 225-53 of the French Commercial Code, after taking advice from the Remuneration Committee. The fixed remuneration is in the general interest of the company and takes into account the following factors:

- the level and difficulty of his responsibilities;
- his experience in the role;
- his length of service with the Group;
- practices within the Group or within companies carrying on comparable activities.

Variable remuneration depends on the achievement of collective and individual criteria, both quantitative and qualitative. The variable remuneration of the Executive Officer is defined by reference to five criteria and capped at 150% of his fixed remuneration.

3. BUSINESS MODEL

6 KINDS OF CAPITAL



FINANCIAL CAPITAL

- Capital contributed by the shareholders.
- Capital contributed by the banks.
- Profits generated by the company.

2016 HIGHLIGHTS

€21.4m share buyback programme.
Dividend of €0.28 per share paid for 2016.
TF1 now holds 100% of TMC, the reference free-to-air digital channel, following the buyout of the Principality of Monaco's 20% stake in the company.

KEY FIGURES

Shareholders' equity attributable to the Group at 31 December 2016: **€1,493m**.
Market capitalisation at 31 December 2016: **€1.98bn**.
Net cash: **€187m** at 31 December 2016.



MANUFACTURED CAPITAL

- TF1's main building, including five studios.
- Production equipment (from production to broadcast).
- Board game manufacturing facility for TF1 Entreprises.
- Home Shopping depot and warehouses.


2016 HIGHLIGHTS

For the back-to-school period, LCI unveiled a new set, featuring remote-controlled cameras and divided into three: the presenter's desk, a sofa for chat, and a mezzanine for face-to-face interviews.

A new diversification for TF1: the "Seine Musicale" on the Ile Séguin, on the river Seine just outside Paris. Via its subsidiary TF1 Entreprises, the TF1 group is partnering with Sodexo to manage and operate this new music venue, due to open in April 2017.

KEY FIGURES

Number of board games sold by TF1 Games Dujardin: **2.5 million**.
Number of hours of programmes broadcast by TF1: **7,636**.
Number of news items carried on TF1 bulletins: **13,300**.



NATURAL RESOURCES

TF1's activities mainly use:

- electricity (office management processes);
- fuel oil (generators and outside broadcast units).

Most greenhouse gas emissions are generated outside the Group by audiovisual production activities. This led to TF1 setting up the Ecoprod collective in 2009.

TF1's main impact is its ability to raise public awareness of the issues involved.

2016 HIGHLIGHTS

Numerous news programmes on TF1 dedicated to the environment and reporting on the COP 22 climate change conference; dedicated "#Cop Connection" programme on Ushuaïa TV and LCI.

Partnership between TF1 editorial team and Tara Expeditions: TF1 news broadcasts cover the Tara scientific expedition to the South Pacific (one report per month).

Renewal of the "Equilibre kWh" green electricity contract for 2017 and 2018. Each kWh consumed by TF1 commits EDF to produce the same amount of electricity from installations using renewable energy sources.

"Sustainable Finance and Development" conference organised with Ernst & Young and C3D on 12 December.

KEY FIGURES

More than **800** TV news items on sustainable development.
12% reduction in electricity consumption since 2012.
More than **60%** of the server farm virtualized.
65% of waste recycled or re-used.



INTELLECTUAL CAPITAL

- Editorial expertise.
- Production and acquisition of audiovisual rights (cinema, series, drama, sport etc.).
- Commercial expertise in advertising airtime sales, and the relationship with the advertisers.
- Intellectual property developed in-house and TF1 group brands (games, formats, licences, etc.).
- The ability to innovate, especially in processes and technologies.

2016 HIGHLIGHTS

TF1 partners Viva Technology, organiser of the first French event on innovation and the economy of the future to have global reach.

For the launch of the new LCI-branded digital news platform, the Group chose Wibbitz's text-to-video solution.

KEY FIGURES

8 start-ups incubated in 2016.

The MYTF1 platform on ISP set-top boxes attracted up to **10.7 million** unique users of catch-up TV⁽¹⁾.

1.3 billion free videos viewed on MYTF1⁽²⁾ (+15% year-on-year).



HUMAN CAPITAL

- Talent pool and staff commitment.
- Training and upskilling, especially in the digital universe.
- Goal congruence and company loyalty.
- Equal opportunities and diversity.

2016 HIGHLIGHTS

Signing of new three-year agreements on social mobility, workplace equality, disability and senior citizens.

Signing of the *Entreprises et quartiers* agreement with the central and greater Paris authorities to promote employment and economic growth in deprived urban areas.

Research on the representation of women and ethnic minorities in TF1 news bulletins.

MYFRANCE video competition for school students on the theme "Living Together".

"Female Experts to the Fore" on 5 December: a day celebrating female expertise (meeting female journalists, workshops, coaching, etc.).

KEY FIGURES

7 TF1 University masterclasses with a total of 1,407 participants.

9th annual intake for the TF1 Enterprise Foundation.

More than **80%** of vacancies filled by internal transfers.



SOCIAL CAPITAL

- Public trust and loyalty.
- Respect for ethical commitments and professional integrity, which are core to the Group's mission.
- Channels that listen to viewers and internet users.
- TF1 is part of the social fabric of France (must-see programmes and promoting good causes like food banks).

2016 HIGHLIGHTS

Publication of the "Practical Guide to Everyday Ethics" for all staff members, to accompany the TF1 Code of Ethics distributed in 2014.

Best audience figure in 2016 for the semi-final of the Euro 2016 football tournament between France and Germany (19.3m viewers).

TF1 is awarded gold class status in the RobecoSam rankings in the Dow Jones Sustainability Europe and World indices, and has its rankings confirmed in the other indices: Ethibel, OEKOM, Gaia (2nd in the mid cap class).

KEY FIGURES

90 of the top 100 audiences for the TF1 channel.

€37.3m of free airtime donated to **121** non-profit organisations.

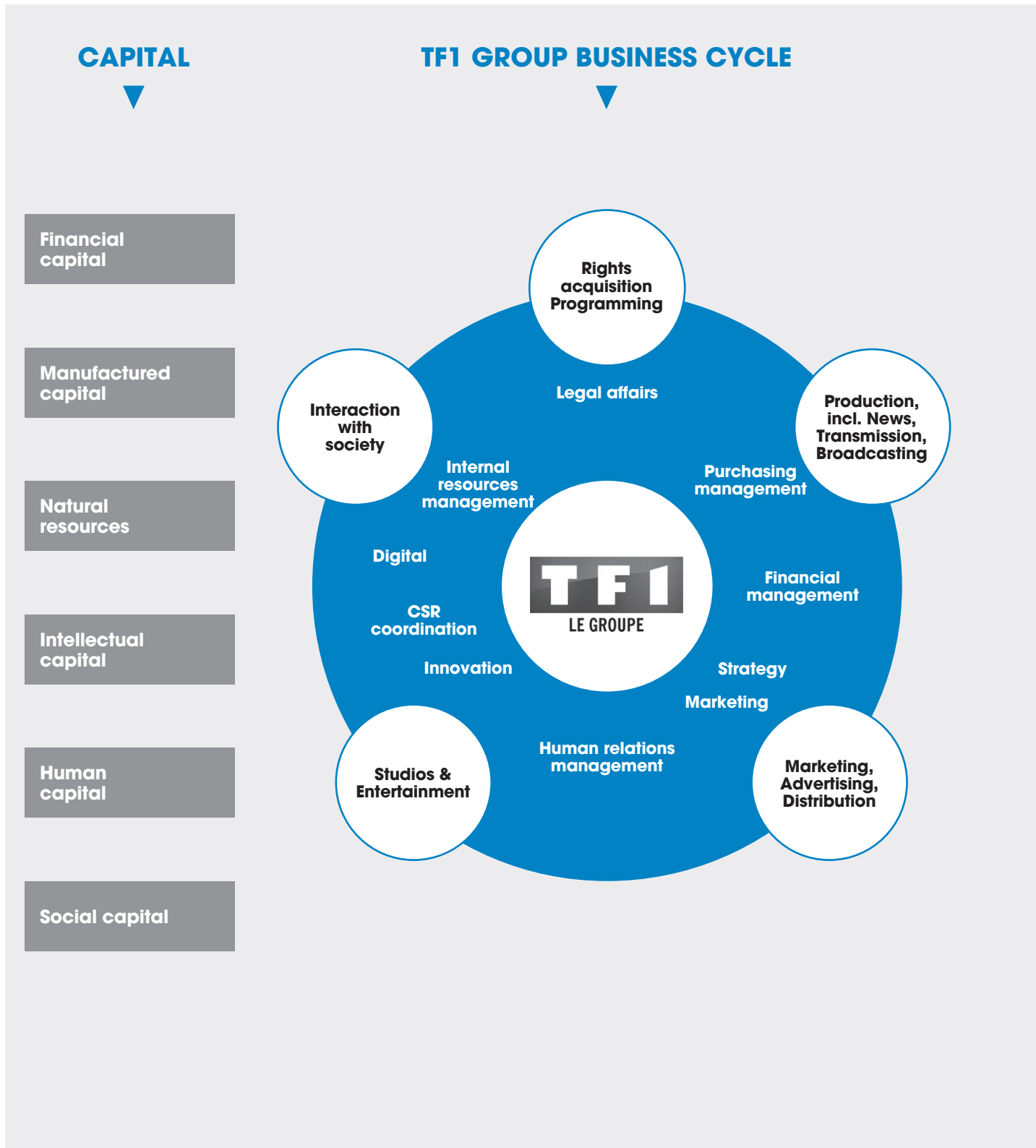
45,000 e-mail and phone responses by the viewer help desk.

58 million subscriptions on social networks.

(1) Médiamat IPTV Médiamétrie.

(2) Excluding news content, XTRA content and live sessions.

CREATING AND DISTRIBUTING VALUE



PRODUCTS



Broadcasting

Broadcasting of free-to-air and pay-TV channels

Digital broadcasting platform

Content distribution

Advertising space

Studios & Entertainment

Television and movie production

Acquisition

Distribution

Trading

Pay-to-view VOD distribution platform

Home shopping/e-commerce

Licences, board games, live shows, music

VALUE CREATED FOR



VIEWING PUBLIC

- All content genres on 5 complementary free-to-air channels.
- Live and catch-up offering on all platforms for all audiences.

OUR ADVERTISERS

- Variety of high-impact advertising slots for all targets.
- Innovative solutions (multi-platform, digital, targeted, real-time, etc.).

FRENCH CONSUMERS

- High-quality, varied offering of consumer products and services (VOD, DVD, live shows, home shopping, etc.).

REGULATORS, FRENCH STATE

- Scrupulous compliance with laws, regulations and commitments, with active involvement in policy-making.
- Major contributor to society through taxes and duties paid in France.

FRENCH BROADCASTING LANDSCAPE

- Substantial financial contribution via the French production obligation promoting the development of the sector.
- Responsible employer of talents in the French broadcasting industry.

CIVIL SOCIETY, NON-PROFIT ORGANISATIONS

- Promoting diversity in the workplace and in programmes.
- Open to non-profit organisations via donations and donated advertising space.

OUR STAFF

- Advantageous terms of employment.
- Career and skills development favouring employability.

OUR SHAREHOLDERS

- Maximising asset value.
- Transparent communication.
- Historically high dividend pay-out ratio.

SOME OF OUR SUCCESSES



Mass audience, loyal and engaged: France's no.1 private-sector broadcaster

Loyal and multi-platform advertisers: TF1 Publicité voted France's best sales agency for the second year in a row⁽¹⁾

Income stream not dependent on advertising: MYTF1VOD, France's no.1 distribution platform⁽²⁾
Proportion of programme budgets dedicated to works by "dependent" producers has been increased to 36%⁽³⁾

Supply of high-quality national content: French drama accounted for 36 of the top 100 audience ratings

Diverse workforce: 24 youngsters from deprived areas recruited via the TF1 Enterprise Foundation since its inception

Recruitment and retention of best talents

Loyal, active shareholders: Bouygues has been a shareholder since TF1 was privatised in 1987

(1) Survey by Harris Interactive for CB News.

(2) Declared use of VOD platforms (CNC survey).

(3) A tranche capped at 26% is reserved for subsidiaries of the TF1 group, with the remaining 10% representing "room for manoeuvre" enabling TF1 to obtain – on terms specified in the agreement – broader rights from independent production companies.

4. RISKS AND OPPORTUNITIES

MACRO TRENDS	1 GROWING APPETITE FOR PREMIUM VIDEO CONTENT																																								
CONTEXT	<p>Premium video content continues to attract mass audiences, especially around news, sport and drama blockbusters. In France, 9 of the 10 best audiences were for major sporting events, while there has been a big increase in audiences for French drama.</p> <p>At the same time the audiovisual production offering has been growing globally. In the United States, the number of series has more than doubled in 10 years⁽¹⁾.</p> <p>Google, Apple, Facebook, Amazon and Netflix are the main drivers of growth in this area, which they are using to recruit new customers. Intense competition to acquire the best formats means this content now costs more.</p> <p><i>(1) FX Network Research.</i></p>																																								
OPPORTUNITIES & RISKS	<p>In order to secure access to content, broadcasters are moving up the value chain by seeking to own their own audiovisual formats. Hence the TF1 group's recent acquisition of production companies (notably Newen), the development of in-house production facilities and formation of global alliances between broadcasters and producers.</p> <p>The Group can continue to differentiate itself thanks to its unique free-to-air general interest offering, with its wide range of content (news, entertainment, sport, international series, local drama, etc.).</p>																																								
KEY INDICATORS	<p>TRENDS IN COST OF PROGRAMMES BY GENRE</p> <table border="1"> <thead> <tr> <th>Genre</th> <th>2015 (€m)</th> <th>2016 (€m)</th> <th>Chg. %</th> </tr> </thead> <tbody> <tr> <td>Variety / Gameshows / Magazines</td> <td>286</td> <td>270</td> <td>-5.6%</td> </tr> <tr> <td>Drama⁽¹⁾ / TV movies / Series / Plays</td> <td>317</td> <td>312</td> <td>-1.5%</td> </tr> <tr> <td>Sport (excluding major sporting events)</td> <td>45</td> <td>49</td> <td>+8.9%</td> </tr> <tr> <td>News⁽²⁾</td> <td>107</td> <td>141</td> <td>+31.1%</td> </tr> <tr> <td>Films</td> <td>160</td> <td>174</td> <td>+8.9%</td> </tr> <tr> <td>Children's programmes</td> <td>15</td> <td>15</td> <td>+0.7%</td> </tr> <tr> <td>Total excluding major sporting events</td> <td>€31m</td> <td>€31m</td> <td>+3.3%</td> </tr> <tr> <td>Major sporting events</td> <td>27</td> <td>46</td> <td>ns</td> </tr> <tr> <td>Total including major sporting events</td> <td>€50m</td> <td>€50m</td> <td>+5.3%</td> </tr> </tbody> </table> <p>Chg. €m : €(16)m €(5)m €4m €33m €14m €0m €31m €19m €50m</p> <p>Chg. % : -5.6% -1.5% +8.9% +31.1% +8.9% +0.7% +3.3% ns +5.3%</p> <p>■ 2015 ■ 2016</p> <p><i>(1) Excluding coproduction shares reclassified as non-current (€25.4m). (2) Includes LCI costs from 5 April to 31 December 2016.</i></p>	Genre	2015 (€m)	2016 (€m)	Chg. %	Variety / Gameshows / Magazines	286	270	-5.6%	Drama ⁽¹⁾ / TV movies / Series / Plays	317	312	-1.5%	Sport (excluding major sporting events)	45	49	+8.9%	News ⁽²⁾	107	141	+31.1%	Films	160	174	+8.9%	Children's programmes	15	15	+0.7%	Total excluding major sporting events	€31m	€31m	+3.3%	Major sporting events	27	46	ns	Total including major sporting events	€50m	€50m	+5.3%
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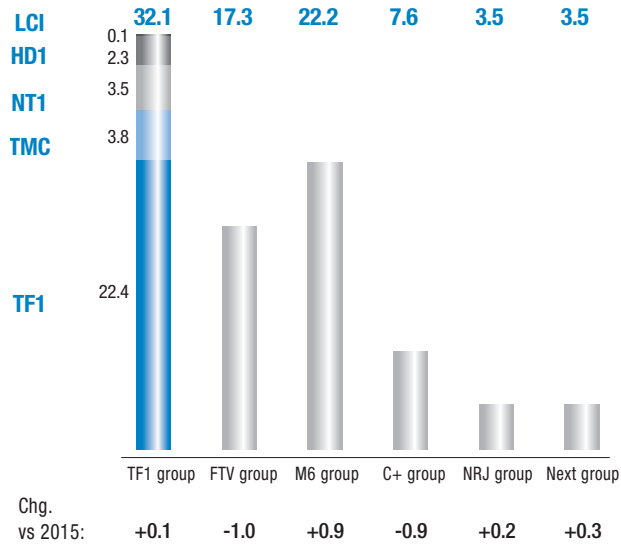
<p>2 CHANGING USAGE AND THE EMERGENCE OF NEW FORMATS</p>	<p>3 INCREASINGLY PERSONALISED OFFERING</p>	<p>4 MORE AND MORE ENGAGED AND IMMERSIVE CONSUMPTION</p>																																																							
<p>Ways of consuming content are changing rapidly: consumers want to be able to access the maximum content via a minimum of entry points, whenever they want and wherever they are (trend towards platformization).</p> <p>The growing consumption of content on mobile devices, especially by young people, requires formats that are adapted to modes of consumption: snacking on mobiles and binge watching OTT and on the web.</p> <p>Consumer choice is now based on quality and price. Consumers are abandoning the traditional prepaid packages in favour of pay-per-view.</p>	<p>In response to the individualisation of consumption made possible by mobiles, audiovisual players are upgrading their functionalities to offer consumers a personalised experience, using algorithms based on data collected by their usage databases.</p> <p>The advertisements shown are adapted to user profiles in order to obtain better engagement and commercial effectiveness.</p>	<p>The development of social networks is transforming the media landscape: they are a major lever on audiences and also a new point of entry and interaction for users.</p> <p>This public engagement is becoming even more important because of the new immersive technologies (augmented reality, virtual reality, etc.), which enable users to become totally invested in those universes.</p>																																																							
<p>New modes of consumption are broadening conventional free-to-air TV players' scope for exploiting content.</p> <p>TF1 group content is now available in multiple formats (direct, catch-up, bonus, etc.) suited to these new habits (e.g. binge watching).</p> <p>The Group is also strongly expanding its exclusive content for new platforms in order to reach younger generations. Hence its acquisition of MinuteBuzz and a stake in Studio 71.</p> <p>This is enabling the Group to diversify its revenue sources through "freemium" (mixed free/pay-per-view) offerings, funded with or without advertising.</p>	<p>Historically, the TF1 group has broadcast a broad big-hitting offering to satisfy the largest number of viewers.</p> <p>The Group is working to ally this with an offering that can be personalised by collecting data, subject to strict compliance with legal restrictions.</p> <p>This is enabling the Group to improve user experience while selling advertisers appropriate and effective programming slots. The Group is promoting the emergence of innovative advertising formats, such as brand content.</p>	<p>Televised media have major resonance in social networks, with TV programmes breaking records in the twittersphere.</p> <p>The Group has a strong social media profile so that it can communicate with followers. Acquiring MinuteBuzz will increase the Group's social media presence.</p>																																																							
<p>TRENDS IN AVERAGE DAILY VIEWING TIME</p> <table border="1"> <caption>Average Daily Viewing Time (W<50PDM)</caption> <thead> <tr> <th>Year</th> <th>Tv live (h)</th> <th>Tv live + delayed viewing (h)</th> </tr> </thead> <tbody> <tr> <td>2011</td> <td>3h51</td> <td>3h56</td> </tr> <tr> <td>2012</td> <td>3h52</td> <td>3h58</td> </tr> <tr> <td>2013</td> <td>3h43</td> <td>3h49</td> </tr> <tr> <td>2014</td> <td>3h30</td> <td>3h37</td> </tr> <tr> <td>2015</td> <td>3h29</td> <td>3h38</td> </tr> <tr> <td>2016</td> <td>3h24</td> <td>3h39</td> </tr> </tbody> </table>	Year	Tv live (h)	Tv live + delayed viewing (h)	2011	3h51	3h56	2012	3h52	3h58	2013	3h43	3h49	2014	3h30	3h37	2015	3h29	3h38	2016	3h24	3h39	<p>TRENDS IN 2016 GROSS PLURIMEDIA ADVERTISING SPEND (EXCL. INTERNET) (€bn)</p> <table border="1"> <caption>2016 Gross Plurimedia Advertising Spend (€bn)</caption> <thead> <tr> <th>Media Type</th> <th>Spend (€bn)</th> <th>% of Total</th> <th>% Change</th> </tr> </thead> <tbody> <tr> <td>Television</td> <td>11.4</td> <td>43.7%</td> <td>+3.0%</td> </tr> <tr> <td>Print media</td> <td>6.6</td> <td>25.3%</td> <td>-3.5%</td> </tr> <tr> <td>Radio</td> <td>5.0</td> <td>19.1%</td> <td>+3.4%</td> </tr> <tr> <td>Outdoor advertising</td> <td>2.7</td> <td>10.3%</td> <td>+1.3%</td> </tr> <tr> <td>Cinema</td> <td>0.5</td> <td>1.9%</td> <td>+18.3%</td> </tr> <tr> <td>Total</td> <td>26.1</td> <td>100%</td> <td>+1.4%</td> </tr> </tbody> </table>	Media Type	Spend (€bn)	% of Total	% Change	Television	11.4	43.7%	+3.0%	Print media	6.6	25.3%	-3.5%	Radio	5.0	19.1%	+3.4%	Outdoor advertising	2.7	10.3%	+1.3%	Cinema	0.5	1.9%	+18.3%	Total	26.1	100%	+1.4%	<p>NUMBER OF FOLLOWERS ON SOCIAL NETWORKS (MILLION)</p> <table border="1"> <caption>Number of Followers on Social Networks (Million)</caption> <thead> <tr> <th>Year</th> <th>Followers (Million)</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>46</td> </tr> <tr> <td>2016</td> <td>58</td> </tr> </tbody> </table> <p><small>* Aggregate number of followers on all social networks (Facebook, Twitter, Instagram, Snapchat, etc) and on accounts associated with the TF1 group (subsidiaries, programmes, presenters, etc). Non-deduplicated figures.</small></p>	Year	Followers (Million)	2015	46	2016	58
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5. STRATEGY AND RESOURCE ALLOCATION

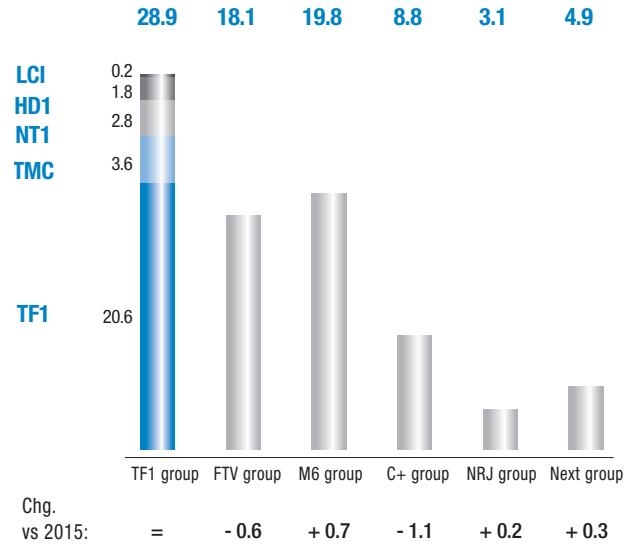
STRATEGY																		
To position the TF1 group more extensively along the content value chain by adopting a resolutely client centric approach.																		
STRATEGIC OBJECTIVE	STRATEGIC LEVER	KEY INDICATOR																
<p>1 DEVELOP CONTENT AT COMPETITIVE PRICES</p>	<p>The TF1 group wants to continue providing an attractive and differentiating content offering. To achieve this, it needs to acquire content at competitive prices while pursuing its development in production-related activities.</p>	<p>COST OF PROGRAMMES FOR TF1 GROUP FREE-TO-AIR CHANNELS (€m)</p> <table border="1"> <caption>COST OF PROGRAMMES FOR TF1 GROUP FREE-TO-AIR CHANNELS (€m)</caption> <thead> <tr> <th>Year</th> <th>Total Cost</th> <th>Major sporting events</th> <th>Cost of programmes excl. major sporting events</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>994</td> <td>74</td> <td>920</td> </tr> <tr> <td>2015</td> <td>956</td> <td>27</td> <td>929</td> </tr> <tr> <td>2016</td> <td>1,007</td> <td>46</td> <td>961</td> </tr> </tbody> </table> <p>* LCI included in free-to-air from 5 April 2016.</p>	Year	Total Cost	Major sporting events	Cost of programmes excl. major sporting events	2014	994	74	920	2015	956	27	929	2016	1,007	46	961
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<p>2 BROADEN CONTENT DISTRIBUTION</p>	<p>The Group aims to broaden its distribution channels, not just in France but internationally. It seeks to better understand the audience it is creating, in order to achieve more targeted advertising and put together varied offerings. It is also looking to strengthen the bond with its consumers/viewers.</p>	<p>MODES OF RECEPTION OF TV CONTENT</p> <p>Number of households (m): 14.3, 13.3, 12.9, 3.4, 2.4, 2.4</p>																
<p>3 MAXIMISE THE MONETISATION OF LINEAR AND NON-LINEAR CONTENT</p>	<p>The Group is working to enlarge its inventory (social networks, digital), and optimise content exploitation to improve monetisation (catch-up, VOD, social networks). In addition, to attract new budgets the Group needs to offer programming at European level.</p>	<p>TF1 GROUP ADVERTISING REVENUE (€m)</p> <table border="1"> <caption>TF1 GROUP ADVERTISING REVENUE (€m)</caption> <thead> <tr> <th>Year</th> <th>Total Revenue</th> <th>Advertising revenue</th> <th>Other revenue</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>1,575.5</td> <td>516.3</td> <td>1,059.2</td> </tr> <tr> <td>2015</td> <td>1,554.2</td> <td>450.1</td> <td>1,104.1</td> </tr> <tr> <td>2016</td> <td>1,530.1</td> <td>532.6</td> <td>997.5</td> </tr> </tbody> </table>	Year	Total Revenue	Advertising revenue	Other revenue	2014	1,575.5	516.3	1,059.2	2015	1,554.2	450.1	1,104.1	2016	1,530.1	532.6	997.5
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<p>4 BE A SOCIALLY RESPONSIBLE MARKET LEADER</p>	<p>Conscious of its role as France's leading media outlet, the TF1 group continues to use its mass market reach to promote an inclusive and sustainable society.</p>	<p>Included in the DJSI Europe and World indices since 2003, the TF1 group has been making constant progress and was awarded Gold Class status in the media sector in January 2017.</p>																

6. PERFORMANCE

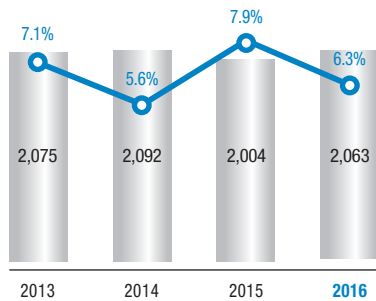
COMPARATIVE AUDIENCE SHARES OF WOMEN AGED UNDER 50 PURCHASING DECISION-MAKERS (%)



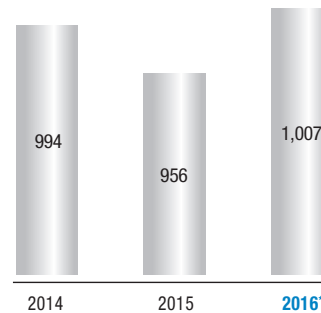
COMPARATIVE AUDIENCE SHARES OF INDIVIDUALS AGED 25-49 (%)



TOTAL REVENUE (€m)/ CURRENT OPERATING MARGIN RATE



COST OF PROGRAMMES OF FREE-TO-AIR CHANNELS (€m)



* LCI included in free-to-air from 5 April 2016

DYNAMIC ASSET MANAGEMENT

ACQUISITION OF
70%
OF NEWEN STUDIOS GROUP

TF1 HAS TAKEN A
MAJORITY STAKE
IN BONZAI DIGITAL

TF1 OWNS
100%
OF TMC

7. OUTLOOK

2016 was a year of transformation, in which the TF1 group set new operational priorities and implemented a new organisational structure. In 2017, we will push ahead with a resolutely multi-channel, multi-media and multi-activity strategy, combining pulling power with targeted reach on each channel and developing growth areas in DTT, digital and production.

To meet these challenges, the Group will strive to:

- develop attractive and distinctive content with a competitive cost base, in particular by expanding our production activities;
- broaden the distribution of content by multiplying the number of distribution channels and strengthening the bond with the viewer/consumer;
- improve the monetisation of both linear and non-linear content.

This strategy should help us improve our profitability: we are targeting double-digit current operating margin in 2019, with growth in non-advertising revenue for the five free-to-air channels expected to account for at least one-third of our consolidated revenue in that year.

On the production side, taking a stake in Newen Studios has opened many new opportunities in the creation and distribution of content, both in France and internationally. Our ongoing expansion in digital, across

all devices and networks, is intended to help us reach new targets with rejuvenated content, and better monetise user activity.

We will continue to apply our rigorous management approach, which from 2017 onwards will enable us to:

- limit the cost of programmes by optimising our investment in content. This will involve an overhaul of our rights buying policy, increasing in-house production, and developing content for digital devices. Over the next three years, this policy should enable the Group to hold the average annual cost of programmes (excluding major sporting events) for our five free-to-air channels at €980 million;
- achieve €25 million to €30 million of recurring savings (excluding cost of programmes) under the *Recover* plan;
- maintain our share of the advertising market by extracting maximum value from our premium inventories, and growing our DTT channels and digital content;
- take new initiatives in distribution so as to maximise the value of our services, both in France and internationally.

Our ambition is to strengthen our leadership in television, innovate in services to advertisers, accelerate our growth in production and digital, and showcase our brands across all platforms.



PRESENTATION OF THE TF1 GROUP

1.1	GROUP MARKETS	24	1.4	TF1 GROUP HISTORY	44
1.1.1	Television market	24			
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1.1 GROUP MARKETS

1.1.1 TELEVISION MARKET

Television has long been the core business of the TF1 group. It produces five freeview channels (TF1, TMC, NT1, HD1 and LCI) and theme channels on Pay-TV, including TV Breizh, Histoire, Ushuaïa and Serieclub, as well as LCI which became freeview in April 2016.

The television market has changed considerably in the last ten years. New uses and media have developed:

- viewers have had access to a growing number of channels with the arrival of DTT in 2005, then DTT2 in 2012, with the total number of free channels currently standing at 27;
- television equipment has improved significantly with the widespread introduction of flat screens and the development of High Definition (HD);

- new personal, mobile screens have appeared via devices such as smartphones and tablets, promoting mobile consumption and the personalisation of media content.

With generalised access to high-speed internet, these new uses have accelerated the delinearisation of content consumption, although linear consumption remains strong.

Lastly, pure player video entities such as Google, Amazon, Facebook, Apple and Netflix have consolidated their position, constituting a new way of broadcasting televisual content. These players are also starting to broadcast their services on television, in addition to computers and mobile apps.

1.1.1.1. EQUIPMENT, RECEPTION MODES, THE FRENCH AUDIOVISUAL SECTOR AND CONSUMPTION

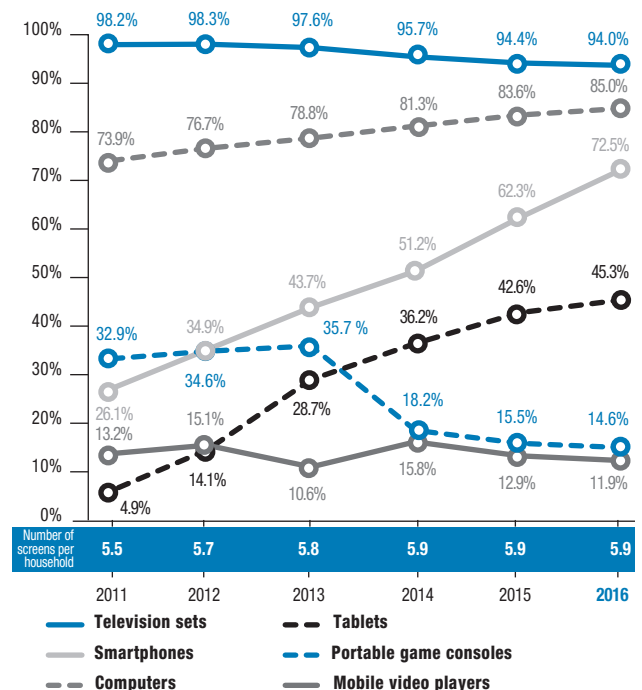
AUDIOVISUAL EQUIPMENT

More and more screens in French households⁽¹⁾

Almost every French household now has a television set: 94% have at least one TV set and 43% have at least two.

What's more, televisions are continuously being updated: 88% of households have an HD-compatible screen and 63% have a television connected to the Internet via one of the following: Smart TV (having a direct connection to the ISP box), a games console or a multimedia gateway such as Apple TV or Chromecast.

Lastly, the number of screens per household is stable, maintained by the number of mobile screens.



(1) Médiamétrie – Home Devices- End-of-year figures.



RECEPTION MODES⁽¹⁾

Television reception modes

Television reception modes have changed considerably in French households in the last ten years. Analogue terrestrial reception, previously the most widespread mode with a 70% share in 2005, was gradually replaced by Digital Terrestrial Television between 2005 and 2011.

DTT is the most popular way of receiving television, with 54% of homes connected, i.e. with an external or internal decoder combined with a Yagi aerial. Since the end of the switch to all-digital, this TV reception mode has declined slightly. On the other hand, High Definition reception is increasing, now accounting for 50% of households.

ADSL television was launched in 2002. Since then, this internet protocol broadcasting mode has proved a strong rival to analogue reception

owing to an increase in the eligibility of households for triple-play internet offers. With 49% penetration, IPTV (television via ADSL or fibre optic), the third leading reception mode, continues to grow.

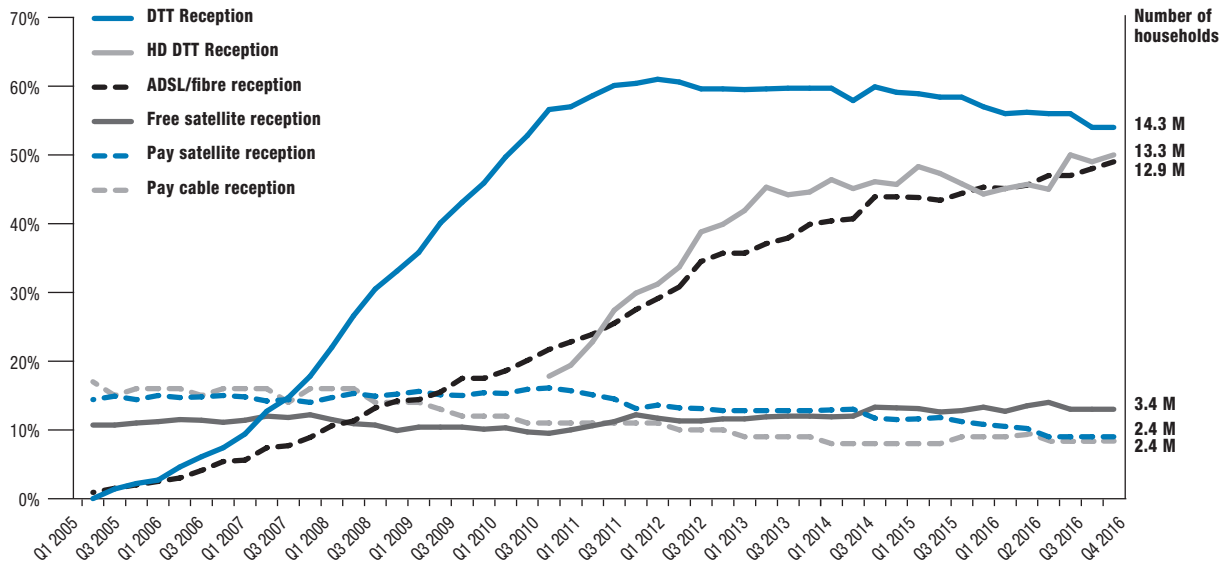
Satellite has decreased slightly to 22% of households, of which 9% with a pay subscription and 13% with a free router, such as TNT Sat or Fransat.

The decrease of cable has stabilised, with a roughly 9% penetration rate, of which 4% via a pay subscription and 5% via a free offer.

The downward trend in DTT penetration, as a broadcast medium, should continue with the increased penetration of ADSL television. The deployment of fibre optic is driven by the “Fibre 2025” plan (a government plan initiated in 2010 aimed at providing 100% of French households with ultra-high-speed connections by 2025), which should favour an increase in the number of households eligible for this reception mode.

TRENDS IN TELEVISION RECEPTION MODES

(In % of TV-equipped households)⁽¹⁾



SPECTRUM CHANGES

Change in the DTT platform and move to MPEG-4 in April 2016

Act no. 2015-1267 of 14 October 2015, relative to the second digital dividend and the ongoing modernisation of Digital Terrestrial Television, allowed the switch-over of the DTT offering to the higher-performance

MPEG-4 standard, deployed for nearly all channels during the night of 4 to 5 April 2016.

This law also provides that the 470-694 MHz band is to be allocated to television services up until 31 December 2030. At least five years prior to that date, the French Government will submit a report to Parliament on the outlook for the broadcasting and distribution of television services in France for the period beyond 2030.

(1) Médiamétrie - Médiamat

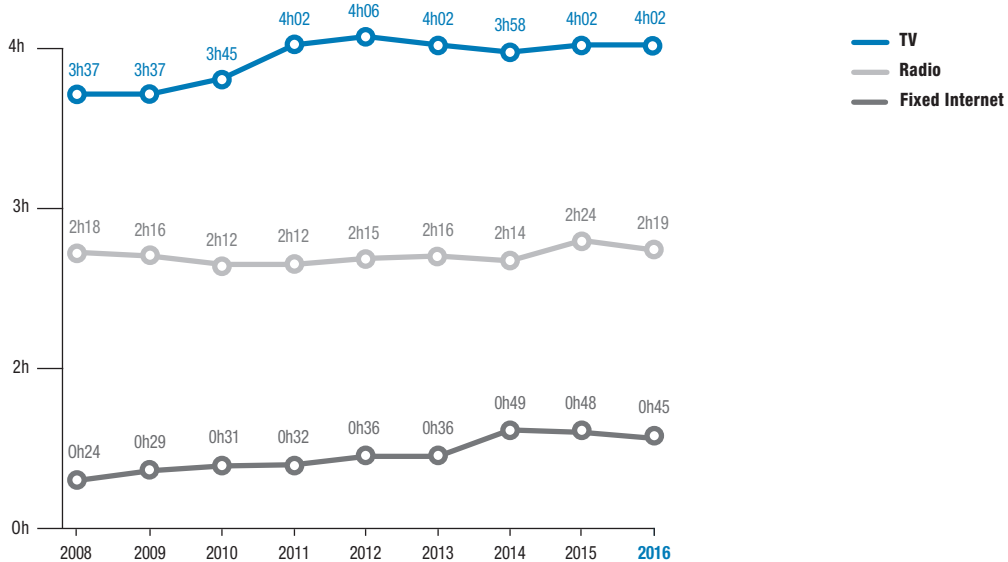


CONSUMPTION

Television - the top media choice⁽¹⁾

Television is still the most popular media with the French population on a daily basis. The average individual aged 15 and over in France watches an average of 4 hours and 2 minutes of television a day, compared with 2 hours and 19 minutes for radio and 45 minutes for surfing on fixed internet.

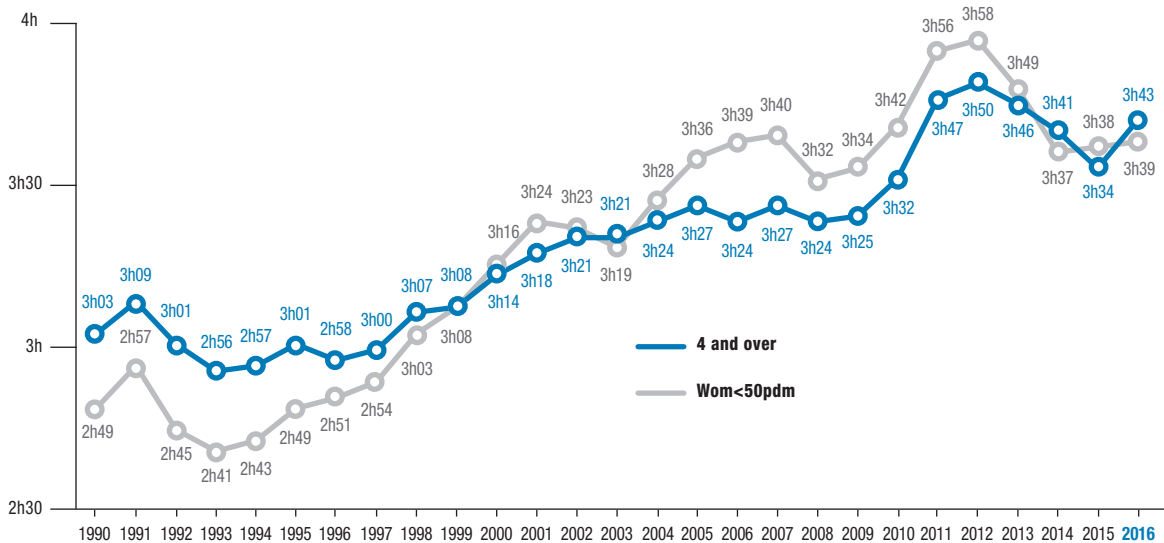
MEDIA CONSUMPTION OF 15+ INDIVIDUALS/2016 - HOURS/DAY/INDIVIDUAL



TV viewing time remains at high levels⁽²⁾

Between 2015 and 2016, television consumption generally stabilised for women aged under 50 in charge of purchasing decision-making, while it slightly increased for individuals aged 4 and over.

INDIVIDUAL VIEWING TIMES FOR INDIVIDUALS AGED 4 AND OVER AND WOMEN AGED UNDER 50 PURCHASING DECISION-MAKERS (W < 50 PDM)



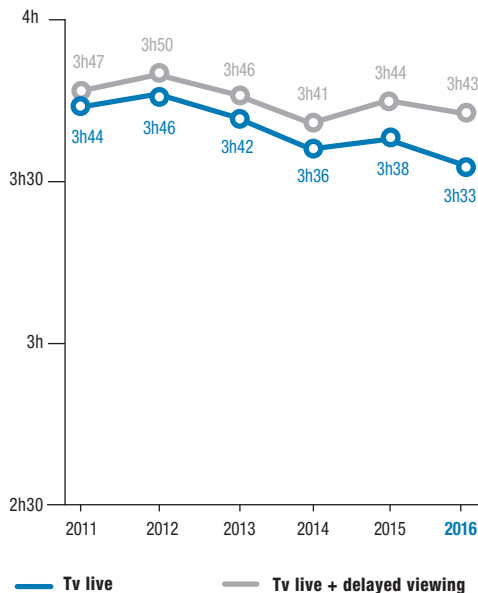
(1) Médiamétrie – Médiamat/126.000 Radio/NetRatings – 2016.

(2) Médiamétrie – Médiamat – Consolidated data since 2011.

The gradual integration of delayed viewing⁽¹⁾

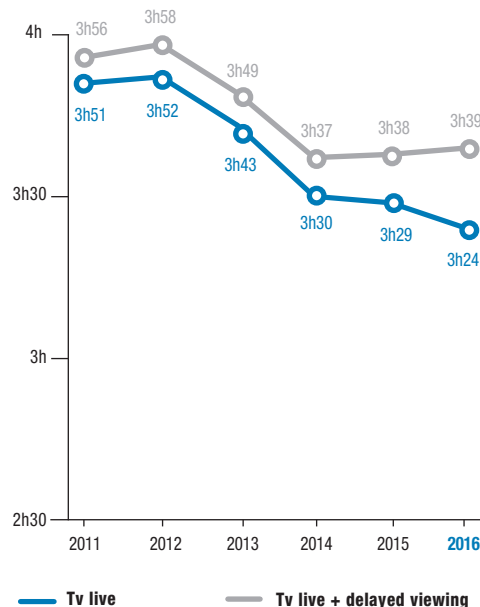
Médiamat audience ratings have since January 2011 integrated private recordings on hard disk, DVD recorders and video cassette recorders. Catch-up TV viewing was included in audience ratings in October 2014.

INDIVIDUAL VIEWING TIME - 4 AND OVER



In all, delayed viewing on individuals aged 4 and over and women aged under 50 purchasing decision-makers accounts for 5 and 7% respectively of total viewing as measured by Médiamat (10 and 15 minutes a day respectively).

INDIVIDUAL VIEWING TIME - W < 50PDM



Other TV viewing modes⁽²⁾

Other TV viewing modes have yet to be integrated in Médiamat ratings. They account for 11 minutes of viewing per day, or 4.9% of the total:

- live viewing outside the home totals 3 minutes, 30 seconds a day, or 1.5% of total consumption. This figure does not include viewing at relatives' or friends' homes, which is already included in Médiamat statistics;
- live viewing on a non-TV medium (computer, smartphone or tablet) comes out at 4 minutes a day, or 1.7% of the Médiamat total;
- catch-up TV viewing on media other than TV sets comes out at 3 minutes, 30 seconds a day, or 1.5% of the Médiamat total.

The growth in popularity of multi-screen usage

At the end of December 2016, nearly 46 million French citizens aged 15 and over had access to the Internet, or over 88% of the population.

The rise in the use of smartphones and tablets continued in 2016: the number of French people using mobile devices is now 34.1 million. The number of French people using tablets also increased (20.9 million in 2016 compared to 20.5 million in 2015), whereas connections via computer increased slightly to 42.3 million.

The challenges surrounding mobile use remained significant in 2016 with the increasing impact of new ecosystems such as Google's AMP and

Facebook's Instant Article. These "displaced" audiences are currently under study for inclusion.

Multi-screen technology has, however, been on offer from the TF1 group for a long time now, particularly for its entertainment, news and sports content:

- every month, 17.4 million French citizens access the TF1 group's websites and apps via the three digital screens⁽³⁾;
- 7.8 million French citizens connect via their computers⁽⁴⁾;
- 9 million French citizens connect via their smartphones⁽⁴⁾;
- 5.1 million French citizens connect via tablets⁽⁴⁾.

The consumption of online videos continues to grow both in terms of the number of videos viewed, time spent on viewing and viewing frequency. On the other hand, the number of video viewers remains unchanged, year on year, with 31 million 15+ individuals, or 60% of the French population.

The broader online video market is dominated by YouTube with over 20 billion videos watched, ahead of Facebook at 9 billion (a doubling over one year) and Dailymotion at 3 billion.

The television is the French screen of choice for viewing via replay: 62% of catch-uppers⁽⁴⁾ use it, 26% use their computer, 11% use their tablet and 7% use their smartphone⁽⁵⁾.

(1) Médiamétrie – Médiamat – Live and consolidated data since 2011.

(2) Médiamétrie – Global TV – April/June 2016 – 15+ individuals.

(3) Global internet ratings panel. Médiamétrie. October 2016.

(4) Users of catch-up TV.

(5) Video ratings panel, 3 screens. Médiamétrie. October 2016.



TF1 group channels, via their inclusion within the MYTF1 digital brand (TF1, TMC, NT1 and HD1), are achieving good digital audience ratings, whatever the screen:

- 10.2 million French citizens watch MYTF1 via their television sets⁽¹⁾;
- 5.4 million French citizens connect via their computers⁽¹⁾;
- 5.7 million French citizens access the website or app via their smartphones⁽¹⁾;
- 3.7 million French citizens connect via their tablets⁽¹⁾.

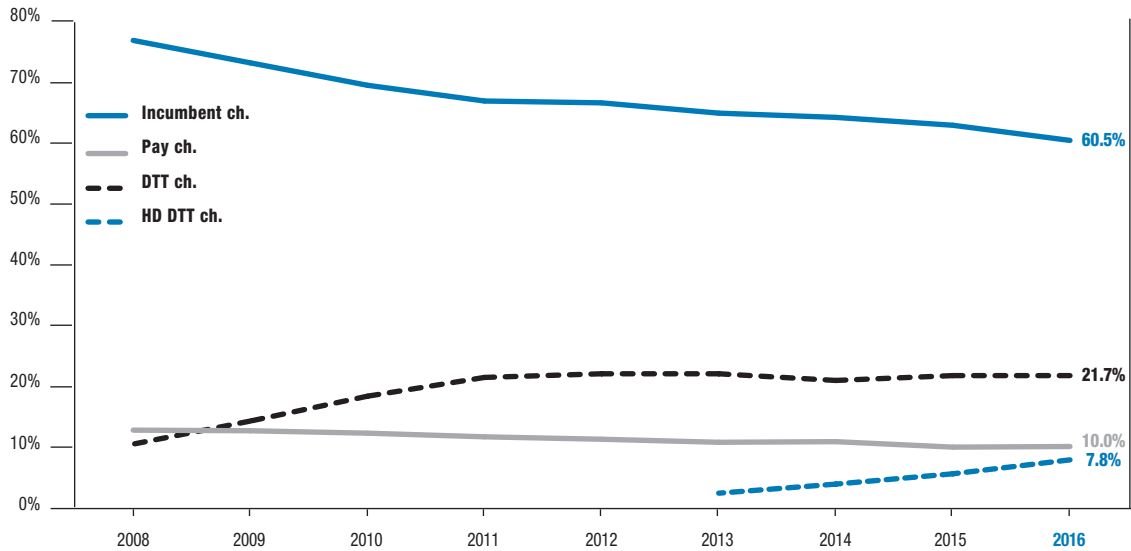
Internet users watch videos via the MYTF1 website spending on average 1 hour, 55 minutes a month on the three screens (and 2 hours, 35 minutes on computers). MYTF1 is thus the leader on the 3 screens, with 12.4 million French citizens watching replay or 100% digital content⁽¹⁾.

A CHANGING AUDIOVISUAL LANDSCAPE IN FRANCE

The French audiovisual landscape has changed considerably over the past several years. The number of freeview channels was 6 up until 2005, when it increased to 19. At the end of 2012, the number increased to 25, and in 2016 it reached 27 channels, with the arrival of LCI and Franceinfo.

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

TREND IN AUDIENCE SHARE BY CHANNEL FOR INDIVIDUALS AGED 4 AND OVER⁽²⁾



(1) Video rating panel, 3 screens. Médiamétrie. October 2016.

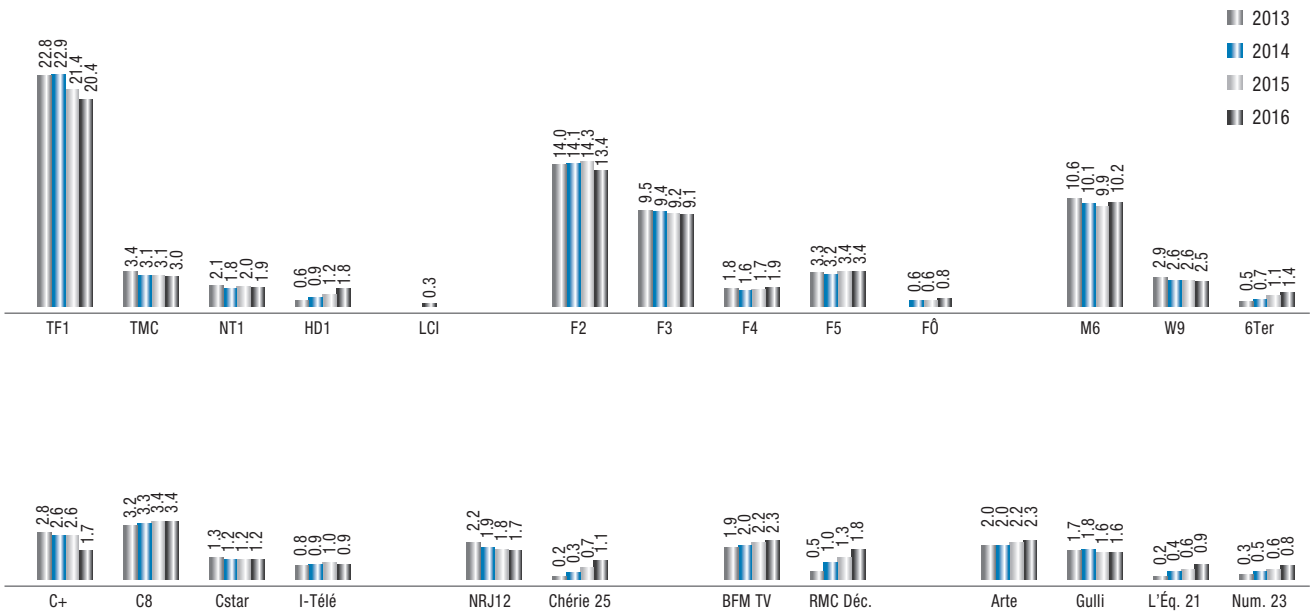
(2) Médiamétrie – Médiamat 2016.



As a result of the larger channel offering and the changing audiovisual landscape, the channels' audience shares have evolved as shown in the graphs below:

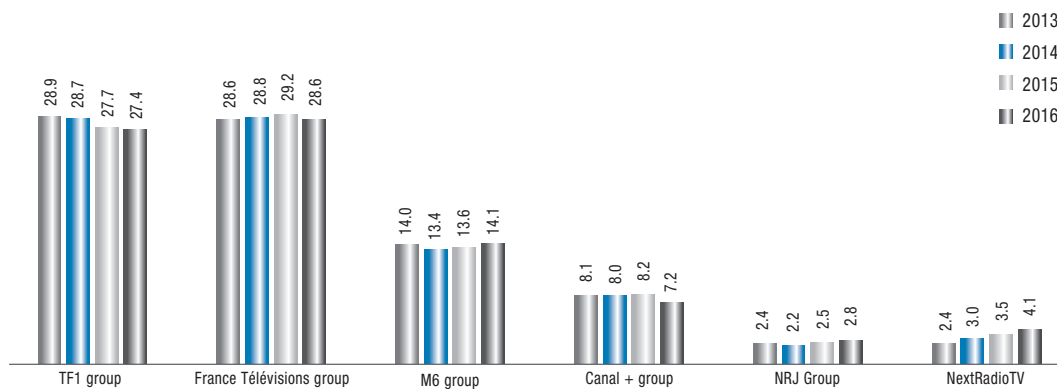
AUDIENCE SHARE OF INDIVIDUALS AGED 4 AND OVER⁽¹⁾

(%)



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

(%)

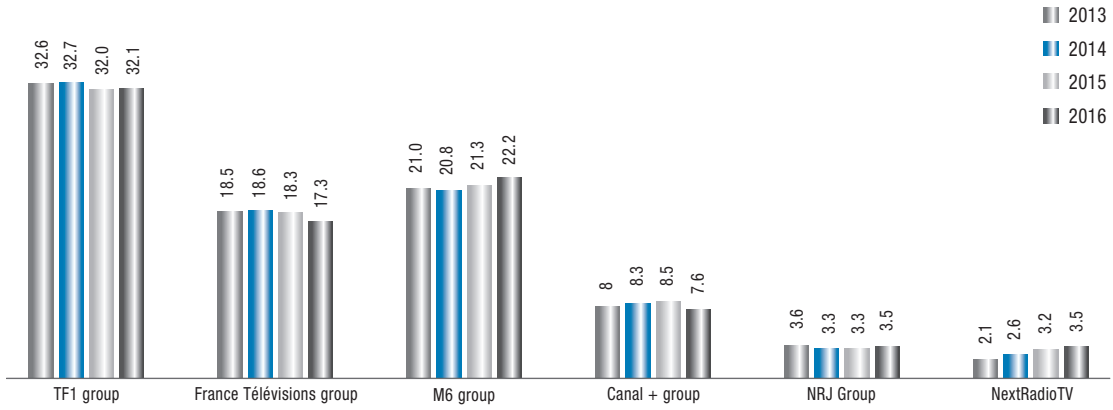


(1) Médiamétrie – Médiamat – 2016.



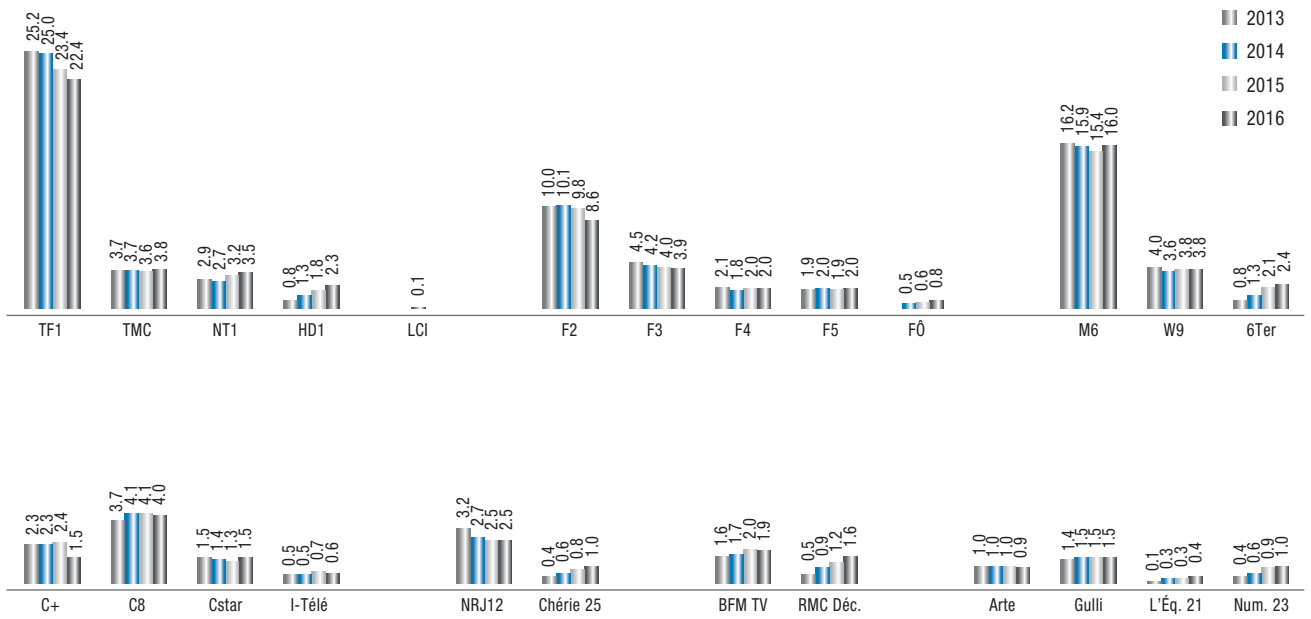
GROUP AUDIENCE SHARE OF WOMEN AGED UNDER 50 PURCHASING DECISION-MAKERS⁽¹⁾

(%)



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

(%)



(1) Médiamétrie - Médiamat - 2016.



1.1.1.2 TRENDS IN THE TELEVISION MARKET

SLOWDOWN IN THE FRAGMENTATION OF FREEVIEW TELEVISION AND ONGOING RISE IN NON-LINEAR CONSUMPTION

The number of freeview channels in France is not expected to change significantly in the coming years.

The downward trend in DTT penetration is expected to continue in the coming years with the growing strength of ADSL television. The deployment of fibre optic technology should increase the number of households eligible for this reception mode.

As a result, across all available screens, non-linear consumption of content should continue to rise, and its measure should be enhanced to take account of new uses.

STRENGTHENING THE GROUP'S DIGITAL FOOTPRINT WITH POWERFUL BRANDS

In 2016, MYTF1 continued its audience expansion strategy, both on its own platforms and on third-party platforms. The presence of MYTF1 content on social platforms intensified this year both for promotional purposes and for its long-term strategy. Content has also been specifically created for these ecosystems in order to create a dedicated narrative.

MYTF1 also took a new approach in 2016 by overturning the traditional broadcast schedule. Digital premières have been offered exclusively for certain dramas such as *La vengeance aux yeux clairs* and *Clem*, which were very successful. These systems were enriched by a freemium offering with the entire series also available on pay-per-view on MYTF1VOD at the same time (per episode, rental pack or digital purchase).

2016 also saw the digital success of the Euro and the expansion of the channels' major entertainment franchises which continue to grow in terms of digital consumption.

As part of the Euro, MYTF1 offered an innovative experience with a multicam system enabling viewing of the matches from several different angles (that the Internet user could choose from), as well as five matches in Ultra HD on certain operator boxes.

The incumbent franchises as well as new shows (such as *Quotidien*) were also very successful in terms of audience and continued their digital growth.

XTRA also continued to grow with the launch of new franchises (*Jeune diplômée*, *En coloc*) and of Xtra Cup, while continuing to offer international series.

Lastly, LCI launched a new range of digital products on 29 August 2016 (interactive site, applications, connected TV applications) for the new positioning of its freeview channel.

1.1.2 ADVERTISING MARKET

Note: On the date of publication of this report, IREP's results for 2016 had not yet been released. They will be available on 16/03/2017. The IREP data provided below relates to the first three quarters of 2016, while the SRI data covers the whole of 2016.

Over the first three quarters of 2016, net plurimedia advertising revenues (excluding internet and mobile) were down 0.9% compared to the same period last year, amounting to €4,873 million versus €4,915 million for the first nine months of 2015. The changes in results varied greatly among the different media: television advertising revenues were up 0.9%, i.e. €2,203 million, while radio revenues dropped 0.6%, and those of the press fell 6.6%.

In 2016, the Internet media accounted for nearly €3.5 billion, up 7% over 2015. According to the e-advertising observatory of SRI-France, Internet display, which accounts for 35% of that market, rose 14.5% in 2016. Video display, which is said to account for 35% of internet display (€417 million), was up 35%. If we consider the marketing mode, programmatic grew 51% compared to 2015, becoming the top earner in the display segment with a market share of 53% (€639 million). In 2016, the mobile phone medium collected €1,264 million, i.e. 41% of digital spending (search + display), up 72%.

CHANGE IN GROSS PLURIMEDIA INVESTMENTS IN 2016, EXCLUDING SEARCH⁽¹⁾

Note: Due to the difficulty of obtaining reliable data on digital investments, we excluded from the plurimedia analysis Search investments, as well as the changes in gross revenues of Internet Display. However, to properly represent it, the estimate of gross advertising revenues in Internet Display is included in the calculation of media market share in 2016.

As a reminder, gross revenue data are to be considered with caution given the substantial scale of negotiation rates, which vary from one media to the next.

With 37.2% of gross advertising spend, television remained the top medium in 2016. Gross revenue once again grew this year to reach €11.4 billion (up 3.0% compared to 2015). Within this medium, revenue for incumbents grew by 2.3% to gross €6.3 billion. DTT channels, excluding LCI, grew strongly with gross revenues up by 7.0% (+6.9% in 2015) to reach €4.3 billion. Cab/sat, excluding LCI, experienced a net decrease of 13.9% (vs +3.9% in 2015). LCI's gross advertising revenues has grown consistently since the channel became freeview in April 2016 (+284%) i.e. an increase of €28 million (versus -16% in 2015). If LCI is included in the DTT TV scope in 2016, gross investments grew by 7.9% over the year for DTT channels and decreased by 14.9% for Cab/sat.

Press, with 21.5% of investment in 2016 (€6.6 billion gross), maintains its second-place position in terms of media investment. Over the year, the medium saw its gross investment decline by 3.5% (-6.7% in 2015).

(1) Gross advertising spend – extraction done on 24/01/2017 - Kantar Media – excluding TV sponsorship, self-promotion and subscriptions.



Gross revenues for radio were up 3.4% to €5 billion (compared to +1.9% in 2015). Radio was the third medium with a gross market share of 16.4%.

Gross *display* revenues were up by 1.3% following a relatively stable 2015 (+0.04%). Gross revenues amounted to €2.7 billion for 2016.

Gross cinema revenues followed on the positive 2015 trend (+5.5%) and increased by 18.3% in 2016 to reach €510 million.

PLURIMEDIA ADVERTISING SPEND - GROSS DATA

(€m)	Gross revenues	Change in revenues	Market share
	2016	2016 vs 2015	2016
Press	6,566.4	-3.5%	21.5%
Radio	4,997.9	+3.4%	16.4%
Television	11,354.6	+3.0%	37.2%
Freeview TV	10,603.1	+4.5%	34.7%
<i>o/w Incumbent</i>	6,265.4	+2.3%	20.5%
<i>o/w DTT*</i>	4,337.7	+7.9%	14.2%
<i>CAB/SAT*</i>	751.5	-14.9%	2.5%
Outdoor advertising	2,713.9	+1.3%	8.9%
Cinema	510.0	+18.3%	1.7%
Total excluding internet	26,143.0	+1.4%	85.5%
Internet (excluding search)	4,421.1	-10.8%	14.5%
TOTAL	30,564.1	-0.6%	100.0%

* Note: LCI came within the scope of DTT TV for all of 2016 and the scope of Cab/sat for 2015.

TELEVISION IN 2016⁽¹⁾

TV MARKET

In television, TF1 remained the leading channel with gross advertising revenues of €3.6 billion, virtually unchanged compared to 2015. TF1's gross market share (excluding sponsorship) was 31.4%.

M6 was the number-two channel, with gross revenues of €1.9 billion and a gross market share that was stable at 17.2%.

The gross advertising revenues of TF1 Publicité were up 0.8% compared to 2015, and reached €4.7 billion, a market share of 41.1% in 2016. TF1 Publicité confirms its top position, ahead of M6 Publicité (23.9% of market share, or €2.7 billion) and Canal+ Régie (11.3% of market share, or €1.3 billion).

GROSS MARKET SHARE OF CHANNELS - ALL TV

	2016	2015	2014
Total television	100.0%	100.0%	100.0%
Incumbents	55.2%	55.5%	56.2%
TF1	31.4%	32.4%	33.2%
M6	17.2%	16.6%	16.6%
France 2	3.2%	3.0%	2.7%
Canal+	1.7%	1.9%	2.0%
France 3	1.3%	1.2%	1.4%
France 5	0.4%	0.3%	0.3%
Other DTT*	38.2%	36.5%	35.7%
CabSat*	6.6%	8.0%	8.1%

* LCI came within the scope of DTT TV for all of 2016 and the scope of Cab/sat for 2014 and 2015.

(1) Gross advertising spend – extraction done on 24/01/2017 - Kantar Media – excluding TV sponsorship, self-promotion and subscriptions.

GROSS MARKET SHARE OF FREEVIEW DTT CHANNELS – ALL TV

	2016	2015	2014
Other DTT	38.2%	36.5%	35.7%
DTT 2005	31.4%	30.9%	32.0%
W9/6Ter Puissance TNT	5.6%	5.1%	5.2%
C8	5.4%	4.1%	4.2%
TMC	4.3%	4.1%	4.1%
BFM TV	3.5%	3.1%	3.5%
NRJ12	3.5%	3.5%	3.4%
i>Télé	1.9%	3.2%	3.3%
NT1	3.2%	3.1%	3.0%
CSTAR	1.8%	2.5%	3.1%
Gulli	1.9%	1.9%	1.9%
France 0	0.03%	0.01%	0.01%
France 4	0.2%	0.2%	0.2%
HD DTT (excl. 6Ter)	6.8%	5.5%	3.7%
HD1	1.5%	1.6%	1.3%
Multidoc ⁽¹⁾	2.1%	-	-
RMC Découverte ⁽¹⁾	-	1.5%	0.9%
Équipe 21	1.2%	1.0%	0.6%
Numéro 23	0.6%	0.8%	0.5%
Chérie 25	1.0%	0.7%	0.3%
LCI ⁽²⁾	0.3%	-	-

(1) Note that, since 2016, RMC Découverte has been marketed jointly with National Geographic Channel and Discovery Channel, via the Multidoc offer. In 2015, the total advertising revenues of National Geographic Channel and Discovery Channel were €29 million gross whereas RMC Découverte reached €167 million gross.

(2) LCI's gross advertising revenues for 2016 are included (freeview switchover of the channel on 5 April 2016).

TF1 PUBLICITE⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾

In 2016, stronger ties between the Programming Department and TF1 Publicité enabled the optimisation of advertising inventories, notably for more strategic audiences.

- Special work was done on strong audience timeslots such as the TF1 peak and major sport and news events.
- VIP screens, which are reserved for spot-to-spot advertisers in high-demand settings (for example, the cinema), have been very successful.
- In addition, contextual offerings have developed around the most premium DTT content (i.e. cinema, *Quotidien*).

The launch of TNT1, the leading DTT offering for advertising targets, enabled a significant increase in the number of advertisers listed on the TF1 group's DTT channels while the number of advertisers in the television market has remained stable overall.

The deployment of a truly multi-channel strategy at the end of 2016 led to increased editorial synergy for the five channels and the extension of the offer to new targets, particularly A+, the workers and millennials:

- the average age of TF1 viewers decreased by two years;

- with new and updated programmes, TMC is now the fourth national channel for the A+ target and people between the ages of 25 and 49;
- following its reworking in September, LCI has become the second leading news channel (since November 2016).

TF1 Publicité's strong, diversified and informative offering led to its being voted the best saleshouse in 2016 by agencies and advertisers, for the second consecutive year.

IMPROVED CUSTOMER INSIGHT RESULTS IN THE PROVISION OF AN INCREASINGLY PERSONALISED SERVICE⁽⁵⁾

In 2016, the TF1 group continued to work on data in order to provide advertisers with increasingly targeted information for both television and digital.

- With GRP Data, launched in 2015, TF1 Publicité now enables TV advertisers to target buyers in 44 markets (for example, yoghurt buyers). First saleshouse to offer TV targeting beyond the socio-demographic GRP, there are more and more projects in this area worldwide. In 2016, NBC announced the creation of its Audience Targeting Platform in the

(1) Number of listed advertisers: Kantar Média 2016 and 2015.

(2) TF1 average age: Médiamétrie-Médiamat – September-December 2016 vs Global Average 2016.

(3) TMC audience share for the target A+25-49 years old: Médiamétrie-Médiamat – TMC together 12/09/2016 to 01/01/2017.

(4) LCI audience share for the 4+ target: Médiamétrie FMP November-December 2016 Monday-Sunday 03h-27h.

(5) GRP Data effectiveness: MarketingScan test 2016.



United States and Atresmedia launched *Atresdata* on the Spanish market. In France, data coverage will be available in market reference products starting in Q1 2017. The first measurements of the effectiveness of data targeting shows a strong impact on sales with a 6% increase in revenue generated for a GRP data-optimised campaign versus a campaign optimised for a socio-demographic target;

- At the same time, TF1 Publicité is pursuing its work to measure the effectiveness of TV-web advertising. Today, drive-to-web tracking enables pure-player advertisers to precisely measure the effectiveness of each spot broadcast on the Group's channels based on the traffic of their site;
- TF1 has also launched its DMP (Data Management Platform) deployed with Adobe, in order to better target on its digital media. It already includes over 20 million profiles and enables the cross-referencing of data issued from TF1 group sites (MYTF1, TFou, MYTF1VOD, TF1 Conso, LCI and Téléshopping). These proprietary data are enriched with partner data. TF1 Publicité can now offer fine targeting by using a wide variety of data: socio-demographic, media consumption, e-commerce, etc.;
- The TF1 group takes an active part in studies about addressable television, notably with SNPTV. Two tests have already been done with IPTV, for geolocalised advertising and the coverage contribution of catch-up TV campaigns.

DIGITAL MEDIA IN 2016⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾

DIGITAL MARKET

Net Internet *Display* investments accounted for 35% of internet investments in 2016, that is, total net revenues of €1.2 billion (compared to 55% for Search at €1.9 billion). *Display* is the strongest growing digital segment with an increase in net revenue estimated at 14.5% in 2016. The growth is still based on three areas in which the TF1 group has a strong position: video, mobile and programmatic.

- Video once again has shown strong growth in 2016, with an increase of 35%, reaching €417 million (compared to €309 million in 2015). This format now makes up 35% of *Display* investments. Instream continues to be the dominant format with a market share of 64%;
- Mobile accounted for 41% of digital expenditures in 2016. Mobile *display* grew by 60% to reach €444 million;
- With a 51% increase in growth in 2016 compared to 2015, programmatic purchasing had a *display* market share of 53%, that is €639 million. Excluding social networks, programmatic grew by 29% (€186 million) and accounted for 29% of *display* purchases.

TF1 PUBLICITE

With 1.36 billion videos viewed in 2016, MYTF1 strengthened its position as market leader in the catch-up market in France and as the Instream leader. The year saw a continued strengthening of IPTV (a 17% increase in videos viewed), a real relay for channels which now accounts for 60% of videos watched in catch-up. Twenty million people view content via

IPTV in France every month, of which more than 10 million on MYTF1. Consumption of MYTF1 on mobile also increased significantly with 19% more videos viewed.

The launch of LCI, based on a native four-screen, strategy, was successful with over nine million unique visitors per month, of which five million on mobile. LCI is the digital advertising offering with the greatest affinity for the news market on this screen for the key advertising targets between the ages of 25 and 49 and the employed.

In addition, the Twitch advertising agreement has reinforced the TF1 Publicité offering for *millennials*. The platform has a large (1.7 million unique visitors) and engaged audience which spends eight hours a month on the platform per unique visitor. Note that, TF1 Publicité already markets Finder Studios' inventories, the leading beauty MCN in France with 130 million videos watched per month.

For TF1 Publicité, 2016 was also marked by a strong increase in programmatic sales (+95% in net revenues), and by the deployment of Adswitching which enables substituting linear TV flow spots with 100% ad served, interactive and clickable digital spots on mobile, tablet and PC.

As of the beginning of 2017, TF1 Publicité's digital offering has over 20 million unique visitors and over 600 million videos viewed per month.

THE OUTLOOK FOR 2017

In 2017, TF1 Publicité, the leading Content Marketplace in France, will rely on five major assets to provide advertisers with premium systems that combine power, affinity and performance:

- **unequaled coverage for all advertising targets** thanks to reinforced synergy between channels following the repositioning of DTT channels, the LCI freeview switchover, and the development of the MYTF1 offering (exclusive content or available in preview, deployment of Adswitching on mobile, etc.);
- **a unique offering for millennials** with, notably, a powerful MCN offering (Finder, Twitch, Studio71) and strong positioning on social networks (MinuteBuzz);
- **more touchpoints and brand content opportunities** with the creation of TF1 Live, a dedicated organisation and the potential for advertisers to get the benefit of an extremely diversified offering thanks to our brand licensing, exhibitions, artists and events, notably with the opening of Seine Musicale;
- **increasingly fine targeting** with the availability of coverage data, the deployment of our DMP and the ongoing tests of addressable television together with operators;
- **increased effectiveness to gain new advertisers** with, notably, the strengthening our French and international sales teams and acceleration of the deployment of La Box, TF1 Publicité's information and transactional platform.

(1) Net digital market data: SRI – 2016.

(2) Videos watched: *Estat-Xiti* 2015 and 2016.

(3) IPTV consumption: *Médiamat* - average 2nd half 2016.

(4) LCI: *Médiamétrie Mobile Internet Panel* for the top 15 news sites.

(5) Twitch: *Médiamétrie Global Internet average Q1* and *Médiamétrie Global Internet August 2016*.

(6) Finder: *YouTube 1st half 2016*.

(7) Total advertising: *Unique visitors: Global Internet 1st half 2016/MMW/VOD 360 – Videos watched: XITI & YOUTUBE December 2016*.



1.1.3 RIGHTS AND CONTENT MARKET

AUDIOVISUAL PRODUCTION

TF1 has a presence in television production via its subsidiary, TF1 Production and Newen, in which TF1 has had a 70% interest since 26 January 2016.

This industry has undergone significant change in the last two years throughout the world. Firstly, major industry players have merged: Endemol and Shine announced their merger at the end of 2014. In February 2016, the Vivendi Group entered the capital of Banijay Group, number three in European audiovisual production since its merger with Zodiak Media in 2015.

In addition, traditional television operators acquired major interests in production companies. Among the most striking events, there was the merger of Discovery Communications and Liberty Global in order to purchase the All3Media production company as well as the British television group, ITV, which concluded its takeover of Talpa Media. Vivendi also signed an agreement to acquire a 26% stake in the company resulting from the Banijay and Zodiak merger. Lastly, the TF1 group acquired a controlling interest in the Newen production company, a major player in television production in France and with an international presence.

In France, the industry is built around the relationship between producers and broadcasters which is governed by regulatory restrictions prohibiting the emergence of large national groups. In order to compete on an international level, French broadcasters, including public service broadcasters, aspire to integrate production companies.

This would require a change in the law which currently prohibits TF1 from devoting any more than 36% of its obligation to invest in the production

of proprietary audiovisual works to dependent companies (companies in which TF1 has more than a 15% interest).

In May 2016, the TF1 group, SATEV, SEDPA, SPECT, SPFA, SPI and USPA signed a new partnership agreement to promote French audiovisual creation: With this agreement, the TF1 group renewed its commitment to the creation of proprietary works for four years, up to 12.5% of its net advertising revenues. The nominal share of the TF1 group's investments dedicated to works by so-called "dependent" production companies increased to 36%, of which up to 26% is reserved for TF1 group subsidiaries. The 10% difference is a "flexibility zone" which enables TF1 to obtain more extensive rights (linear and non-linear), under the conditions of the agreement, from production companies which are independent from a capital standpoint.

The production sector is fragmented in France, with no body or organisation producing an inventory of companies in the segment.

FILM PRODUCTION

The TF1 group is a major player in cinema in France, present throughout the entire value chain:

- financing and production: TF1 Films Production; TF1 Droits Audiovisuels;
- theatre distribution: TF1 Droits Audiovisuels;
- physical and digital video distribution;
- freeview television distribution: TF1 – TMC – NT1 – HD1;
- catalogue distribution: TF1 Droits Audiovisuels.

Through its TF1 Films Production subsidiary, the Group co-produces and pre-buys mostly entertainment films for family, intended for broadcast on its channels and in response to its obligations to invest in French film production as set forth in the agreement with the CSA.

In France, the operating cycle for a work of cinema is regulated by the media chronology below:

MEDIA CHRONOLOGY

DURATION AFTER THEATRICAL RELEASE	4 months	10 months	12 months	22 months	24 months	30 months	36 months
	DVD/Blu-ray - Pay VOD						
	1 st window Pay-TV (cinema services) <i>agreement with professional organisations</i>						
	1 st window Pay-TV (cinema services) <i>in other cases</i>						
	2 nd window Pay-TV (cinema services) <i>agreement with professional organisations</i>						
	2 nd window Pay-TV (cinema services) <i>in other cases</i>						
	Freeview TV and Pay-TV (excluding cinema services) <i>where the service applies co-production commitments of a minimum 3.2% of revenues</i>						
	Freeview TV and Pay-TV (excluding cinema services) <i>in other cases</i>						
	SVOD						



In 2016, cinema attendance exceeded 200 million for the third consecutive year. Attendance grew by 3.6% in 2016, reaching 212.71 million admissions, the second highest number in five years (217.19 million in 2011).

For French films, attendance grew by 3.1% in 2016 (75.17 million admissions), while attendance for American films grew by 5.5% compared to 2015 (111.8 million admissions). The market share of

French films is estimated at 35.3% (versus 35.5% in 2015) and that of American films at 52.6% (compared to 52% in 2015).

In 2016, 18 French films had over a million admissions compared to 14 in 2015 (and 8 films had over 2 million admissions compared to 11 in 2015). However, notably, 41 French films had attendance of over 500,000, the highest level of the decade.

The table below the best attended films in 2016:

Film	Country	Tickets sold (in million)
<i>Moana</i>	USA	5.1
<i>Zootopia</i>	USA	4.8
<i>Rogue One – A Star Wars Story</i>	USA	4.8
<i>Les Tuche 2 – le rêve américain</i>	France	4.6
<i>Fantastic Beasts</i>	GB-USA	4
<i>The revenant</i>	USA-HK-TW	3.8
<i>The Secret Life of Pets</i>	USA	3.8
<i>Deadpool</i>	USA	3.8
<i>The Jungle Book</i>	USA-GB	3.7
<i>Ice Age: Collision Course</i>	USA	3.5

In 2016, TF1 Films Production co-produced eight films selling more than 1 million tickets (four in 2015):

Film	Country	Tickets sold (in million)
<i>Les Tuche 2 - Le rêve américain</i>	France	4.6
<i>Camping 3</i>	France	3.2
<i>Radin !</i>	France	2.9
<i>Visiteurs 3</i>	France	2.2
<i>Demain tout commence</i>	France	1.7
<i>L'odyssée</i>	France	1.2
<i>La folle histoire de Max et Léon</i>	France	1.2
<i>Adopte un veuf</i>	France	1.1

THE VIDEO MARKET⁽¹⁾

The TF1 group operates in the video market through its subsidiary TF1 Vidéo:

- as a publisher of multimedia programmes to be used in physical video formats (DVD and Blu-ray) and digital video (Video-on-Demand). TF1 Vidéo acquires operating rights for audiovisual programmes (including films, series and live shows) for these uses;
- as a digital distributor: TF1 Vidéo operates the digital video-on-demand service, MYTF1VOD, currently available via certain ISPs (Free, Bouygues Telecom), some hardware manufacturers (connected products: TV, game consoles, etc.) as well as directly in OTT (web, iOS/Android apps).

The physical video market in France remains in a difficult situation. In 2016, this market represented €596 million (inclusive of VAT) versus €707 million (inclusive of VAT) in 2014, a drop of 15.8%.

TF1 Vidéo's market share of the physical market was down slightly, around 5% in 2016.

The digital video market is structured around three types of Consumer Products:

- video on demand;
- permanent downloads (or EST, Electronic Sell-Through);
- unlimited access subscription (or SVOD, Subscription Video on Demand).

This market remained dynamic due to the supply of popular titles, the deployment of the EST products supported by the operators and the major US studios, as well as the launch of Netflix in France.

As an important player with innovative products (Premium VOD, new apps, launch of EST), MYTF1VOD ranks first among VOD consumers' stated brand preferences. MYTF1VOD is now the most widely

(1) GfK.



distributed VOD service in France, available on all IPTV services, online (www.mytf1vod.fr) on tablets and mobiles via a dedicated app and on connected TVs and video game console VOD portals.

In 2015, TF1 Vidéo also strengthened its position in the digital promotion of its exclusive rights by launching e-Cinema, a new event-based and exclusive premium Cinema window. It also created the Premium VOD concept with *En Direct des USA* broadcasts of the leading US series the day after they debut in the United States.

TF1 Vidéo anticipated the future changes in the sole video market and, in 2013, began to reposition itself on more stable markets and to implement a new “all rights” operating strategy by acquiring the entirety of the rights to films that could be promoted throughout the value chain (from cinemas to video products and including TV/SVOD sales).

THE BOARD GAME MARKET⁽¹⁾

TF1 group operates in the board game market through TF1 Games-Dujardin, a department of TF1 Entertainment.

The market had €265 million in revenue in 2016, up 4% in one year.

In 2016, the main player in France was Hasbro (*Monopoly*, *Pay Day*, *Pie Face*). Hasbro's main competitors are: Asmodee (*Time's up*, *Dobble*), Goliath Game (*Rubik's Cube Spark*, *Filou Chiptou*) and TF1 Games-Dujardin with an 8% market share.

TF1 Games-Dujardin sells board games based on non-scripted TF1 channel programmes (including *Money Drop*, *Vendredi tout est permis*, etc.).

TF1 Games-Dujardin also publishes French heritage brands such as *Mille Bornes* and *Le Cochon Qui Rit* in France and internationally.

Lastly, TF1 Games-Dujardin successfully develops and distributes action games for children like *Power Quest*, *Tresor Detector* and *Chrono Bomb*.

THE LICENCE MARKET

The TF1 group operates in the licence market through TF1 Licences, a department of TF1 Entertainment.

The licence market in France features the following players:

- international brand owners (Disney, Warner, etc.) that sell their brands directly and also call on French licence agents to take advantage of their knowledge of local market specifics;
- international brand agents (CPLG, The Licensing company, etc.);
- French brand agents (TF1 Licences, France Télévisions Distribution).

While there are no specific market indicators for licences, the market is correlated to French household consumption and to the ability of rights holders to invest in the promotion of their brands.

TF1 Licences is one of the French leaders in the licence market in France. It brings customers two types of exploitation of their brands:

- industrial licences: the sale of a product associated with a brand (for example, Ushuaïa beauty products) in exchange for *royalties*;
- promotional licences: associating a brand with a programme to boost visibility, in exchange for a flat-rate fee.

TF1 Licences is the agent for brands seen on TF1 group channels (*The Voice*, *Danse avec les Stars*, etc.) as well as for a range of powerful brands (*Barbapapa*, *Hello Kitty*, *All Blacks*). These brands can be divided into two main categories: “Children” for the youth market and “Family” for a broader public.

(1) NPD (covering 75% of retailers).



1.2 GROUP ACTIVITIES

1.2.1 GROUP ACTIVITIES BY SECTOR

1.2.1.1 BROADCASTING

FREE-TO-AIR CHANNELS

TF1

The TF1 channel offers vibrant family-oriented, event-based programming, ranging from news, light entertainment, drama and sports to feature films, youth programmes, magazines and documentaries.

In 2016, in a highly competitive environment, TF1 confirmed its leading position with regards to women aged under 50 purchasing decision-makers and are its main advertising target audience. TF1 once again demonstrated the vitality of its programming by achieving 90 of the top 100 ratings during the year.

The channel, with its *partageons des ondes positives* tag-line, receives more than 26 million viewers every day and in this way develops social bonds in France.

TMC

TMC, which was already the benchmark channel for free-to-air DTT channels, acquired a new look in 2016. In addition to its new visual identity, it underwent an in-depth transformation, becoming a premium channel in line with current trends and aimed at the 25-49 age bracket in the high socio-professional category. Its new editorial approach is, in particular, embodied by *Quotidien* presented by Yann Barthès and his team. The channel also provides a selection of new premium films on DTT (*Avatar*, *World War Z*, *Contagion*) and the first DTT broadcast of recent US series (*The Mentalist*). This editorial overhaul puts TMC among the highest rated DTT channels, achieving remarkable figures (*Quotidien*: since September 2016, an average of 1.2 million TV viewers) and holding the record DTT audience (World Handball Championship: 4.7 million TV viewers for the France-Sweden quarter final).

NT1

Within the Group's multi-channel range, NT1 is the channel offering pure entertainment and reality TV. It confirmed its fun, laid-back positioning, which is the preferred approach for young, female audiences of between 15 and 35 years of age.

Secret Story, presented by Christophe Beaugrand, which is, 10 years after it was created, the most tweeted-about programme on television or *La Villa des coeurs brisés* (which achieved an audience of up to 0.8 million TV viewers) have become the channel's most iconic programmes. NT1 has a strong focus on US series, with a selection of original programming favoured by a young audience (*2 Broke Girls*, *Vampires Diaries*). Finally, the channel offers an attractive selection of films: *R.I.P.D.*, *Men in Black 3* or *The Proposal* have, for example, achieved audiences of more than a million TV viewers when they were broadcast.

HD1

TF1 group's 100% cinema and series channel is registering strong growth, month by month, on second generation DTT. In order to appeal to its audience, essentially of women of between 35 and 50 years, its positioning has been refined and the channel now broadcasts major French and international dramas and recent films.

HD1 has the record audience for second generation DTT for *Section de Recherches* (1.2 million TV viewers) or *Alice Nevers* (0.9 million TV viewers). In terms of foreign series, in addition to *House* or *Unforgettable*, the channel was the first to broadcast *Humans*, an adaptation of *Real Humans*, a hit Swedish series. The channel's selection of films helps it to achieve its best audience with *Jurassic Park 3* (0.9 million viewers), *Little Fockers* or *Body of Lies*.

LCI

LCI, TF1 group's news channel, has been available free-to-air on DTT channel 26 since 5 April 2016. Following its relaunch on 29 August 2016, it has been offering viewers a new selection of magazine and news programmes presented by well-known French faces. Its new editorial ambition has allowed it to double its audience share in just a few months, achieving 0.5% in December 2016 (Mediamat – editors' service, against a target of individuals aged four years and over). LCI now offers established daily programmes such as *LCI Matin* (with François-Xavier Ménage, Amandine Bégot and Audrey Crespo-Mara), *24h en questions* (with Yves Calvi), or *Médiasphère* (with Christophe Moulin). Analysis, explanations and the desire to put the viewer at the heart of the news in order to encourage dialogue and discussions, are part of the DNA of the channel which focuses principally on the economy, politics and foreign news.

TF1 Publicité, the leading French Marketplace content provider

TF1 group's Advertising Department is the business partner for advertisers and agencies. It markets the most complete product on the market for meeting targeting and coverage requirements. Thanks to its Marketplace content, a real gateway to a multi-screen media product, which is expanded by means of events and distribution channels (licensing and products), it creates an appropriate and value added system for customers. With a TV, digital and radio presence, its portfolio of general and specialist media brands is complemented by options that allow it to reach a key target for the brands: *Millennials*. The acquisition of MinuteBuzz at the end of 2016 provides the Advertising Department with a social networking and creative solution and reinforces its ability to offer advertisers overall communication solutions bringing together the power of TV audiences with relevance for targets on digital platforms.



TF1 Publicité markets numerous TV platforms (TF1, TMC, NT1, HD1, LCI, TF1, TF1Xtra, Ushuaïa TV, Histoire, TV Breizh), and digital platforms (the mobile portal of Bouygues Telecom, Twitch, Finder Studios), les Indés Radio (association of 132 local stations), Régie Radio Océan Indien (ten stations in La Réunion/Mayotte), RCI Group (three stations in Martinique/Guadeloupe), MFM Radio.

TF1 Production

TF1 Production covers the Group's internal production activities, excluding television news and programmes managed by the News Division. The subsidiary is made up of five departments:

- the Magazines Department is responsible for producing magazine programmes (*50' Inside*, *90' Enquêtes*, *Chroniques Criminelles*, *Appel d'urgence*, etc.);
- the Entertainment, Games and Reality TV Department is responsible, in particular, the programmes *Danse avec les Stars*, *Ninja Warrior*, *C'est Canteloup*, *NRJ Music Awards*, *l'Addition SVP*, etc.;
- the Sports Department produces sporting events for which TF1 holds the rights (Football World Cup, Confederation Cup, Rugby World Cup, Handball World Championship) as well as sports round-ups aired on Sundays, such as *Automoto* and *Téléfoot*;
- the Advertising and Corporate Department manages, designs and produces advertising spots, special operations, short programmes (*Du côté de chez vous...*) and also produces corporate films;
- the Animated Film Department which delivered *Mini Ninjas* in 2015, its first animated series, is in 2017 producing season 2 of *Mini Ninjas* and *Kikoumba*, an original production.

TF1 Films Production

TF1 Films Production co-produces and buys feature films. It acquires broadcasting rights for the TF1 channel as well as co-producer shares, through which it is entitled to a part of the revenues generated by the films.

These investments allow TF1 to contribute 3.2% of advertising revenue to co-producing European films (of which 2.5% for works produced in French).

OTHER CHANNELS AND RELATED ACTIVITIES

e-TF1

The main role of e-TF1 is to develop TF1 group's activities on all digital platforms. e-TF1 handles the digital distribution of channel products (TF1, TMC, NT1 and HD1) through the MYTF1 brand. The offer features an extended range of catch-up programmes available on computers, smartphones and tablets and included in the TV offers (*IPTV*) of the main internet service providers in France.

MYTF1 also offers original content under the XTRA label. e-TF1 brings audiences and advertisers a unique and powerful video offering and ranks 4th in video platforms in France in terms of viewing time behind the web giants. e-TF1 also has an online presence through its themed sites (including the news site, MYTF1News) and through TF1 Agency, a digital agency that develops bespoke internet products for advertisers.

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

TV Breizh

As the major Pay-TV channel, TV Breizh offers its subscribers access to iconic series and TV heroes for all the family to enjoy.

Histoire

This channel broadcasts documentaries, magazine programmes, documentary programmes and historical films in an attempt to use history to explain current events.

Ushuaïa TV

This channel is dedicated to discovering the peoples of the world and the wonders of nature. The channel elicits wonder, understanding and respect for the planet.

1.2.1.2 STUDIOS AND ENTERTAINMENT

Newen Studios

Newen is a major audiovisual producer and distributor in France, producing over 1,300 hours of programmes a year through its three main divisions, TelFrance, Capa, and 17 juin Media.

The Group has a varied catalogue of over 5,000 hours of programmes covering all audiovisual genres: dramas, game shows, light entertainment, documentaries, news bulletins and animation. Its flagship productions are broadcast on the largest French channels and include, in particular, the series *Plus Belle La Vie*, *Braquo*, *Candice Renoir*, *Le sang de la vigne*, *Nina* and *Versailles*, as well as non-scripted programmes such as *Le Magazine de la Santé*, *l'Effet Papillon*, *Harry*, *Faites Entrer l'Accusé* or the cultural magazine programme *Pop Up!* and animated programmes such as *Les Mystérieuses Cités d'Or*.

Newen Studios' ambition is to be a melting pot for original French creative programming and already distributes its productions in over 80 countries. The Group is supported by an industrial framework with studios in the Paris region as well as in the south of France. On an international level, Newen Studios has built up the Newen Network which brings together major independent producers in Germany, Spain, the Netherlands and Canada.

The Group also has an online presence via its subsidiary Neweb.

TF1 Studio

From May 2016, TF1 Studio is the new cinema brand of TF1 group bringing together the activities of TF1 Droits Audiovisuels and TF1 Vidéo. TF1 Studio's role is to initiate or acquire new cinema projects, showcase films and support talent throughout the value chain: cinema/e-cinema releases, video, VOD, TV/SVOD sales in France, international sales, etc.

New ways of broadcasting films are at the heart of the business activity of the studio which is the home for MYTF1VOD, the French VOD service (the leading VOD brand reported as being used), and the SVOD service Jeunesse TFouMax. TF1 Studio is also now the most active promoter of e-Cinema, the new premium channel for first-run films. TF1 Studio



is committed to promoting a catalogue of almost 1,000 films including great masterpieces such as *Rocco and His Brothers*, *That Man from Rio*, *Life is a Long Quiet River* or *The Wages of Fear*.

TF1 Droits Audiovisuels

Founded in 1995, the TF1 Droits Audiovisuels subsidiary acquires and distributes audiovisual rights in France and internationally. Its subsidiary, TF1 International, is one of France’s main sellers of international rights. It is present in all the main marketplaces: Los Angeles, Cannes, Berlin, Venice, Toronto, etc.

In France, TF1 Droits Audiovisuels also distributes films to movie theatres. Lastly, it has a substantial portfolio of audiovisual rights, marketed through its catalogue of films and TV dramas as part of second-cycle sales.

TF1 Vidéo

Launched in 1989, TF1 Vidéo is TF1 group’s video publishing subsidiary. TF1 Vidéo has successfully reinvented itself in line with changes in viewing habits and operates in the following areas: video publishing (DVD, Blu-ray), online publishing and distribution with MYTF1VOD, e-Cinema and the acquisition of ‘all rights reserved’ films.

With an editorial line focused on event-based content and strong brands, TF1 Vidéo works successfully across all genres: French and international cinema, the biggest comedy stars, youth programming and TV series

MYTF1VOD is now the most widely distributed VOD service in France, available on all IPTV services, online (www.mytf1vod.fr) on tablets and

mobiles via a dedicated app and on connected TVs and video game console VOD portals. Deploying a service oriented to innovation and new uses, MYTF1VOD continuously enriches consumer experiences, from straightforward viewing to multi-screen streaming. It also created the Premium VOD concept with En Direct des USA broadcasts of the leading US series the day after they debut in the United States.

TF1 Entertainment

This division is a leading player in five areas of the entertainment business: music, entertainment, licences, games/toys and collections. With its highly developed expertise in creating, exploiting and distributing brands for more than 20 years, TF1 Entertainment owns and represents premium assets. TF1 Entertainment adapts continuously to new consumer uses and develops a broad range of entertainment solutions across all categories for a wide audience. TF1 Entertainment aims to back innovative and ambitious projects, create new products and new events, and develop new artists.

Téléshopping

Téléshopping is a **one of the main** home shopping players in France. This subsidiary’s activities centre around two brands, Téléshopping and Euroshopping:

- Téléshopping operates teleshopping on TF1 with its programmes broadcast on the channel and its catalogues, website, stores and mass distribution presence thanks to its partnership with Venteo;
- Euroshopping broadcasts infomercials on a number of free-to-air, cable and satellite DTT channels (RTL9, NT1, TMC, D8, Eurosport, etc.).

1.2.2 SIGNIFICANT HOLDINGS

SERIECLUB

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

Serieclub is increasingly committed to selecting strong series that are or will become benchmarks and a specific feature of the channel is that it offers the majority of its programmes in multilingual versions.

AB GROUP

The AB Group is the leading independent publisher of Pay-TV channels and services, offering 17 French-speaking thematic channels. It also has one of the most substantial French-speaking audiovisual rights catalogues in Europe.

The Group also produces and co-produces dramas, animation and documentaries.

On 30 January 2017, TF1 confirmed that it had accepted the offer made, under conditions precedent, by Mediawan SA for the acquisition of its 33.5% stake in AB Group.

1.2.3 REAL PROPERTIES

TF1 group mainly operates in the buildings listed below.

Main sites	Location	Surface area	Environmental label	Owned by TF1 group
TF1	1, quai du Point du Jour 92100 Boulogne-Billancourt	35,167 m ²	N/A	Yes
	6, place Abel Gance, 92100 Boulogne-Billancourt	20,220 m ²	N/A	No



1.3 RESEARCH AND DEVELOPMENT **AFR**

Research and Development (R&D) activities at TF1 derive mainly from activities involving experimental development and making “pilots”. These expenses are generally incurred with a view to marketing a new product or service or broadcasting a new programme.

TF1 also develops, in parallel, software and systems with a view to gaining efficiency and contemplating specialised infrastructure so that it can innovate for new markets.

In 2016, R&D expenses for TF1 group amounted to €4.1 million.

For TF1 group, these new products, services and programmes can be identified as follows.

R&D EXPENSES LINKED TO PROGRAMMES

TF1 group’s activity comprises a high share of creation and innovation in entertainment and drama programmes and film production, the outcome of which can be uncertain. This innovation and creation of new programme concepts involves the following stages:

- purchase of a format, a programme concept, a literary convention;
- completion of a sociological study of these new programmes with viewers;
- provision of a consultancy service;
- location scouting, casting, set design and episode production.

The R&D expenses linked to programmes therefore include:

- the various costs of these new drama, variety and entertainment formats, which have never been broadcast in this form on the channel, whether or not they can be broadcast, and how they impact the expenses for the period (cancelled or broadcast);
- the cost of literary conventions related to new concepts (not previously broadcast on the channel) cancelled during the period.

Newen Studios’ activity also includes a very sizeable share of creation and innovation in non-scripted programmes, dramas and documentaries, whose results can be uncertain. This activity of innovating and creating new programming concepts involves the following stages:

- introduction of different creative teams to develop original non-scripted programmes;
- castings to find experts, journalists, hosts and actors, and thus help development;
- development of trailers, story boards and pilots to present the creations and sell them in France and abroad, in particular, trailers or pilots that have been co-developed within the Newen Network (Canada, Spain, Germany);

- development of 3D set models to help envisage the studios or construction of basic sets for pilot shows;
- regular travel throughout Europe to present the company’s creations and know-how to foreign broadcasters, but also to forge co-developments and partnerships;
- purchase of broadcast or paper formats, and of literary conventions, such as the rights to book adaptations for example;
- sociological studies on the values and expectations of the French, breakout groups to discover the latest trends and inspire producers, qualitative and quantitative studies on Newen’s brands to enhance optimisation.

R&D EXPENSES RELATED TO TECHNOLOGICAL INNOVATION PLANS

The Group constantly adapts its offering to new ways of consuming audiovisual content. This positioning entails R&D expenditure with a view to developing the following digital services and technological tools:

- in March 2016, for the France-Russia friendly match, TF1 trialed several ground-breaking features:
 - broadcasting a match in live 4K HDR in partnership with Sony and Orange Viaccess, a world first,
 - filming an entire match in 360-degree video,
 - testing a 12-lens camera (from the start-up Pixelot), with the potential of being able to film a football match using a single camera;
- in June 2016, several major innovations were introduced during the 2016 UEFA European Championship in France:
 - live broadcast of five matches in 4K on Orange-compatible set-top boxes,
 - multi-camera system available for PC, mobile or tablet, as well as for TV via an Orange set-top box, allowing viewers to switch viewing angles at any time during the match,
 - introduction of an instant upload tool for goals and match highlights, enabling them to be posted immediately on MYTF1 and social media;
- several programmes were broadcast exclusively on digital platforms: TF1 programme tie-ins (daily updates on *Danse avec les Stars* on MYTF1, special live broadcast of *Danse avec les Stars* on YouTube, various programmes and news items broadcast via Facebook Live, etc.), or content designed specifically for digital (such as the web series *Jeune Diplomée*, *Mortus Corporatus*, available on XTRA and MYTF1);
- various “second screen” interactive games were developed for several programmes (*Le Grand Blind Test*, *Ninja Warriors*, *Secret Story*, *The*





Voice, Euro 2016, etc.) allowing viewers to take part, post comments or play live during the programme; on *Danse avec les Stars*, viewers were able to pick the songs that contestants had to dance to;

- different ways of tweeting to the channel: for example, during the annual Music Day. In partnership with Skype, TF1 viewers could film themselves dancing at home so that their performance might be broadcast on TF1;
- the introduction of an “adswitching” feature now allows advertising spots to be replaced during the simultaneous repeat of TF1 output on digital media;
- the implementation of a Data Management Platform (DMP) – still a work in progress in 2017 – should allow TF1 group customer data to be aggregated and analysed with a view to developing big data business opportunities;
- as part of its business incubation scheme, 13 POC (proof of concept) were put together by TF1 and eight start-ups, notably:
 - e-sport tournaments organised by the start-up Glory4Gamers, broadcast on MYTF1 and repeated on other video platforms (Twitch, Facebook Live, YouTube Gaming, etc.),
 - integration of the social media listening tool from the start-up Nunki, enabling LCI journalists to track user-generated content (UGC) posted in defined geographical areas, publishing extracts and the list of 23 French players selected for Euro 2016 via the interactive video format from the start-up Tiltology,
 - data mining tests with the start-up Flamefy, centred around the programme *Secret Story* and extreme sport for MYTF1, XTRA, etc.;
- the development of a virtual reality app “MYTF1 VR” began in 2016 and will be launched in 2017. This included 360-degree and VR content, with an interactive experience on *The Voice* (allowing players to have the same virtual viewpoint as the coaches and to press the buzzer at any time during the contestant’s performance), and the development of an original drama specially written and performed for virtual reality;
- finally, various other prototypes and tests were carried out throughout the year.

DEVELOPMENT OF INTERNAL SOFTWARE AND SYSTEMS

New technologies are being deployed in TF1’s technical infrastructure. This will allow increasingly flexible processes to be introduced which can be tailored to requirements.

The new Enterprise-grade Media Asset Management solution for media and workflow optimisation is operational in the “Media Factory”. In 2016 this was fully integrated with the TF1 information system, which

has evolved to be compatible with new data exchange standards (SMPTE2021-BXF). This facilitates interconnection with other tools and systems. In the space of a few months, this new development has enabled spillover activity to be outsourced, as well as beefing up security strategies to guard against cyber attacks.

The news channel LCI obtained authorisation from the French broadcasting regulatory authority (CSA) for free-to-air broadcasts in 2016. TF1 took advantage of this opportunity for increased exposure to upgrade its “News Factory”. The first phase was completed in six months. A news system has now been delivered which produces items not only for the channel, but also for TF1 News (the Digital news channel) at the same time. This interconnects the TV and Digital systems, facilitating access by all journalists to information and media which can be broadcast on television or online: media accessibility and digital exposure.

To make this upgrade visible to all of our viewers (TV, 4G and Digital), LCI has redesigned its two sets to include new concepts such as a camera on a robotic arm (improving the fluidity of viewing angles, repetitive motions, etc.).

As in previous years, TF1 continues to be supported by its existing infrastructure. It takes advantage of the emergence of new applications to deploy them in virtual infrastructure (the “Back Office”). It went a step further in 2016 with the introduction of virtual workstations (the “Front Office”). From a single terminal, journalists can access office tools (email, internet, etc.) as well as business tools (editing tool, autotune management, breaking news monitoring, etc.). As this technology becomes increasingly widespread, the space required for technical facilities at TF1 can be optimised, while facilitating system upgrades and downsizing.

TF1 and the manufacturers Viaccess-Orca and Samsung orchestrated the first global broadcast of a live football match in Ultra HD (HEVC-encoded) with 360-degree cameras viewed through virtual reality (VR) headsets. The France versus Russia match which took place on 29 March at the Stade de France could be experienced from three angles by viewers watching online (i.e. not from the stands) using the virtual reality headsets provided.

During Euro 2016, TF1 once again piloted new technologies and applications. Five matches were broadcast in 4K. In parallel with around 20 matches shown in HD, TF1 coordinated the technical infrastructure, from the cameras supplied by UEFA to the broadcasting. Under the terms of a business agreement, it effectively created an ad-hoc Euro 4K channel for the ISP Orange. This technology gives the viewer the extra definition for large-screen TVs (four times as many pixels as HD) and offers an immersive viewing experience.



TF1 is continuing its security review through tighter security procedures and infrastructure upgrades. For each major project installed, TF1 decided to hire outside firms to audit the new facilities. This ensures that the focus is on enhancing security.

An additional milestone was reached in 2016 with the opening of a Security Operating Centre (SOC). The SOC logs events reported by security components, analyses them, detects anomalies and defines the procedures to be followed in the event of alerts being issued. As part of this process, TF1 works with a specialist firm on the remote security administration of its IT infrastructure and systems. The aim is to reduce risks and downtime of critical information system components, identify and prevent threats, cut response times and simplify their administration.

In 2016, TF1 continued its research into new applications using cloud-type external resources. During the year, the new HR information system was migrated to Software-As-A-Service (SAAS) mode. Not only does this make it more accessible for employees, but technical facilities no longer need to accommodate physical infrastructure. It also allows the service provider to upgrade the application seamlessly.

In 2017, TF1 will continue its preliminary research and studies on the use of infrastructure based on cloud computing. This will enable it to deploy new infrastructure or downsize existing infrastructure more quickly without setting aside a significant investment budget, e.g. for the storage and processing of the data essential for our media management. TF1 will return to "OpenStack" technology which will combine networks, storage and processing.





1.4 TF1 GROUP HISTORY

<p>“Channel One” becomes TF1 following ORTFs split into six television companies and one radio company.</p>	<p>Patrick Le Lay is named Chairman and CEO of TF1.</p>	<p>New blue, white and red TF1 logo. TF1 creates Banco Production, which produces made-for-television films, and buys Protecra</p>	<p>The networks of Eurosport and The European Sport Network (operated by Canal+ and ESPN) join forces to produce and market a single sports channel in Europe: Eurosport.</p>	<p>The TF1.fr website is launched - to instant success. Eurosport becomes the leading pan-European channel, covering 66 million households and drawing nearly 15 million TV viewers a day.</p>	<p>The new site and mainstream portal, TF1.fr, is launched in May, while Eurosport creates its own website, Eurosport.com, and launches British Eurosport.</p>
1974	1988	1990	1993	1995	1999
1987	1989	1991	1994	1996	2001
<p>The Bouygues group becomes the operator of the TF1 channel, which is privatised and floated on the market on July 24. Francis Bouygues becomes the Chairman and CEO of TF1</p>	<p>The TF1 group develops by creating TF1 Entreprises (video, telematics, licences and merchandising).</p>	<p>Eurosport, the first pan-European sports channel, joins the TF1 group.</p>	<p>The Bouygues group increases its stake in TF1 from 25% to 34%. The news channel LCI is launched on cable on June 24.</p>	<p>Creation and launch of TPS, Télévision Par Satellite, in partnership with France Télévisions, France Télécom, CLT, M6, and Lyonnaise des Eaux.</p>	<p>In January, TF1 acquires 50% of Serieclub and raises its stake in Eurosport to 100% by buying the shares of Canal+ and Havas</p>



<p>TPS is owned 66% by TF1 and 34% by M6 following the purchase of the shares held by France Télévisions Entreprise, France Télécom and Suez.</p> <p>In September, TF1 takes a 34.3% share in Publications Métro France, publisher of the free daily, Métro.</p>	<p>The Eurosport group launches a new channel, Eurosport 2, in January.</p> <p>TF1 and Groupe AB finalise the takeover of TMC from the Pathé group in February. TF1 and Groupe AB each hold 40% of the channel, with the Principality of Monaco holding the remaining 20%.</p> <p>Digital Terrestrial Television (DTT) arrives in France in March.</p>	<p>TF1 is now available in HD on DTT.</p> <p>Focused on professional diversity and integration, the TF1 company foundation recruits its first training class.</p>	<p>TF1 launches its app for iPad and iPhone.</p> <p>The TF1 group increases its stake in Publications Métro France to 100%.</p> <p>TF1 groups its digital offer around the unifying brand MYTF1, available on all screens.</p>	<p>TF1 launches its second screen application, Connect.</p>	<p>TF1 sells its stake in Eurosport to the Discovery Communication group.</p> <p>The CSA approves free broadcasting for the LCI channel.</p>
<p>2002</p> <p>2004</p> <p>TF1 raises its stake in TV Breizh to 67% in March and 71.1% in April.</p> <p>The TF1 group finalises the acquisition of 100% of the capital of Histoire in late June.</p>	<p>2005</p> <p>2007</p> <p>On January 4, TF1, M6 and Vivendi sign a definitive agreement on the alliance of the French Pay-TV businesses of the Canal Plus group and TPS, as part of Canal+ France, a new entity controlled by Vivendi.</p> <p>On April 2, TF1 and the Groupe AB finalise TF1's minority share acquisition of 33.5% in Groupe AB.</p> <p>Nonce Paolini is named CEO of TF1 on May 22, 2007, and Chairman and CEO on July 31, 2008.</p>	<p>2008</p> <p>2010</p> <p>In June 2010, Groupe AB and TF1 finalise the transaction aimed at TF1's acquisition of the 100% stake in the NT1 channel and 40% stake in the TMC channel held by Groupe AB.</p> <p>The Diversity Label is awarded to all TF1 group companies.</p>	<p>2011</p> <p>2012</p> <p>TF1 Vidéo and Paramount Home Media Distribution France sign an agreement on DVD and Blu-ray™ sales in France.</p> <p>In December 2012, the TF1 group launches HD1, the Groups fourth unscrambled channel.</p> <p>TF1 and the Discovery Communications group sign a strategic partnership in December, 2012 aimed at creating value in the complementary activities of the two companies.</p>	<p>2013</p> <p>2014</p> <p>TF1 becomes a 49% shareholder in Eurosport and sells the controlling majority to the Discovery Communication group.</p>	<p>2015</p> <p>2016</p> <p>TF1 acquires a 70% equity interest in the Newen Studios group.</p> <p>Gilles Pélisson is appointed Chairman and CEO of TF1 group.</p> <p>TF1 became the 100% owner of the capital of TMC.</p>



1.5 RISK FACTORS **AFR**

In a constantly changing competitive, technological and regulatory environment, the TF1 group is exposed to risks that could, if they materialise, have negative effects on its business, financial position and assets.

The risk factors described in this chapter are as follows:

■ operational risks:

- risk of loss of key programmes,
- risk that bought-in programmes will become unsuitable for broadcast,
- risks associated with the economic environment;

■ industrial and environmental risks:

- risk of signal transmission interruption and execution risk,
- risk of cyber-attacks on transmission infrastructure,
- risk of intrusion during public or live broadcasts,
- risks related to the growth of Digital Terrestrial Television and to the development of the Internet and new media,
- risks associated with changes to spectrum allocation and the DTT switchover to MPEG-4;

■ legal risks:

- risks related to broadcasting licences and CSA enforcement powers,

- risks related to societal pressure on advertising and programmes,
- risks related to additional taxes or legislative changes,
- risks related to private copying via network personal video recorder (NPVR) on the cloud,
- risks related to TF1's proposed fee for the signal and services associated with TF1 programming (TF1 premium),
- risks related to intellectual property rights (copyright and related rights),
- litigation and claims;

■ corporate Social Responsibility risks (labour, social and environmental);

■ credit and/or counterparty risks;

■ financial risks:

- liquidity risk,
- market risk.

The TF1 group operates general and specific risk management policies to address these risks. In addition, the Group's internal control system plays a role in monitoring the conduct and effectiveness of operations, and in ensuring that the Group makes efficient use of its resources. However, such policies and systems cannot provide absolute assurance that objectives will be met, or that the risks to which the Group may be exposed will be fully addressed.

1.5.1 OPERATIONAL RISKS

RISK OF LOSS OF KEY PROGRAMMES

DESCRIPTION OF THE RISK

The performance of TF1 depends partly on its ability to offer the best programmes in order to maintain its leadership in audience ratings. Consequently, the loss of key programmes represents a risk in terms of reduced audiences, and of reduced capacity to monetise those audiences.

HOW THE RISK IS MANAGED

Thanks to the talent of its creative staff and its long-standing special relationships with French and foreign producers, TF1 currently offers the best programming. Future programming schedules are locked in via multi-year contracts with the biggest producers, reducing the risk of loss of key programmes in the medium to long term.

RISK THAT PROGRAMMES WILL BECOME UNSUITABLE FOR BROADCAST

DESCRIPTION OF THE RISK

To secure future supplies of key programmes, TF1 commits to certain programmes (especially series and feature films) at a very early stage

relative to the date of transmission. The time-lag can be substantial, and visibility on new products is often low.

Because the Group's channels are constantly adapting their editorial line in response to changes in public taste, an artistic mismatch may arise between current editorial needs (aimed at maximising audiences) and past programme acquisitions. If such mismatches occur, they may lead to spikes in impairment losses taken against broadcasting rights inventory.

HOW THE RISK IS MANAGED

The Group's exposure to this risk is limited to multi-year contracts entered into with the biggest producers. If such a risk were to materialise, there are two ways of mitigating the impact:

- the pooling of rights across the Group's channels offers alternative solutions for using rights to a programme that becomes unsuitable for broadcast on TF1;
- as a last resort, some or all of the risk may be mitigated by selling the rights on to another market player.



RISKS ASSOCIATED WITH THE ECONOMIC ENVIRONMENT

DESCRIPTION OF THE RISK

In light of actual economic conditions during 2016 and the prospects for 2017, there is a risk of stagnation in the advertising market, which could have an adverse effect on the projected trends in TF1 group revenues.

HOW THE RISK IS MANAGED

To protect against the effects of this stagnation, the TF1 group is keeping all of its expenditure under constant review, and is continuing to adapt its business model by identifying and activating new sources of growth.

GENERAL POLICY FOR MANAGING OPERATIONAL RISKS

The TF1 group has systems for monitoring and managing risk that operate transversally across all of its operations. For a detailed description of the risk management policy, refer to the Chairman's report

on Corporate Governance and Internal Control in section 2.2 of this registration document.

To address operational risks, the TF1 group has the following insurance policies:

- a public liability policy that covers the consequences of TF1 and its current and future subsidiaries being held liable in France and wherever in the world they operate for loss incurred by third parties; the amount of cover is commensurate with the risks incurred;
- a property insurance policy providing cover for physical damage to TF1 group assets, in amounts that are usually equivalent to the value of the insured assets. This cover includes claims involving acts of terrorism.

The TF1 group's insurance policies are arranged by the Legal Affairs Department with leading insurance companies.

The deductibles under each of those policies were determined in light of the nature of the risks incurred and the potential reductions in premium, so as to optimise the overall cost of covering the risks to which the Group is exposed.

1.5.2 INDUSTRIAL AND ENVIRONMENTAL RISKS

RISK OF SIGNAL TRANSMISSION INTERRUPTION AND EXECUTION RISK

DESCRIPTION OF THE RISK

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

- radio waves in freeview high definition DTT (on the R6 multiplex) via the 124 main transmission sites and 1,502 secondary transmission sites operated by TDF, TowerCast, Onecast and Itas Tim;
- satellite in freeview high definition digital on the Astra 1 position from SES in the SAT DTT bundle and on Eutelsat's EW5A in the Fransat bundle;
- cable in standard and high definition digital, via Numericable and local cable operators;
- ADSL and fibre optics in standard and high definition digital via all the internet service providers (Orange, Free, SFR and Bouygues Telecom).

TDF is by far the leading national TV signal transmission operator in DTT, with a network and technical resources currently unmatched by any other company, in particular as regards hosting on existing masts.

TF1 is therefore dependent on TDF for signal transmission. Despite the emergence of alternative transmission operators, TF1 cannot at present do without TDF's hosting facilities. As a consequence, in the event of an outage in the TDF network, TF1 cannot switch to other terrestrial transmission systems to provide quick and affordable coverage of its entire broadcast area. Also, the antenna system (antennae, wave guides

and frequency multiplexers) is not immune from incidents, and power supply may not be under TDF's control (for example, it may be the responsibility of EDF).

The loss that TF1 could incur in the event of 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 a digital transmission agreement requiring a very rapid response from TDF in the event of a failure, and has requested reinforced backup measures.

As regards operator bundles, TF1 is dependent on the technical resources and supervision/maintenance processes put in place by the operators.

HOW THE RISK IS MANAGED

The variety of alternative networks to DTT (satellite, cable, ADSL and fibre) and of operators will gradually minimise the impact of any failures of the DTT network, since those networks are not connected to each other and rely on their own separate resources. DTT transmission is secure not only at the level of the primary signal (satellite network and back-up terrestrial network), but also at the level of higher-coverage transmission sites thanks to transmitter and power security measures.

To protect against risks arising from operator networks, the contractual terms of the distribution agreements stipulate a guaranteed high level of service.



CYBER-ATTACKS ON TRANSMISSION INFRASTRUCTURE

DESCRIPTION OF THE RISK

The cyber-attacks that affected Sony Pictures and TV5 Monde in recent years have led TF1 to reassess external threats that might disrupt transmission. TF1 is aware that attempts to hack into corporate information systems are now a recurring problem; it has responded by further raising its vigilance threshold and is constantly working to ensure the security of its sites and infrastructures.

HOW THE RISK IS MANAGED

To guard against the risk of cyberattack, security audits are conducted by external consultants to identify potential weaknesses in access controls. However, no system can be 100% secure, and the techniques used to attack information systems are continually changing. Action plans have been implemented to enhance protection of the TF1 group's transmission infrastructures, alongside incident management procedures such as a rapid response plan for hacking attacks. The objective is to constantly upgrade the TF1 group's sites and information systems, taking care to ensure that all external systems are included in any corrective measures that may be required.

RISK OF INTRUSION DURING PUBLIC AND LIVE BROADCASTS

DESCRIPTION OF THE RISK

In the current security climate, TF1 has reassessed its exposure to the risk of intrusion affecting major entertainment shows broadcast live and in front of a public audience.

HOW THE RISK IS MANAGED

Reinforced security measures have been introduced to protect members of the public. Those measures are the responsibility of TF1 for in-house productions, and of the third-party production company for outsourced programmes. In order to retain absolute control over the output on its channels, the TF1 group has also introduced a slight delay of a few minutes when broadcasting major live entertainment shows in front of a public audience.

RISKS RELATED TO THE GROWTH OF DIGITAL TERRESTRIAL TELEVISION AND TO THE DEVELOPMENT OF THE INTERNET AND NEW MEDIA⁽¹⁾

DESCRIPTION OF THE RISKS

The TF1 group operates in a constantly changing competitive environment, but the pace of change has accelerated since 2005:

- the development of Digital Terrestrial Television (DTT), including the launch of six new channels at the end of 2012, has played a significant role in fragmenting the audiences of the incumbent channels;

- there have been gradual changes in how entertainment is consumed, due to the emergence of factors such as: the expansion of the freeview channel offering in the basic packages of internet service providers; the spread of the Internet more generally; and the increased consumption of non-linear content, partly as a result of the expansion of web-TV and the legal or illegal uploading of content to the Internet. These new developments could divert part of existing media and off-media advertising budgets, and also capture some of the viewing time currently spent on Pay-TV activities such as movies and series;
- the development of connected TV and of video content on mobiles and tablets offers yet more new access points fuelling the distribution of non-linear content, which is also being driven by the offerings of powerful players such as Apple, Google, Amazon and Netflix.

In addition to audience fragmentation, the proliferation of players in the audiovisual market could generate inflationary pressure in the rights market, particularly for high-profile, attractive content such as drama series.

The effect of these developments could be accentuated, especially at a time of uncertainty and an economic downturn if the major incumbent channels were to be faced with more aggressive commercial policies. The TF1 group is responding to this situation with a programming policy focused on maintaining the ratings gap over its rivals, so as to preserve its commercial performance.

TF1's audience share has inevitably been affected by the proliferation of freeview offerings, but has nonetheless proved resilient: while the number of freeview channels has increased fourfold since 2004, the TF1 channel's audience share among individuals aged 4 and over has declined from 31.8% in 2004 to 20.4% in 2016. TF1 achieved 90 of the top 100 audience ratings in 2016. The aggregate market share of DTT channels reached 29.5% in 2016.

HOW THE RISKS ARE MANAGED

The TF1 group's ongoing exposure to fragmentation risk is being mitigated by taking the Group's DTT channels up-market and increasing their complementarity, and by the freeview switchover of LCI in 2016, all of which are enabling TF1 to tap into the new audience share for DTT while limiting the impact on its premium channel.

In this context, the Group has consolidated the market leadership of the TF1 core channel by:

- building a coherent global offer through its freeview channels, thanks to high-powered programming;
- positioning itself as a major force in DTT through its bouquet of four complementary channels (TMC, NT1, HD1 and LCI);
- optimising the acquisition of programmes for its premium channel and DTT channels by adopting a transverse organisational structure, providing the best fit between each channel's needs and programme purchases on the one hand, and exploiting and circulating acquired rights (subject to the Group's undertakings) on the other;
- tightening its control over the value chain by using in-house production, especially via its subsidiary TF1 Production, for part of its programme output;

(1) Source of audience figures: Médiamétrie.



- adapting its commercial policy to the new competitive landscape, especially in marketing slots in programmes with big audience-pulling potential;
- establishing MYTF1 as one of the leading French media websites.

TF1 is also building a position in the connected TV market at reasonable cost, for example by signing partnership agreements with TV set manufacturers and in social media (including Twitter and Facebook) and offering viewer interactivity on flagship programmes carried on the premium channel (*Danse avec les Stars*, *Secret Story*, *The Voice*, *Miss France*).

Finally, the process of adapting audience ratings measures to the new media landscape continued in 2016 with the inclusion of viewers watching live and catch-up content on computers, tablets and smartphones in the statistics. This process began in 2011 when home recordings were added for the first time, and continued in 2014 with the inclusion of catch-up viewers on IPTV. These new audience measures will help mitigate fragmentation risk by capturing a segment of media consumption that is on an uptrend.

RISKS ASSOCIATED WITH CHANGES TO SPECTRUM ALLOCATION AND THE DTT SWITCHOVER TO MPEG-4

DESCRIPTION OF THE RISK

Following completion of the switchover to 100% digital in November 2011, the frequency spectrum is still subject to changes that may generate various types of risk for TF1's operations.

The arrival of first and second dividend 4G (the "700 band" and "800 band") risks generating interference for television viewers in some parts of France, since the spectrum relinquished to the mobile phone operators is adjacent to the DTT spectrum. The mobile phone operators are responsible for taking the necessary measures to prevent interference to TV reception, in particular by installing filters. Those measures are monitored by ANFR (the French national frequencies agency).

Under law no. 2015-1267 of 14 October 2015 on the second digital dividend and the ongoing modernisation of Digital Terrestrial Television, part of the frequency spectrum (694 MHz-790 MHz, known as the "700 band"), currently allocated to television broadcasting, will be reallocated to telecommunications. The reallocation will be phased in gradually across 14 geographical regions. It began in April 2016 with the Ile-de-France region where it has been a success, and will continue until the final region is completed in June 2019. The frequency changes will require viewers in each region to retune their devices to find and fix a signal. Although this change is starting to come to public attention following a nationwide information campaign on 5 April 2016 targeted at

all DTT viewers, it may adversely affect reception of the TF1 channel. The ANFR is to conduct local information campaigns in each region, which should minimise the risk.

HOW THE RISKS ARE MANAGED

Uninterrupted reception for viewers is a priority for TF1, which is working closely with the CSA (the French broadcasting regulator) as these developments progress. More generally, TF1 is maintaining close contact with regulators and legislators to try to limit the impact of these changes.

GENERAL POLICY ON MANAGING INDUSTRIAL AND ENVIRONMENTAL RISKS

The "Réagir" Committee, created in 2003 (the successor to the Group's first Risk Committee, the "Major Risks Management Committee, which was set up in March 2001), continues to work on monitoring, updating and preventing major risks, in particular those associated with the TF1 group's key processes. It also updates its risk mapping, and regularly tests business continuity plans that may be triggered when an exceptional event results in an interruption in signal transmission or denial of access to the TF1 building.

Those plans rely on a secure external backup site (in place since 2007), which is operational for three processes: programme transmission, the production of news and weather bulletins, and the preparation of advertising spots for the TF1 core channel. The company's vital functions are included in the security plan through an alert and activity resumption process. Besides real-time security, numerous key areas such as accounting, treasury, payroll, e-TF1 and IT are protected to varying degrees by 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 regularly at the external backup site.

There were no broadcasting incidents in 2016 that required fallback on an external backup site.

Operational since 2011, *Réagir 1 Vigilance* is a preventive plan activated on an as-needed basis, and in particular at any time of heightened risk (major building works, equipment maintenance, major events, live broadcasts, service launches, software upgrades, IT continuity plan testing, etc.). This plan not only ensures that staff remain vigilant, it also offers improved responsiveness to incidents before they escalate. In 2016, 66 *Réagir 1 Vigilance* e-mails were sent to the relevant departments.

As in the case of operational risks, the TF1 group has insurance policies (including public liability and property) that could be called upon to cover some of the risks mentioned above.





1.5.3 LEGAL RISKS

As of this day, there are no administrative, judicial or arbitration proceedings, including all proceedings of which the company is aware and pending or threatened proceedings, that are liable to have, or have had, a material effect on the financial position or profitability of the company/Group during the last twelve months.

RISKS RELATED TO BROADCASTING LICENCES AND CSA ENFORCEMENT POWERS

DESCRIPTION OF THE RISK

TF1 is an audiovisual communications service that requires a licence. Initially, TF1 was awarded a ten-year licence from 4 April 1987 (under the law of 30 September 1986); that licence expired in 1997. The licence was renewed for a further five-year period (via decision no. 96-614 of 17 September 1996) from 16 April 1997, with no requirement to submit to a competitive tendering process.

The TF1 channel's broadcasting licence was renewed automatically for the 2002-2007 period by a CSA decision of 20 November 2001. Under Article 82 of the law of 30 September 1986 as amended, that licence was automatically extended to 2012, in return for a commitment to provide a DTT simulcast. A further CSA decision of 10 June 2003 amended TF1's licence and contract terms to build in the DTT simulcast stipulations.

The "Future Audiovisual and Television Broadcasting Modernisation Act" of 5 March 2007 introduced two automatic five-year extensions of TF1's licence. The first compensated for the early switch-off of the channel's analogue signal on 30 November 2011 and was subject to TF1 joining the consortium set up to implement the analogue switch-off. The second was in return for the channel's commitment to provide DTT coverage to 95% of the French population.

The CSA awarded TF1 a ten-year HD broadcasting licence on 6 May 2008, and withdrew TF1's standard definition (SD) licence as part of the 5 April 2016 switch-off.

On 19 October 2016, the CSA agreed to a streamlined renewal of TF1's DTT licence for a five-year period starting on 6 May 2018 (i.e. until 5 May 2023).

Under Article 28-1 of the law of 30 September 1986, which relates to the streamlined licence renewal procedure, the CSA and TF1 submitted requests to amend the terms of reference that they are required to agree upon before 5 August 2017. The TF1 group is subject to a variety of commitments covering general obligations to broadcast and invest in production whether through its terms of reference, industry-wide agreements or broadcasting regulations. A change to the regulations could increase the constraints currently imposed on TF1, with a possible negative impact on the company's profitability.

If TF1 fails to meet its contractual obligations, the CSA can, after giving formal notice and depending on the severity of the offence, impose one of the penalties set forth in Article 42-1 of the Law of 30 September 1986. These include a fine; a temporary ban (of no more than one month) on producing, broadcasting or distributing the service, or a category

of programme, or part of a programme, or one or more advertising slots; and reducing the term of the licence to use frequencies by up to one year.

HOW THE RISK IS MANAGED

TF1's compliance with its obligations is strictly monitored, and the company has a dedicated Programme Compliance department tasked with ensuring that the channel's programmes comply fully with regulatory requirements.

RISKS RELATED TO SOCIETAL PRESSURE ON ADVERTISING AND PROGRAMMES

DESCRIPTION OF THE RISK

Political attitudes to societal issues such as violence or public health might induce the legislator to attempt to tighten legislation relating to advertising or programmes. TF1 takes this situation into account in discussions with its key partners, so that such issues can be addressed over time in the interests of all stakeholders.

In addition, TF1 has a policy of acquiring the best programmes from its production partners in France and internationally, and broadcasts programmes intended for a mass audience.

HOW THE RISK IS MANAGED

TF1's Programming and "Viewing & Compliance" teams exercise the utmost vigilance in protecting young viewers in order to keep this risk to a minimum. As regards advertising, a team from TF1 Publicité views each advert once it has been cleared by the ARPP (the French advertising regulator), and TF1 Publicité ensures that adverts comply with the regulations and with editorial policy.

RISKS RELATED TO ADDITIONAL TAXES OR LEGISLATIVE CHANGES

DESCRIPTION OF THE RISK

The law on the independence of public broadcasting, enacted on 15 November 2013, confirmed that advertising would continue to be carried on France Télévisions channels between 6am and 8pm, even though the legislator had in 2011 adopted the principle that all advertising would be discontinued on France Télévisions on 1 January 2016. In return, the levy paid by other French television channels to fund the loss of revenue for France Télévisions was reduced to 0.5% of those channels' advertising revenue.

This illustrates the economic risk to which television channels are exposed as a result of new taxes and levies, such as the levy on advertising spending.

In addition, given the funding problems at France Télévisions, a resumption of advertising on public-service channels after 8pm cannot be ruled out.



HOW THE RISK IS MANAGED

Generally speaking, TF1 maintains close contact with regulators and legislators to try to limit the probability and impact of this risk.

RISKS RELATED TO PRIVATE COPYING VIA NETWORK PERSONAL VIDEO RECORDER (NPVR) ON THE CLOUD

DESCRIPTION OF THE RISK

French law no. 2016-9257 of 7 July 2016 on creative freedom, architecture and national heritage extended the regime covering the private copying of television programmes to remote recording services, in particular recordings stored on the cloud using network personal video recorders (NPVR). Many distributors of television content such as telecoms operators and aggregators of over-the-top (OTT) television services will offer users this new service. Such services will be in competition with the catch-up and VOD services offered by established channels, as well as with linear television broadcasting.

Unlike with conventional personal video recording onto a set top box, it will be possible to activate and view these services using any device (including smartphones, PCs, TV sets and tablets), whether in or outside the home, with potentially unlimited storage capacity.

Finally, such services could incorporate very extensive functionalities such as recurring recordings, and could become a new means of pirating audiovisual content given the inherent risks of the digital space and cloud computing.

HOW THE RISK IS MANAGED

The new law requires an upfront bilateral agreement to be signed between the broadcaster and the distributor that supplies the remote private copying service.

The general terms and conditions applied by TF1 Distribution include very strict terms to protect the content of rights holders, which distributors are required to sign up to. Those terms (i) limit the storage capacity for programmes broadcast on TF1 group channels, (ii) impose very strict IT security conditions and (iii) protect the right to manage advertising of the content.

The first such agreement with an OTT operator was signed in November 2016.

RISKS RELATED TO TF1'S PROPOSED FEE FOR THE SIGNAL AND SERVICES ASSOCIATED WITH TF1 PROGRAMMING (TF1 PREMIUM)

DESCRIPTION OF THE RISK

Ahead of the renewal of distribution contracts for the TF1 core channel with the main ISPs and Canal+, TF1 is seeking an overall fee for the services provided. To date, the distributors are opposed in principle to paying a fee for the TF1, TMC, NT1 and HD1 signals, which could threaten the distribution of our channels via their offerings.

HOW THE RISK IS MANAGED

Discussions are ongoing.

RISKS RELATED TO INTELLECTUAL PROPERTY RIGHTS (COPYRIGHT AND RELATED RIGHTS)

DESCRIPTION OF THE RISK

In recent years the TF1 group has been the victim on a massive scale of piracy of content to which it owns the copyrights or related rights. In 2008, TF1 took legal action to put a stop to the piracy and to claim damages from a number of video-sharing sites such as Dailymotion and YouTube.

Legal proceedings were settled in the TF1 group's favour at the end of 2014: the Paris Court of Appeal ordered Dailymotion to make good the losses suffered by the Group, and YouTube reached an out-of-court settlement that satisfactorily safeguarded the interests of the Group.

HOW THE RISK IS MANAGED

To prevent the risk of piracy of its programmes, the TF1 group has renewed its commitment to rolling out a wide-ranging strategy, involving:

- creating digital fingerprints for its programmes (using Content ID with YouTube and INA Signature with Dailymotion), which will - within the limits of the technology - prevent pirated content from being uploaded to those two platforms;
- a dedicated unit tasked with identifying (as far as possible) pirated TF1 group content on streaming platforms and social networking sites, and ensuring that it is dereferenced;
- retaining an external service-provider to dereference pirated TF1 content on cyberlockers (direct download and streaming sites).

LITIGATION AND CLAIMS

DISTRIBUTION OF THE LCI CHANNEL

On 17 June 2015, the *Conseil d'État* overturned the CSA decision rejecting the application for LCI to switch to freeview. In the autumn of 2015, the CSA re-examined the freeview switchover request in light of the then current economic conditions. In a decision of 17 December 2015, the CSA approved the request for LCI to switch to DTT freeview.

The NextRadioTV group filed summary proceedings and a substantive appeal with the *Conseil d'État* in a bid to have that decision overturned.

In an order dated 9 February 2016, the President of the *Conseil d'État* stated that there were no grounds for summary proceedings, while the higher administrative court rejected the substantive appeal on 13 July 2016.

In the meantime, on 17 February 2016 the CSA and LCI agreed a rider to the terms of reference which reiterated a number of undertakings made by LCI while the freeview switchover request was being examined. At the same time, the TF1 terms of reference were amended to incorporate





the undertakings incumbent on TF1, in particular not to carry cross-promotion of LCI on the TF1 core channel.

In a decision of 21 September 2016, the CSA issued a formal warning to TF1 to comply with the cross-promotion clause. In a letter dated 21 November 2016, TF1 filed an application with the CSA for that decision to be reconsidered.

COMPETITION LAW

RISKS RELATED TO COMPETITION LAW

To protect against the risk of claims alleging breaches of competition law (such as restraint of trade or abuse of dominant position), the General Counsel's department of the TF1 group has a dedicated regulatory and competition unit, backed by legal specialists with competition law expertise within each entity. Staff receive training on these issues; if they are in any doubt as to the legality of a situation or proposed course of action, they must consult their line manager and the Legal Department in advance.

ALLEGED ABUSE OF DOMINANT POSITION IN THE ADVERTISING MARKET

Canal+, M6 and NextRadioTV have each filed a complaint with the French Competition Authority against the TF1 group alleging abuse of dominant position in the French television advertising market.

The Competition Authority appointed a rapporteur to investigate the complaints, and TF1 Publicité presented its case in January 2015. TF1 submitted an economic study to the French Competition Authority and the CSA, commissioned from the accountancy and consultancy firm RBB, that demonstrated the pro-competitive impact of TF1's position in the advertising market.

At present, the complaints of Canal+ and M6 are still under investigation. However, the French Competition Authority has formally closed the NextRadio TV investigation and rejected its complaint.

ALLEGED RESTRAINT OF TRADE

The Canal Plus Group has filed a complaint with the French Competition Authority against TF1 alleging restraint of trade as regards the rights of first and last refusal and pre-emptive rights enjoyed by TF1 Films Production in respect of the films that it finances.

The Competition Authority appointed a rapporteur to investigate the complaints, and TF1 Publicité presented its case in March 2015.

However, no notice of complaint has been issued to TF1 by the Competition Authority to date.

BREACH OF PATENTS

Orange has brought an action against Free in the Paris District Court alleging breach of European patents. The action alleges that Free fraudulently used two patents held by Orange, one of which - filed on 25 May 2004 - prevents videos preselected by an internet user

from being downloaded until the user is committed to watching the content (users may decide not to view the content after watching a trailer or during an advert), thereby saving bandwidth. This process is allegedly used by Free for the catch-up television services offered to its subscribers, for example via its "FreeBox Révolution" package.

For breach of this one patent, Orange is claiming damages of €138 million from Free. This corresponds to a royalty of 1% of the cumulative revenues of Free between 12 March 2011 and 11 April 2014, uplifted to 2% on the ground that Free failed to seek Orange's permission to use the disputed patent.

Without prejudice to its absolute rejection of the claims made by Orange, Free has brought into the action the companies that broadcast the catch-up services of the principal French television channels so that they can assume responsibility for their actions. This reflects Free's view that the conditions under which catch-up television platforms operate are determined and implemented by the television channels and not by Free in its capacity as an internet service provider.

Consequently, two TF1 group companies involved in the TF1 catch-up service have been brought into the action: e-TF1 (which broadcasts the service) and TF1 Distribution (which contracted with Free to provide the service). France Télévisions, M6, Canal+, D8/D17, Equidia and GameOne have also been brought into the action.

Under the terms of the writs issued to those companies, Free is at present merely requesting that the future judgment on the claim by Orange be extended jointly to those companies so that it can be enforceable on them. However, Free reserves the right, in any event and at any stage in the proceedings, to seek indemnification from the broadcasting companies.

In their defence, Free (in the first instance), and subsequently the catch-up broadcasters, have challenged the value of the patent claimed by Orange, which appears to be open to challenge on the issue of "inventiveness", and which is also potentially unenforceable due to the existence of prior rights. No claim has been made by Free against the broadcasting companies listed above.

Orange maintained its claim against Free in submissions finalised in June and October 2015, but without making any claims against the catch-up broadcasting companies (including e-TF1 and TF1 Distribution).

The submissions exchanged by the parties since the end of 2015 have not altered the terms of the case as referred to the Paris District Court.

In any event, e-TF1 and TF1 Distribution would be able - if they were ultimately held liable - to rely on a limitation of liability clause in the contract with Free.

GENERAL POLICY ON MANAGING LEGAL RISKS

In terms of legal risks, the TF1 group has a public liability insurance policy that covers the consequences of TF1 and its current and future subsidiaries being held liable for loss incurred by third parties; the amount of cover is commensurate with the risks incurred.



That insurance policy is arranged by the TF1 group Legal Affairs Department with leading insurance companies.

The deductibles under the policy were determined in light of the nature of the risks incurred and the potential reductions in premium, so as to optimise the overall cost of covering the risks to which the TF1 group is exposed.

1.5.4 CORPORATE SOCIAL RESPONSIBILITY RISKS (LABOUR, SOCIAL AND ENVIRONMENTAL)

Labour and societal risks are discussed in section 7 of this registration document.

Environmental risks are discussed in section 1.5.2 above and section 7 of this registration document.

1.5.5 CREDIT AND/OR COUNTERPARTY RISKS

Credit and/or counterparty risks are discussed in section 4 of this registration document, in Note 8 to the consolidated financial statements.

1.5.6 FINANCIAL RISKS

Financial risks (i.e. liquidity risk and market risk) are discussed in section 4 of this registration document, in Note 8 to the consolidated financial statements.



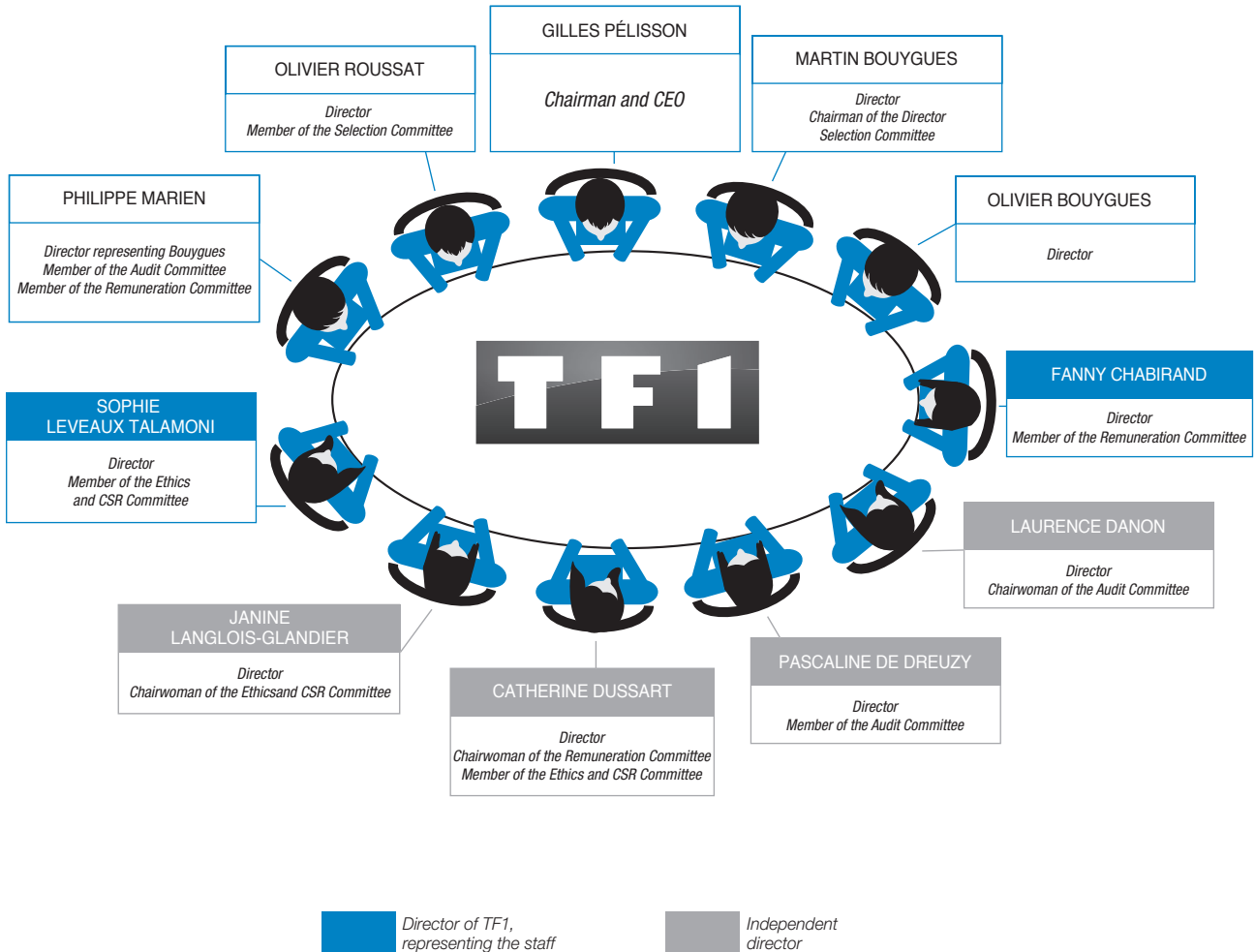


CORPORATE GOVERNANCE

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2.1 ORGANISATION OF GOVERNANCE

2.1.1 COMPOSITION OF THE BOARD OF DIRECTORS AND ITS COMMITTEES AT 15 FEBRUARY 2017



CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS IN 2016**New Chairman and Chief Executive Officer at 19 February 2016**

At its Meeting of 28 October 2015 the Board of Directors, following the recommendation of its Selection Committee and having concluded that it was not desirable to separate the roles of Chairman and Chief Executive Officer, chose the successor to Nonce Paolini, whose term of office was expiring in the first quarter of 2016.

Gilles Pélisson was appointed Chairman and CEO at the Meeting of the Board of Directors on 17 February 2016, with his appointment taking effect on 19 February 2016, the day after the presentation of the financial statements for the 2015 financial year.

Gilles Pélisson had been preparing for his new responsibilities with Nonce Paolini's* support since November 2015.

Reappointments at the General Meeting of 14 April 2016

Appointment	Reappointments	Election*	Serving directors
Pascaline de Dreuzy**	Janine Langlois-Glandier Gilles Pélisson Olivier Roussat	Fanny Chabirand Sophie Leveaux Talamoni	Martin Bouygues Olivier Bouygues Laurence Danon Catherine Dussart Bouygues***

* Only the directors representing the staff are affected. Since the company's privatisation, TF1 SA's employees have elected two directors in advance of the General Meeting, pursuant to Article 66 of the Act no. 86-1067 of 30 September 1986. The General Meeting duly noted their election. Directors representing the staff perform their roles under the same conditions as directors who do not represent the staff.

** Replacing Claude Berda, whose term of office ended at the end of the General Meeting.

*** Whose permanent representative is Philippe Marien.

CHANGES IN THE COMPOSITION OF COMMITTEES IN 2016

Audit Committee	Since 28 October 2015	From 14 April 2016
Chairman	Laurence Danon	Laurence Danon
Member	Philippe Marien	Pascaline de Dreuzy
Member	-	Philippe Marien

The composition of the other committees remained unchanged in 2016.

2.1.2 PROPOSAL ON THE COMPOSITION OF THE BOARD OF DIRECTORS SUBMITTED TO THE GENERAL MEETING ON 13 APRIL 2017

Reappointments	Serving directors
Catherine Dussart Olivier Bouygues	Fanny Chabirand* Laurence Danon Pascaline de Dreuzy Janine Langlois-Glandier Sophie Leveaux Talamoni*
	Martin Bouygues Gilles Pélisson Olivier Roussat Bouygues**

* Director representing the staff.

** Whose permanent representative is Philippe Marien.

The directors' *curricula vitae* are found in section 2.1.3 of this registration document.

The composition of the Board of Directors is updated regularly on the company's website (www.groupe-tf1.fr/en, TF1 group > Investors > Governance > Board of Directors).

The Board of Directors ensures the improvement and effectiveness of TF1's governance by regularly evaluating its composition and diversity, the directors's skills, experience, availability, and full accountability as well as compliance with the required percentage of independent directors, gender equality, and appropriate choices for the Board's organisation and functioning.

* Leaving his positions with the Group in order to retire, Nonce Paolini resigned his offices of Chairman and Chief Executive Officer on 17 February 2016, effective 19 February 2016.

The Board of Directors therefore first obtained the opinion of the Selection Committee in preparation for the General Meeting.

At its Meeting of 15 February 2017, the Board of Directors reviewed the terms of office of directors that were expiring at the next General Meeting, taking into account the expertise of current directors and the need to maintain the same level of independent directors and women. The Board of Directors paid particular attention to the directors' experience and knowledge of the Group's businesses required for their effective participation in the work of the Board and its four committees.

REAPPOINTMENT OF TWO DIRECTORS NOT REPRESENTING THE STAFF

The terms of office of Catherine Dussart and Olivier Bouygues expire at the end of the General Meeting of 13 April 2017 called to approve the financial statements for the 2016 financial year.

The Board of Directors, following the opinion of the Selection Committee, considers these two directors to be active members of the Board; their contribution is valued and their knowledge and expertise of the media and the French audiovisual environment assists the Board in its work.

Approving these proposals would maintain the current number of four independent directors and four women among the nine directors, (the two female directors representing the staff are not taken into account).

The Board of Directors submits for the approval of shareholders their reappointment as directors for three years, i.e. until the General Meeting called to approve the 2019 financial statements, to be held in 2020.

COMPOSITION OF THE BOARD OF DIRECTORS FOLLOWING THE GENERAL MEETING

Subject to approval by the General Meeting of resolutions 9 and 10, the composition of the Board of Directors will, following the Meeting, be as follows:

- four independent directors: Laurence Danon, Pascaline de Dreuzy, Catherine Dussart and Janine Langlois-Glandier;
- two directors representing the staff: Fanny Chabirand and Sophie Leveaux Talamoni;
- one Executive director: Gilles Pélisson;
- four directors representing the controlling shareholder: Martin Bouygues, Olivier Bouygues, Olivier Roussat and Bouygues, represented by Philippe Marien.

The TF1 Board of Directors would include 44% independent directors (compared with 33.3% for controlled companies) and 44% women (the two directors elected by employees are not taken into account when calculating percentages).

Subject to the same reservation, the composition of the committees will be as follows:

Audit Committee

- Chairwoman: **Laurence Danon**, independent director,
- Members: **Pascaline de Dreuzy**, independent director and **Philippe Marien**.

Ethics and CSR Committee

- Chairwoman: **Janine Langlois-Glandier**, independent director,
- Members: **Catherine Dussart**, independent director, and **Sophie Leveaux Talamoni**, director representing the staff.

Director Selection Committee

- Chairman: **Martin Bouygues**,
- Member: **Olivier Roussat**.

Remuneration Committee

- Chairwoman: **Catherine Dussart**, independent director,
- Members: **Fanny Chabirand**, director representing the staff and **Philippe Marien**.

2.1.3 OFFICES AND POSITIONS HELD BY BOARD MEMBERS AT 15 FEBRUARY 2017

The offices and positions held by the directors of TF1 group in 2016 and over the past five years are listed below. The directors are [or are in the process of becoming] compliant with the rules relating to the number of directorships that may be held simultaneously.

GILLES PÉLISSON

Born 26 May 1957 – French

Chairman and Chief Executive Officer

Appointed on 19 February 2016

Director since 18 February 2009 – independent until 28 October 2015

Current term expires: **2019**

Holds **3,000 shares in TF1**

Business address: **1, quai du Point du Jour -92100 Boulogne-Billancourt**

EXPERTISE AND EXPERIENCE

Gilles Pélisson is graduate of ESSEC and holds an MBA from the Harvard Business School, he started his career in 1983 with the Accor group, first in the United States and then in Asia-Pacific. At Accor, he served as Chief Executive Officer of the Courtepaille restaurant chain and co-Chairman of the Novotel hotel chain. He was appointed CEO of Euro Disney in 1995 and Chairman and CEO in 1997. He moved to the Suez group in 2000 and then to Bouygues Telecom in June 2001, where he served as CEO before being appointed Chairman and CEO in February 2004. He was appointed CEO of Accor in January 2006, then Chairman and CEO up to January 2011.

From 2011 to 2015 he was an independent director of the groups Barrière (hotels and casinos in France), NH Hotels (Spain), Sun Resorts International (Mauritius), Accenture (USA) and TF1, and Senior Advisor to the Jefferies investment bank (London).

He has been Chairman and Chief Executive Officer of TF1 since 19 February 2016.

OTHER OFFICES AND POSITIONS HELD WITHIN TF1 GROUP

Chairman and director of the TF1 Corporate Foundation.

OFFICES AND POSITIONS HELD OUTSIDE TF1 GROUP

In France: Chairman and founder of the Gérard & Gilles Pélisson Foundation.

Outside France: director of Accenture PLC (USA).

FORMER OFFICES AND POSITIONS HELD IN THE PAST FIVE YEARS

January 2017 - Chairman and director of Monte-Carlo Participations.

February 2016 - director of the Lucien Barrière group; director of Sun Resorts International (Mauritius); Senior Advisor of Jefferies Inc. (New York, USA).

2014 – Director and member of the Global Advisory Board of NH Hotels.

2013 – Director of BIC (listed company).

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

MARTIN BOUYGUES

Born 3 May 1952 – French

Director since 1 September 1987

Chairman of the Selection Committee

Current term expires: **2018**

Holds **1,044 shares in TF1**

Business address: **32, avenue Hoche – 75008 Paris**

EXPERTISE AND EXPERIENCE

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. In September 1989 he succeeded Francis Bouygues as Chairman and Chief Executive Officer of Bouygues. Under his direction, the Group pursued its development in construction and communications (TF1), and launched Bouygues Telecom in 1996. In 2006 Bouygues acquired a stake in Alstom.

OFFICES AND POSITIONS HELD OUTSIDE TF1 GROUP

In France: Chairman and Chief Executive Officer, director of Bouygues (listed company); Chairman of SCDM; Permanent representative of SCDM; Chairman of Actiby and SCDM Participations; member of the Board of Directors of Francis Bouygues Corporate Foundation.

Outside France: member of the Board of the Skolkovo Foundation (Russia).

FORMER OFFICES AND POSITIONS HELD IN THE PAST FIVE YEARS

2016 – Member of the Supervisory Board and the Strategy Committee of Rothschild & Co (listed company, formerly Paris-Orléans).

2015 – Permanent representative of SCDM, Chairman of La Cave de Bâton Rouge (formerly SCDM Invest-3).



OLIVIER BOUYGUES

Born 14 September 1950 – French

Director since 12 April 2005

Current term expires: **2017**

Holds **100 shares in TF1**

Business address: **32, avenue Hoche – 75008 Paris**

EXPERTISE AND EXPERIENCE

Olivier Bouygues, a graduate of École Nationale Supérieure du Pétrole (ENSPM), 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 was director of Boscam, a Cameroon subsidiary, then director of the France Works and Special Projects Division. From 1988 to 1992 he was Chairman and Chief Executive Officer of Maison Bouygues. In 1992 he became Group Executive Vice President of Utilities Management, which grouped the international and French activities of Saur. Olivier Bouygues has been a director of Bouygues since 1984. In 2002 he was appointed Deputy Chief Executive Officer of Bouygues.

OFFICES AND POSITIONS HELD OUTSIDE TF1 GROUP

In France: Deputy Chief Executive Officer and director of Bouygues (listed company) Chief Executive Officer of SCDM; director of Alstom (listed company), Bouygues Construction, Bouygues Telecom and Colas (listed company); director of Bouygues Immobilier; Chairman of Sagri-E and Sagri-F.

Outside France: Chairman of the Board of Directors of Bouygues Europe (Belgium); director of SCDM Energy Limited (United Kingdom); Chairman and Chief Executive Officer of Seci (Côte d'Ivoire).

FORMER OFFICES AND POSITIONS HELD IN THE PAST FIVE YEARS

2016 – Permanent representative of SCDM, director of Bouygues.

2015 – Chairman of SCDM Énergie; director of Eranove (formerly Finagestion); director of Sodeci (Côte d'Ivoire), CIE (Côte d'Ivoire) and Sénégalaise des Eaux (Senegal); Liquidator of SIR.

2014 – director of Eurosport.

FANNY CHABIRAND

Born 14 September 1976 – French

Director representing the staff since 13 March 2012

Member of the Remuneration Committee

Current term expires: **2018**

Holds **20 shares in TF1**

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

EXPERTISE AND EXPERIENCE

Fanny Chabirand, holds a Master's degree in Tourism Science and Technology, she joined TF1 on 1 January 2007 and since then has acted as Commercial Assistant on the TF1 Works Council.

OTHER OFFICES AND POSITIONS HELD WITHIN TF1 GROUP

None

OFFICES AND POSITIONS HELD OUTSIDE TF1 GROUP

None

FORMER OFFICES AND POSITIONS HELD IN THE PAST FIVE YEARS

None

LAURENCE DANON

Born 6 January 1956 – French

Independent Director since 22 July 2010**Chairwoman of the Audit Committee**Current term expires: **2018**Holds **100 shares in TF1**Business address: **30 bd Victor Hugo – 92200 Neuilly-sur-Seine****EXPERTISE AND EXPERIENCE**

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 had 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 Chairwoman and CEO of Printemps. Following the successful sale of Printemps in October 2006, she left her job in February 2007.

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

Laurence Danon also chaired the “Prospectives” (outlook) commission of the MEDEF from 2005 to 2013.

In 2013 and 2014, she was Chairwoman of the Board of Directors of the investment bank Leonardo & Co. (renamed as Natixis Partners since its sale to Natixis in June 2015).

From 2006 to 2015, she was a director of Diageo Plc (UK).

In 2015 she joined her family firm Cordial Investment & Consulting Ltd as a director. She is also a director of Amundi and a member of the Académie des Technologies.

OFFICES AND POSITIONS HELD OUTSIDE TF1 GROUP

In France: Chairwoman of Primerose SAS; director of Amundi (listed company).

FORMER OFFICES AND POSITIONS HELD IN THE PAST FIVE YEARS

2016 – Senior Advisor to Natixis Partners; director of Cordial Investment & Consulting plc (United Kingdom).

2015 – Chairwoman of the Board of Directors of Leonardo & Co.; director of Diageo plc (United Kingdom).

2013 – Member of the Supervisory Board of BPCE (Banques Populaires – Caisse d'Épargne) 2012 – Chairwoman of the Executive Committee of Edmond de Rothschild Corporate Finance.



PASCALINE DE DREUZY

Born 5 September 1958 – French

Independent director since 14 April 2016

Member of the Audit Committee

Current term expires: **2019**

Holds **100 shares in TF1**

Business address: **7, rue du Laos -75015 Paris**

EXPERTISE AND EXPERIENCE

Doctor at Hôpitaux de Paris, and holder of an EMBA from HEC and a Company Director Diploma from Sciences-Po-IFA, Pascaline de Dreuzy has been overseeing innovative and pioneering cross-functional projects at the Necker-Enfants Malades hospital for more than 25 years.

From 2011 to 2013 she was a doctor-manager at strategy consulting firms (ANAP, Arthur Hunt) until she created her own organisation: the French Institute for Autonomy and Technology (Institut Autonomie & Technologie) to promote Innovative Technologies among economic stakeholders to ensure the safety and mobility and the early detection of incidents in the daily lives of people who are frail or at risk. She also joined the team for the medico-psycho-social project at SAMU (Ambulance Service) Paris.

At the same time she entered the world of business early, as director of one of the family-owned holding companies controlling the PSA Group. She is extremely committed to corporate governance: following the end of her term of office on the Board of the French Institute of directors she joined the CSR, Integrated Reporting and Risk Appetite expert groups of this governance institute.

She was awarded Knight of the Order of the Legion of Honour.

OFFICES AND POSITIONS HELD OUTSIDE TF1 GROUP

In France:

In France: director of Samu Social International since 2014, of the Diaconesses-Croix Saint Simon Hospital Group and the Fondation Œuvre de la Croix Saint Simon since 2007.

Member of the Expert Committee of the Innovation Investment Fund (life sciences, digital and ecotechnologies) at Bpifrance since 2015.

FORMER OFFICES AND POSITIONS HELD IN THE PAST FIVE YEARS

2016 – French Institute of Directors - director

2015 – Diaconesses-Croix Saint Simon Hospital Group – Chairwoman of the Ethics Committee

2014 – SAPAR, family-owned holding company of the PSA Peugeot Citroën Group – director

2013 – Fondation Paul Parquet – Ethics-Palliative Care Consultant

CATHERINE DUSSART

Born 18 July 1953 – French

Independent director since 18 April 2013**Chairwoman of the Remuneration Committee.****Member of the Ethics and CSR Committee**Current term expires: **2017**Holds **100 shares in TF1**Business address: **25, rue Gambetta – 92100 Boulogne-Billancourt****EXPERTISE AND EXPERIENCE**

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

As a producer, she started out with short films, before moving naturally on to feature films and long-format documentaries for the cinema and television with the creation of Les Productions Dussart in 1992 and CDP in 1994. Catherine Dussart is a consultant for the Doha Film Institute (Qatar). She was a member of the Board of Directors of the Franco-Russian Cinema Academy and a member of the Committee on Aid to World Cinema organised by Centre National de la Cinématographie (CNC). She was also a member of the CNC's Committee on advances on takings then Vice-Chairwoman and a member of the CNC's Distribution Aid Committee.

Her most recent productions include: *The Missing Picture* by Rithy Panh, which won both *the Un Certain Regard* award at the 2013 Cannes Film Festival and the Prix Italia, and was also an Academy Award nominee for best foreign film; *In This Land Lay Graves of Mine* by Lebanese director Reine Mitri (DIFF Dubai); *9 fingers* by F.J. Ossang, winner of the 2014 Rome Eurimages; *France Is Our Mother Country* by Rithy Panh (Fipa 2015); *Chauti Koot* (The Fourth Direction) by Gurvinder Singh (India) presented as an official selection at the 2015 Cannes Film Festival, *Kalo Pothi* (The Black Hen) by Min Bahadur Bham (Nepal) which won critics prize at the 2015 Venice Film Festival; *The Exile* by Rithy Panh presented as an official selection at the 2016 Cannes Film Festival; *The Gospel* by Pippo Delbono presented as an official selection at the 2016 Venice Film Festival.

OFFICES AND POSITIONS HELD OUTSIDE TF1 GROUP**In France:** General Manager of Catherine Dussart Production-CDP.**FORMER OFFICES AND POSITIONS HELD IN THE PAST FIVE YEARS****2014 -** Member of the Board of Directors of the Franco-Russian Cinema Academy.



JANINE LANGLOIS-GLANDIER

Born 16 May 1939 – French

Independent director since 19 April 2012

Chairwoman of the Ethics and CSR Committee

Current term expires: **2019**

Holds **100 shares in TF1**

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

EXPERTISE AND EXPERIENCE

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

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

In 1975 she joined Radio France, then Société Française de Production (SFP), where she was appointed General Counsel in 1981.

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

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

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

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

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

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

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

She has chaired Forum des Médias Mobiles since 2005.

OFFICES AND POSITIONS HELD OUTSIDE TF1 GROUP

In France: Chairwoman of the French Mobile Media Forum; director of Fransat; member of the Cultural Council of the Paris Mint.

FORMER OFFICES AND POSITIONS HELD IN THE PAST FIVE YEARS

2013 – Vice-Chairwoman of Fonds d'action de la Société des Auteurs Compositeurs et Éditeurs de Musique (SACEM).

SOPHIE LEVEAUX TALAMONI

Born 11 December 1964 – French

Director representing the staff since 3 April 2014

Member of the Ethics and CSR Committee

Current term expires: **2018**

Holds **10 shares in TF1**

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

EXPERTISE AND EXPERIENCE

Sophie Leveaux Talamoni has been TF1's Artistic director of Acquisitions and international development manager since July 2008. She joined the Acquisitions Division of TF1 group in 1993 and was appointed Artistic Manager in 1995. Over time, her responsibilities have come to include all Group Acquisitions Division activities.

OTHER OFFICES AND POSITIONS HELD WITHIN TF1 GROUP

None

OFFICES AND POSITIONS HELD OUTSIDE TF1 GROUP

None

FORMER OFFICES AND POSITIONS HELD IN THE PAST FIVE YEARS

None

PHILIPPE MARIEN

Born 18 June 1956 – French

Permanent representative of Bouygues – Director since 20 February 2008**Member of the Audit Committee****Member of the Remuneration Committee**Current term expires: **2018**Business address: **32, avenue Hoche – 75008 Paris****EXPERTISE AND EXPERIENCE**

Philippe Marien, a graduate of École des Hautes Études Commerciales (HEC), joined the Group in 1980 as international finance manager. He was special advisor in 1984 for the takeover of the AMREP oil services group before being appointed CFO 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 Finance and Treasury Director of Screg in 1987 and Chief Financial Officer 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 General Counsel. In March 2003 Philippe Marien became General Counsel of the Saur group, Bouygues' water treatment subsidiary. 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 appointed Chief Financial Officer of the Bouygues group in September 2007. In February 2009 Philippe Marien was appointed Chairman of Bouygues Telecom's Board of Directors, a role he held until April 2013. His responsibilities within the Bouygues group increased and in 2015 he became Group Chief Operating Officer and Chief Financial Officer in charge of Group information systems and innovation, then in 2016 he became head of Group Human Resources. He was appointed Deputy Chief Executive Officer of Bouygues on 30 August 2016.

* Bouygues' offshore oil infrastructure works subsidiary, sold to Saipem in May 2002.

OFFICES AND POSITIONS HELD OUTSIDE TF1 GROUP

In France: Deputy Chief Executive Officer of Bouygues (listed company); Chief Executive Director of SCDM; director of Bouygues Telecom; Permanent representative of Bouygues on the Board of Directors of Alstom (listed company), Bouygues Construction, Colas (listed company) and C2S; permanent representative of Bouygues, director of Bouygues Immobilier.

Outside France: director of Bouygues Europe (Belgium) and Uniservice (Switzerland).

FORMER OFFICES AND POSITIONS HELD IN THE PAST FIVE YEARS

2015 – Liquidator of Finamag.

2013 – Chairman of the Board of Directors of Bouygues Telecom.

BOUYGUES

Paris Trade and Companies Register (RCS) no. 572 015 246

Director, represented by Philippe Marien since 20 February 2008Current term expires: **2018**Holds **91,946,297** shares in TF1Registered office: **32, avenue Hoche – 75008 Paris****OFFICES AND POSITIONS HELD OUTSIDE TF1 GROUP**

Director of Alstom (listed company), Bouygues Construction, Bouygues Telecom, C2S and Colas (listed company); director of 32 Hoche (a French Economic Interest Group, or EIG); director of Bouygues Immobilier; member of the Board of Directors of Centre Gustave Eiffel (a non-profit organisation under the Act of 1901); member of the Board of Directors of Dauphine Foundation and the EIG Registrar.

FORMER OFFICES AND POSITIONS HELD IN THE PAST FIVE YEARS

None



OLIVIER ROUSSAT

Born 13 October 1964 – French

Director since 18 April 2013

Former standing representative of Société Française de Participation et de Gestion (SFPG), director of TF1 until 2013.

Member of the Selection Committee

Current term expires: **2019**

Holds **100 shares in TF1**

Business address: **32, avenue Hoche – 75008 Paris**

EXPERTISE AND EXPERIENCE

A graduate of the French Institute of Applied Sciences (INSA) in Lyon. Olivier Roussat began his career in 1988 at IBM, where he held various positions in data network services, service delivery, and pre-sales. In 1995 he joined Bouygues Telecom 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 General Management Committee of Bouygues Telecom. In January 2007 Olivier Roussat took charge of the performance and technology unit, which combines Bouygues Telecom's cross-functional technical and IT departments, including networks, information systems, process engineering, purchasing, corporate services and property development. He was also given responsibility for the headquarters and technical centre. Appointed Deputy Chief Executive Officer of Bouygues Telecom in February 2007, then Chief Executive Officer in November 2007, he became Chairman and Chief Executive Officer of Bouygues Telecom in May 2013. On 30 August 2016 he was appointed Deputy Chief Executive Officer of Bouygues.

OFFICES AND POSITIONS HELD OUTSIDE TF1 GROUP

In France: Deputy Chief Executive Officer of Bouygues (listed company); Chairman and Chief Executive Officer and director of Bouygues Telecom; director of Bouygues Construction and the Bouygues Telecom Corporate Foundation.

FORMER OFFICES AND POSITIONS HELD IN THE PAST FIVE YEARS

2014 – director of Bouygues Énergies & Services.

2013 – Representative of Société Française de Participation et de Gestion (SFPG); director of TF1.

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

2.2 CHAIRMAN'S REPORT **AFR**

In this report, the Chairman of the Board of Directors reviews the Board's composition, the application of the principle of gender equality, the preparation and organisation of the Board's work, corporate governance procedures, the principles and rules by which the Board decides the

Corporate Officers' remuneration and benefits, and the company's internal control and risk management procedures. The Chairman's report was approved by the Board of Directors at its Meeting of 15 February 2017.

2.2.1 CHAIRMAN'S REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

REVIEW OF 2016

In 2016, the TF1 Board of Directors met seven times and set up an ad hoc committee for major projects. The independent Directors held their own Committee Meeting after the end of the financial year.

The Directors were closely involved in the Board's work as well as that of its four committees. Their active involvement contributes to the company's high governance standards.

The Board is also committed to continuously improving its governance. Thus, in 2016 it monitored compliance with the recommendations of the AMF and the High Committee for Corporate Governance, and with changing practices, in particular on the basis of the AFEP/MEDEF Corporate Governance Code.

The main developments in 2016 and at the beginning of 2017 therefore included:

- the appointment in April of an independent female Director not representing the staff on the Board of Directors and also as a member of the Audit Committee.

The Board's independence rate thereby increased to 44% (versus 33.3% required for controlled companies such as TF1) and the percentage of female Directors to 44%.

The Audit Committee has since had three members, including two independent female Directors not representing the staff, one of whom is chairing the Audit Committee.

- the adoption by the Board of the new AFEP/MEDEF Corporate Governance Code for listed companies, as revised in November 2016, which specifically sets forth the independence criteria for Directors and the guiding principles of the remuneration policy for Executive Directors.

CHANGES IN GOVERNANCE PROCEDURES

The Board of Directors is responsible for the administration of the company. The Executive Management of the company is the responsibility of the Chairman of the Board.

The Directors deliberate on the corporate governance, ensure equal treatment of shareholders, and see that the Board performs efficiently.

The Directors seek to improve governance practices on an ongoing basis.

The following table shows the changes in the governance of TF1 over the past three years.

2014	<ul style="list-style-type: none"> ■ Introduction of a shareholders' annual advisory vote on the remuneration of Executive Directors (the "say on pay" principle), in accordance with the AFEP/MEDEF Corporate Governance Code of June 2013; ■ Increase in the variable component of the directors' fees paid to members of the Board based on attendance. The proportion was increased from 50% to 70% on 1 January 2014; ■ Creation of the Ethics and CSR Committee whose role is to express its views on ethical and environmental, social and societal issues. It comprises two independent Directors and one Director representing the staff; ■ Adoption of the Code of Ethics for all Group employees which sets out the values of respect, fairness, honesty and transparency among all stakeholders (employees, partners, customers, suppliers, audiences and shareholders); ■ Adoption of four compliance programmes for senior executives which complement the Code of Ethics in the following areas: anti-corruption, conflicts of interest, compliance in securities trading and competition, including a whistle-blowing system in these areas that enables the Group Ethics Officer to be notified.
2015	<ul style="list-style-type: none"> ■ Introduction, at the 2015 General Meeting, of a phased reappointment of Directors not representing the staff, and increasing the duration of their terms of office from two to three years; ■ Appointment of a female Director not representing the staff to the chair of the Remuneration Committee and of a female Director representing the staff as a member of this Committee; ■ The first exclusive Meeting between independent Directors not representing the staff was held; ■ Individual evaluation of the actual contribution of each Director to the work of the Board in connection with the assessment of the Board.
2016	<ul style="list-style-type: none"> ■ Adoption by the Board of the AFEP/MEDEF Corporate Governance Code for listed companies, as revised in November 2015.

COMPOSITION OF THE BOARD OF DIRECTORS

RULES GOVERNING THE COMPOSITION OF THE BOARD OF DIRECTORS

The Articles of Association stipulate that the company shall have a Board of Directors with 3 to 18 members.- At least one-sixth of the Board shall be made up of representatives of the staff, pursuant to Article 66 of Act No. 86-1067 of 30 September 1986 on the freedom of communication.

The Directors not representing the staff are appointed by the Shareholders' General Meeting. Since 2015, the terms of office of Directors not representing the staff have been for periods of three years, in order to enable a phased renewal of appointments in line with the AFEP/MEDEF Corporate Governance Code recommendations.

The Articles of Association do not stipulate an age limit for Directors. The age limit for performing the roles of Chairman of the Board of Directors, CEO or Chief Operating Officer is set at 67 years of age.

In accordance with Article L. 225-47 of the French Commercial Code, the Board of Directors elects a Chairman, who may be re-elected, from amongst its members. The Chairman of the Board of Directors organises and guides the work of the Board. He ensures that all parts of the company function properly and, in particular, that the Directors are able to carry out their duties.

In accordance with Article L. 225-51-1 of the French Commercial Code, the Executive Management of the company is the responsibility of either the Chairman of the Board of Directors, or of another person appointed by the Board of Directors. The Board of Directors choose between two options for performing the Executive Management function. On the recommendation of the CEO, the Board of Directors may appoint one or more Chief Operating Officers.

DIRECTORS OF TF1, REPRESENTING THE STAFF

Since the company's privatisation, TF1's employees have been represented by two Directors, as provided for by Article 66 of Act No. 86-1067 of 30 September 1986. These Directors are elected by the employees of TF1 SA. One is elected from among managers and journalists and the other from among administrative and technical staff and supervisors. All employees who have had an employment contract for at least three months at the date of an election are entitled to vote. All employees who have had an employment contract for at least two years at the date of an election are eligible to stand for election.

Directors who represent the staff have the same two-year term of office as the other Directors. The duties of the Directors representing the staff terminate upon the announcement of votes by the electoral colleges choosing representatives of the staff; the appointment is generally made within the two weeks preceding the General Meeting at which the Director's term of office expires. If one or both seats held by Directors representing the staff become vacant as a result of death, resignation, dismissal or termination of employment contract, the vacant seat is filled by the designated alternate.

Directors representing the staff have the same powers and responsibilities as the other Directors.

The Board of Directors' Internal Procedures require Directors representing the staff to hold a minimum number of shares in the company throughout their term of office, though this minimum is lower than that required of members who are not representatives of the staff, i.e. 10 instead of 100.

It should be noted that TF1 is not subject to Act No. 2015-994 of 17 August 2015, on social dialogue and employment which provides, in Article L. 225-27-1 of the French Commercial Code, compulsory employee representation rules for Boards of Directors of public limited companies above a certain size. Similarly, TF1 is not obliged to elect Directors representing employee shareholders, pursuant to Article L. 225-23 of the French Commercial Code.

INTERNAL PROCEDURES OF THE BOARD OF DIRECTORS AND THE DIRECTORS' CHARTER

The Internal Procedures of the Board of Directors were adopted at the Board Meeting of 24 February 2003. It sets out how the Board of Directors is to operate. It describes the operation of the Accounts Committee (which became the Audit Committee in 2003) and the Director Selection Committee, and it extends the responsibilities of the Remuneration Committee, in place since 1988 (originally set up as a College). The Board created an Ethics and CSR Committee in July 2014. The rights and duties of Directors are set out in a specific appendix entitled "TF1 Directors' Charter".

The Internal Procedures are regularly amended to take into account governance best practices and, in particular, incorporate the latest version of the AFEP/MEDEF Corporate Governance Code, as revised in November 2016.

The main provisions in the Internal Procedures of the Board of Directors concern the powers, duties and tasks of the Board and its committees. The rules also set forth the principles for the annual assessment of the Board's functioning.

The Internal Procedures and the Directors' Charter are made available on the company's website: http://www.groupe-tf1.fr/sites/default/files/mediatheque/PDF-Finance/gouvernance/statuts-reglement-interieur/tf1_reglement_interieur_27_10_2016_code_afepmedef_nov_2015_-_vuk.pdf.

CORPORATE GOVERNANCE CODE - REFERENCE TO THE AFEP/MEDEF CODE

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

The Board of Directors decided in 2008 that the company would adopt, on a voluntary basis, the AFEP/MEDEF Corporate Governance Code. These recommendations are listed in an appendix to the Board's Internal Procedures. The Code can also be viewed on the MEDEF website at www.medef.com.

The following table indicates the provisions of the AFEP/MEDEF Corporate Governance Code that the company has chosen not to apply, with an explanation of the reason.

Provisions of AFEP/MEDEF Corporate Governance Code not applied	Reason
Article 16.1: A majority of the Selection Committee's members must be independent Directors.	The Board of Directors is considering a change to the composition of the Selection Committee.
Article 17.1: A majority of the Remuneration Committee's members must be independent Directors. It is recommended that the Committee be chaired by an independent Director and include an employee Director among its members.	The Remuneration Committee is chaired by an independent female Director. Its members also include a female Director representing the staff and a non-independent Director. The Board of Directors is considering a change to the composition of the Remuneration Committee.

However the Board of Directors believes that the Remuneration Committee is balanced and that the character of these members and their sense of responsibility guarantee that they will perform their duties in an independent manner.

Furthermore, the Board has strengthened the participation of independent Directors by holding Meetings exclusively for them since 2015.

REVIEW OF DIRECTORS' INDEPENDENCE

The Board of Directors reviews annually and on an individual basis, taking into account the opinion of its Selection Committee, the situation of each Director with respect to all independence rules of the AFEP/MEDEF Corporate Governance Code.

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

- not be an employee or an Executive Director of TF1; an employee, Executive Director or Director of one of its consolidated subsidiaries; an employee, Executive Director or Director of its parent company or of one of the consolidated subsidiaries thereof; and shall not have been one within the past five years;

- not be an Executive Director of a company in which TF1 holds a directorship, directly or indirectly, or in which an employee appointed as such or an Executive Director of the company (currently in office or having held such office within the past five years) is a Director;
- not be a customer, supplier, investment banker or commercial banker of material importance to the company or its Group, or for which TF1 or its Group generates a material portion of its business;
- not be related by close family ties to a Corporate Officer;
- not have been a Statutory Auditor of TF1 within the past five years;
- not have been a TF1 Director for more than 12 years. An independent Director shall be deemed to have lost their independence after 12 years with the company.

A non-executive Corporate Officer shall not be considered independent if they receive variable remuneration in cash, or securities or any other remuneration linked to the performance of the company or the Group.

The independent Directors identified according to these principles by the Board of Directors are Laurence Danon, Pascaline de Dreuzy, Catherine Dussart and Janine Langlois-Glandier.

The four independent female Directors have no business relationship with the company. None of TF1's four independent female Directors receive any variable remuneration in cash, or securities or any other remuneration linked to the performance of TF1 or the TF1 Group.

	AFEP/MEDEF Corporate Governance Independence Criteria						
	Has been an employee or Executive Director of TF1 or the Bouygues Group during the previous five years	Holds cross-directorships	Has significant business relationships	Is a close relative of a corporate officer	Has not been an auditor of the company during the previous five years	Has not been a Director of the company for more than 12 years	Is not a major shareholder (10% of capital/voting rights)
Laurence Danon	complies	complies	complies	complies	complies	complies	complies
Pascaline de Dreuzy	complies	complies	complies	complies	complies	complies	complies
Catherine Dussart	complies	complies	complies	complies	complies	complies	complies
Janine Langlois-Glandier	complies	complies	complies	complies	complies	complies	complies

It should be noted that none of TF1's four independent female Directors exceed the 12-year limit on directorships, which is intended to ensure the Directors' independence. More than half of the Directors (6 out of 11)

joined the Board in the past six years, and three other Directors have served for eight or nine years.



The Board of Directors is submitting the reappointment of Catherine Dussart and Olivier Bouygues as Directors to the General Meeting of 13 April 2017, for an additional three-year term. Catherine Dussart would continue to have no business relationship with the TF1 Group and to qualify as an independent Director in accordance with all the criteria defined by the AFEP/MEDEF Code.

Catherine Dussart will continue to chair the Remuneration Committee and to serve as a member of the Ethics and CSR Committee.

The TF1 Board of Directors includes four independent female Directors among its Directors not representing the staff, i.e. an independence rate of 44%.

The proportion of independent Directors on each committee is shown in the description of each committee's membership.

BALANCE BETWEEN WOMEN AND MEN ON THE BOARD

The TF1 Board of Directors has four female Directors not representing the staff and two female Directors representing the staff. The proportion

of women is therefore 44% (Directors elected by employees are not taken into account when calculating percentages).

The Board of Directors is submitting the reappointment of Catherine Dussart and Olivier Bouygues as Directors to the General Meeting of 13 April 2017, for an additional three-year term. Subject to their appointment by the shareholders and following the General Meeting, four of the nine Directors not representing the staff on the Board of Directors would be female (44%).

The proportion of female Directors on each committee is shown in the description of each committee's membership.

RULES CONCERNING THE ORGANISATION AND GOVERNANCE OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

The composition of the Board of Directors at 15 February 2017 is described in detail in section 2.1.1 of this document.

The table below provides a summary of the composition of the TF1 Board of Directors and its committees at 13 April 2017, the date of the General Meeting.

	Status	Women Men	Age	Board Committees	Start of first term of office	End of current term of office	Number of years on the Board	Board Meetings attendance in 2016
Executive Director								
Gilles Pélisson	Non-independent	M	59		2009	2019	8	7 Meetings out of 7
Independent Directors								
Laurence Danon	Independent	W	61	Chairwoman of the Audit Committee	2010	2018	6	7 Meetings out of 7
Pascaline de Dreuzy	Independent	W	58	Member of the Audit Committee	2016	2019	1	4 Meetings out of 4
Catherine Dussart	Independent	W	63	Chairwoman of the Remuneration Committee member of the Ethics and CSR Committee	2013	2017	4	7 Meetings out of 7
Janine Langlois-Glandier	Independent	W	77	Chairwoman of the Ethics and CSR Committee	2012	2019	5	7 Meetings out of 7
Directors of TF1, representing the staff								
Fanny Chabirand	Non-independent	W	40	Member of the Remuneration Committee	2012	2018	5	7 Meetings out of 7
Sophie Leveaux Talamoni	Non-independent	W	52	Member of the Ethics and CSR Committee	2014	2018	3	7 Meetings out of 7
Non-independent Directors								
Martin Bouygues	Non-independent	M	64	Chairman of the Selection Committee	1987	2018	29	5 Meetings out of 7
Olivier Bouygues	Non-independent	M	66		2005	2017	12	7 Meetings out of 7
Bouygues (represented by Philippe Marien)	Non-independent	M	60	Member of the Audit Committee Member of the Remuneration Committee	2008	2018	9	7 Meetings out of 7
Olivier Roussat	Non-independent	M	52	Member of the Selection Committee	2009	2019	8	6 Meetings out of 7

AVERAGE LENGTH OF DIRECTORS' SERVICE: 8 years

AVERAGE AGE OF THE DIRECTORS: 59 years

PERCENTAGE OF WOMEN: 44%*

PERCENTAGE OF INDEPENDENT DIRECTORS: 44%*

* Excluding Directors representing the staff.

METHOD OF GOVERNANCE

As required by law, the Board of Directors elects from among its members a Chairman (a natural person) who organises and guides its work and ensures that all parts of the company function properly. The Board entrusts the company's general management to the Chairman of the Board or to another natural person who may or may not be a Director and who has the title of Chief Executive Officer.

Combined roles of Chairman of the Board of Directors and of Chief Executive Officer

At its Meeting of 28 October 2015, the Board of Directors chose the successor to Nonce Paolini, whose term of office as Chairman and Chief Executive Officer expired in the first quarter of 2016. The Board of Directors followed the recommendations of its Selection Committee, which considered at the time that it was preferable that the Board of Directors agree on the principles of this appointment and the choice of successor.

Following the recommendation of the Selection Committee and having concluded that it was not desirable to separate the roles of Chairman and of Chief Executive Officer given the size of the TF1 Group, the particular nature of its operations and past experiences, which had shown the appropriateness of such a choice, the Board of Directors chose Gilles Pélisson to fulfil the role of Chairman and Chief Executive Officer.

Gilles Pélisson was appointed Chairman and Chief Executive Officer at the Meeting of the Board of Directors of 17 February 2016, with his appointment taking effect on 19 February 2016, the day after the presentation of the financial statements for the 2015 financial year.

The Executive Management role

As required by 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 granted to Shareholders' Meetings and the Board of Directors.

The Board of Directors has not appointed a lead independent Director or a Deputy Chairman.

Limits on the powers of the Chairman and Chief Executive Officer

The measures put in place to balance the Executive Management role and the powers of the Board of Directors contribute to the good governance of the TF1 Group and avoid an excessive concentration of powers.

The Board of Director's Internal Procedures specify the important decisions to be taken by the Board, in particular:

- the Board of Directors, with the assistance of ad hoc committees, if required, reviews and takes decisions concerning important operations that are of a truly strategic nature;
- strategic priorities, business plans and the policy for financing the Group and its businesses;
- the prior approval of any transaction considered significant at the Group level concerning investments in organic growth, external acquisitions, disposals and internal restructurings, particularly if the transaction does not fit with the Group's announced strategy;
- the authorisation of the main guarantees and major commitments.

In 2016, the TF1 Board of Directors met seven times and set up an ad hoc committee for major projects related to sports contracts. The Board of Directors approved all the transactions, acquisitions and disposals notably, that could substantially affect the Group's results, balance sheet structure and risk profile. One Board Meeting is dedicated to the presentation of the three-year plan, with a focus on strategy and risk mapping (originally scheduled on 15 December 2016, this Meeting was postponed to 16 January 2017).

In addition, different practices, some of which have been in place for many years, also contribute to the good governance of the company and setting limits of the powers of the Chairman and Chief Executive Officer, in particular:

- the existence of four standing Committees of the Board of Directors: the College setting the remuneration of Executive Directors since 1988 (the current Remuneration Committee), the Audit Committee and the Selection Committee since 2003, and the Ethics and CSR Committee whose role is to express its views on ethical and environmental, social and societal issues, since 2014;
- the appointment of two Directors representing the staff to the Board of Directors since privatisation in 1988, one to the Ethics and CSR Committee since 2014 and one to the Remuneration Committee since 2015;
- the existence of a Directors' Charter, which is appended to the Internal Procedures of the Board of Directors, since 2011;
- the appointment of independent Directors to the Board of Directors and to Board committees, from 2003 onwards. Subject to the reappointment of Catherine Dussart and Olivier Bouygues at the General Meeting, the Board of Directors would maintain its independence rate at 44% (versus 33.3% required for controlled companies) and the percentage of female Directors at 44% (without taking into account the female Directors representing the staff);
- Committee of independent Directors: the calling, since 2015, of an annual Meeting involving only the independent Directors who do not represent the staff, wherein they freely exchange information on any issues of concern.

RULES GOVERNING THE FUNCTIONING OF THE BOARD OF DIRECTORS

The TF1 Board of Directors functions in compliance with laws and regulations. Its rules are defined by the company's Articles of Association, the Internal Procedures of the Board of Directors, and the recommendations of the AFEP/MEDEF Corporate Governance Code.

The Board of Directors meets as often as the company's interests require.

The Internal Procedures specify that the Board of Directors meets at least once per quarter; in the first quarter, the Board approves the financial statements for the preceding financial year; in the second quarter, it reviews the first quarter financial statements; in the third quarter, it approves the first half-year financial statements and the strategic priorities are presented to it; in the fourth quarter, it reviews the third quarter financial statements, it analyses business activity and the projected results for the financial year and the following year; the business plans and the policy for financing the Group and its businesses are presented to it for its approval.

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

Decisions of the Board of Directors are only valid if at least half of its members are present; decisions are taken by a majority of members present or represented; in the event of a tie, the Chairman of the Meeting has the casting vote.

Missions of the Board of Directors

The Board of Directors has a key role in defining the strategy and major focuses of the company and its Group and in monitoring their implementation.

The Board of Directors is thus involved in the following areas:

- the strategic priorities of the company and the Group;
- significant transactions, internal restructuring and major investments, including acquisitions and disposals likely to materially affect the Group's earnings, balance sheet structure or risk profile;
- monitoring their execution;
- the information supplied to shareholders and the financial market;
- the controls and verifications it considers appropriate;
- setting the remuneration of Corporate Officers.

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

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

Directors' qualifications and expertise

As part of its assessment, the Board of Directors places particular emphasis on the training, skills and experience of each of its members, as well as their knowledge of the Group's business lines, which will enable them to make an effective contribution to the work of the Board and to that of the four committees that assist it, i.e. the Audit Committee, the Remuneration Committee, the Director Selection Committee, and the Ethics and CSR Committee.

More than half of the Directors work in the French television or telecommunications sectors. The other Directors have very good knowledge of the audiovisual industry. Details of the Directors' careers are set out in the biographical information on presented in section 2.1.3 of this document.

The expertise of the Directors, based on their experience, ability to understand the challenges and risks facing Group businesses, their complementary backgrounds and training 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.

Directors' training

On being appointed to the Board, each TF1 Director is given a presentation on the company, its business lines and its sectors of activity. To this end, a specific programme enables them to meet the heads of the Group's main divisions. During their terms of office, Directors can obtain additional training from key managers of TF1 and its subsidiaries.

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

Information provided to Directors

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

Each Director has one vote. In the case of a tie, the Chairman of the Meeting has the casting vote. The staff representatives designated by the Works Council, the members of the Executive Committee and the Group Legal Affairs Director who is also the Secretary of the Board of Directors, all attend Board Meetings. The Statutory Auditors are invited to all Board of Directors' Meetings convened to examine the financial statements and plan. 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 Secretary to the Board of Directors is to ensure that the Board operates smoothly. The Secretary draws up the schedule of Meetings of the Board of Directors and its committees, prepares the agendas and organises Meetings with the Chairman and Chief Executive Officer. The Secretary also prepares the draft minutes that are submitted for Directors' approval at the following Meeting. The Secretary organises the Board assessment process, helps to prepare the documents provided to shareholders ahead of the General Meeting and looks after relations with individual shareholders.

Directors receive a Notice of Meeting 10 to 15 days before each scheduled Meeting, together with the minutes of the previous Meeting. During the Meeting, Directors are provided with all relevant documents and information, together with a list of any risks that have been identified, in accordance with regulatory requirements and in the company's interest. They also review the minutes of the Meetings of the committees.

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

Directors' conduct and other information**Conflicts of interest - related-party transactions - convictions**

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

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

No restrictions are imposed on the members of the Board of Directors concerning the disposal of their holdings of the issuer's shares, apart from the fact that each Director is required to own at least one share in the company. The Internal Procedures of the Board of Directors recommend that each Director not representing the staff should own at least 100 shares for the duration of their term in office and respect the rules to prevent insider trading.

Directors are regularly reminded of the obligation placed upon them to declare any trading in TF1 shares by themselves or by persons with close personal ties to them. TF1 reports this information, which includes the individual's name, to the AMF and makes it public in a press release.

Article 5 of the Code of Ethics contains detailed provisions aimed at preventing conflicts of interest:

- "Directors must ensure that they do not perform an activity that would place them in a conflict of interest with the company. In particular, Directors shall not seek to hold an interest or invest in a company, whether a customer, supplier or competitor of the company, if this interest or investment could influence their actions in their role as a Director;
- Directors undertake to inform the Chairman of any conflict of interest, even of a potential nature, between their duties in relation to the company and their private interests and/or other duties, and not to take part in voting on any resolution directly or indirectly affecting them;
- under certain circumstances, Directors may be obliged not to attend Board Meetings during deliberations and not to take part in any voting on a resolution and not to have access to documents and information brought to the attention of the other Directors concerning the subject in question. The Chairman of the Board of Directors may ask Directors at any time to confirm in writing that they are not subject to any conflict of interest."

The company is currently aware of the following potential conflicts of interest:

- Bouygues, the majority shareholder, is represented on the Board of Directors by Martin Bouygues, Olivier Bouygues, Philippe Marien and Olivier Roussat. Gilles Pélissin has a relationship with Bouygues through an employment contract. Nonce Paolini had a relationship with Bouygues through an employment contract and was also a member of the Bouygues Board of Directors;

- Claude Berda - a Director of TF1 until 14 April 2016 - is an indirect shareholder and Chairman of the AB Group, a company 33.5% owned by TF1;
- Fanny Chabirand and Sophie Leveaux Talamoni have employment contracts with TF1.

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

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

The Statutory Auditors' special report dealing with related-party transactions (section 5.3 of this document) assesses the agreements and undertakings submitted to the Board of Directors for approval and on which some Directors refrained from voting, given the existence of real or potential conflicts of interest.

Assessment of the Board of Directors

In accordance with the AFEP/MEDEF Corporate Governance Code and the Board's Internal Procedures, once a year the Board of Directors devotes an item of its Meeting agenda to the review of the composition, organisation and functioning of the Board and its committees.

This assessment allows for each Director to give their opinion on the composition and functioning of the Board, the relevance of the agenda items, the quality of the discussions, the level of information provided, the evaluation of the commitments made, the analysis of potential risks and the corporate strategy. One item is specifically aimed at evaluating the actual contribution that each Director makes to the Board's work and a personal assessment of the other Directors is requested.

As every year, a detailed questionnaire was sent beforehand to the Directors and members of the committees. Eight responses were received for the ten questionnaires sent out. The responses, including anonymous responses, were compared to those of the two previous years to measure progress.

The main findings of this assessment were as follows:

First, the responses show a high degree of satisfaction overall. Generally speaking, the Directors believe that the Board and its committees function efficiently and the issues of importance are discussed.

The composition of the Board is deemed appropriate. Both the proportion of independent Directors (44%, higher than that set by the AFEP/MEDEF Code - Article 9.2. which required that at least one-third of Board's members be independent Directors) and the proportion of female Directors excluding staff representatives (44%) increased, which is welcomed by some Directors.

Concerning the Directors' profile, one member suggests that the addition of a new Director with a "digital native" profile might help to support the transformation of TF1.

The quality of the information given to the Directors is deemed satisfactory or very satisfactory, and the insights provided to the Board by senior executives are truly appreciated.

Some Directors are asking for clarifications, including on expectations:

- the Board and the Audit Committee Meeting preparation documents should be sent out a few days earlier;
- additional information could be useful in some cases (i) about specific strategic issues, (ii) about comparative data with national or international competitors, (iii) about the operation of advertising services, but also (iv) in the area of cyber security.

Furthermore, the Directors welcome the organisation of Meetings between independent Directors and the Chairman, but also of exclusive Meetings between independent Directors.

Overall, the Directors' freedom of expression during the Board Meetings is highlighted as very positive.

Lastly, the new Directors' induction program is highly appreciated; it could be supplemented by short training classes on the business models of the various TF1 strategic businesses.

WORK OF THE BOARD OF DIRECTORS IN 2016

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

The TF1 Board of Directors met seven times in 2016. The average length of each Meeting was about 2 hours and 30 minutes. Furthermore, the Board specifically set up an ad hoc committee.

The quality of the Board's work is ensured by its members' active involvement and the role of the permanent committees, the committee composed of independent directors, as well as the ad hoc committees.

The Board's work during Board Meetings involved the following:

- **monitoring the day-to-day management of the Group:** this includes in-depth quarterly reviews of the activities and outlook of TF1 and its key subsidiaries; analysing changes in the competitive environment; signing off on the annual individual and consolidated financial statements and reviewing the quarterly, half-year financial statements with the Statutory Auditors; reviewing the Group's results; reviewing the Group's financial position, including the hedging of financial risk and financial commitments; regularly reviewing disclosures on the Group's internal control and risk management systems and reviewing the Group's risks in light of the work of the Audit Committee, including risk mapping; monitoring legislative and regulatory changes and the progress of litigation; making decisions concerning, in particular, investments required for the Group's development; reviewing, at each Meeting, reports on acquisitions, disposals and major current issues; and matters relating to employees, including in particular company policy on professional and pay equality;
- **monitoring the Group's major strategic orientations:** the Board of Directors has been involved in defining the Group's strategy and reviewing and implementing its strategic plan. Board discussions cover the acquisition of broadcasting rights, development strategy, Group growth drivers and planned acquisitions;
- **corporate governance:** issues addressed included changes in governance rules and best practices, the composition of the Board of Directors and changes in the composition of Board committees, particularly as regards gender equality and Board independence and diversity of membership and skills of members, self-assessment of the Board of Directors, and the Annual Report on the Board's operation; preparations for the Annual General Meeting (agenda, draft resolutions, annual management report and other Board reports); reviewing the amount of Directors' fees paid; decisions on the terms of the remuneration paid to the Chairman and CEO at the proposal of the Remuneration Committee; setting annual performance objectives for the coming year and checking that they have been achieved for the previous year; and authorising related-party transactions.

The Board's main decisions in 2016 – in addition to the recurring topics listed above - were as follows:

Committee Meeting dated 17 February

Information about the regulatory environment concerning, in particular, LCI's freeview switchover and several draft bills (Creation/Media independence); approval by the French Competition Authority of the planned acquisition of Newen.

Approval of broadcasting rights or concerning the initiation of negotiations with or acquisitions of interests in Bonzaï Digital and Wibbitz. Nonce Paolini's resignation from his offices of Director, and Chairman and Chief Executive Officer, and election of Gilles Pélisson, Chairman and Chief Executive Officer.

Attendance rate
100%

Committee Meeting dated 26 February

Authorisation of the supplementary retirement pension granted to Gilles Pélisson, Chairman and Chief Executive Officer, which was subject to approval by the General Meeting of 14 April 2016 as part of voting on the 12th resolution concerning the related-party agreement referred to by Article L. 225-42-1 of the French Commercial Code in favour of Gilles Pélisson.

Attendance rate
92%

Meeting of the 1st Committee dated 14 April

Reorganisation of Group management and launch of LCI's free-to-air service on 5 April 2016.

The result of the elections on 15 and 29 March of two Directors representing the staff appointed for two years, by the employees of TF1.

Attendance rate
92%

Meeting of the 2nd Committee dated 14 April

Election of Gilles Pélisson, Chairman and Chief Executive Officer, following his reappointment as a Director by the General Meeting, and election of members of the four committees, including Pascaline de Dreuzy, a member of the Audit Committee.

Attendance rate
100%

Committee Meeting dated 26 April

Consideration by the Group Broadcastings of their purchasing and content production strategies and review of coming negotiations concerning sports rights.

Authorisation for combining the Group's digital information with the merger of LCI, Metronews and MYTF1news.

Authorisation to raise to 100% of the share capital of TMC.

Performance shares awarded to the main members of the COMEX and CODG and stock options to the senior executives of the COMGT.

Attendance rate
82%

Committee Meeting dated 21 July

Information about the agreement related to TF1 group's obligations to produce proprietary audiovisual works.

Approval of the Group's transformation plan and TF1's strategic priorities.

Approval of ad hoc Board work and issue of offers for football and rugby competition rights.

Attendance rate
100%

Committee Meeting dated 21 July

Review of the Group's transformation plan, including positioning of the channels, acceleration of the multi-channel model and the digital strategy (strategy agreement with Prosieben around MCN Studio 71).

Committee assessment

Authorisation of the partnership between TF1 and Prosiebensat.1 - Studio 71 & Finder Studios.

Authorisation of the acquisition of a majority interest in MinuteBuzz.

Authorisation of related-party agreements and a change in the share capital.

Attendance rate
100%

In addition, as regards the undertaking of significant projects, the Directors may ask some Board members to form an ad hoc committee to validate such projects and assess their impact on the Group's financial statements and financial position. This review of the composition of the ad hoc committee is regularly performed for the signing or renewal of the channel's major contracts.

An ad hoc committee of the Board of Directors was also formed as part of the submission of bids by the TF1 Group to acquire the television broadcast rights for football competition and rugby matches.

COMMITTEE OF INDEPENDENT DIRECTORS

The independent Directors not representing the staff meet separately each year since 2015 to freely exchange information on any issues of concern.

BOARD OF DIRECTORS COMMITTEES

The Board of Directors may create one or more specialised committees, which function under its responsibility. The Board determines their

composition and remit. These committees are composed exclusively of Directors and assist the Board in its tasks.

Each committee issues proposals, recommendations and opinions, and it reports on its activities to the Board of Directors.

The four specialised committees that work with the Board of Directors are the Audit Committee, the Remuneration Committee, the Director Selection Committee, and the Ethics and CSR Committee.

These committees are composed of two or three Directors. The person serving as Chairman, Chief Executive Officer, or Chief Operating Officer may not be a member of these committees. The Directors believe that these rules ensure the committees' independence and efficiency. The Chairman of each committee, who has the casting vote, may not be a member of the company's management or administrative bodies. The Chairmen of the Audit Committee, the Ethics and CSR Committee and the Remuneration Committee are independent Directors.

The committees may validly meet on the initiative of their respective Chairman or at the request of the Chairman of the Board of Directors.

Decisions are made by a simple majority vote of their members, and they report on their work at the next Meeting of the Board of Directors.

Before undertaking deliberations on a subject in the area of a committee's competence, the Board of Directors asks the committee for a report on the subject.

The Board of Directors regularly sets up ad hoc committees specifically tasked with examining acquisitions or development matters. The independent Directors in particular appreciate the opportunity to meet with these committees and hear their reports.

AUDIT COMMITTEE

Composition and attendance

In accordance with the AFEP/MEDEF Corporate Governance Code, two thirds of the committee's members are independent and none is a Corporate Officer. Since the Audit Committee was formed on 24 February 2003, its members have always been chosen for their expertise in finance or accounting.

Since 14 April 2016, the Audit Committee's members have been Laurence Danon, Chairwoman, independent Director, Pascaline de Dreuzy, independent Director, and Philippe Marien. Throughout their careers, the members have gained a wealth of experience in corporate management as well as in economics and finance. Their biography is found in section 2.1.3 of this document.

In 2016, the average attendance rate for Directors at Committee Meetings was 100%.

Remit

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

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

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

- the process for preparing financial disclosures. As such, it:
 - examines the individual and consolidated financial statements at least two days before they are presented to the Board,
 - ensures the appropriateness and consistency of the accounting methods adopted to prepare the financial statements,
 - examines changes that may have a material impact on the financial statements,
 - examines the principal estimates, judgements and options for closing the financial statements, as well as the main changes in the scope of consolidation,
 - validates the financial communication items and takes notice of the reaction of the financial markets;

- the effectiveness of the internal control and risk management systems;
- the internal control procedures for the preparation of the financial statements, with the assistance of internal departments and competent advisors,
- the audit of the individual and consolidated financial statements by the Statutory Auditors and the independence of the Statutory Auditors. As such, it:
 - examines in detail the fees paid by the company and the Group to the Statutory Auditors and checks the proportion of these fees in the revenues of each audit firm,
 - directs the procedure for selecting and reappointing the Statutory Auditors,
 - makes a recommendation on the Statutory Auditors proposed to the General Meeting for appointment;
- the reports and recommendations to the Board of Directors on the foregoing matters, not only on a periodic basis and at the balance sheet date, but whenever a noteworthy event occurs.

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

The Committee reports on its work at the next following Meeting of the Board of Directors and informs the Board without delay of any problems it may encounter. The deliberations of the Audit Committee and the information communicated to it are extremely confidential and may not be included in any communication external to the Board of Directors.

Work of the Audit Committee in 2016

The Audit Committee met four times in 2016 and once in the first two months of 2017. Each Meeting was attended by the Executive Vice President, Group Finance and Purchasing, the Director of Accounting, Tax, Treasury and Financing, the Director of Internal Audit and Control, and the Statutory Auditors. Minutes were taken of each Meeting and subsequently sent to the Directors.

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

The Audit Committee also monitored progress in the 2016 Audit Plan, analysed the year-on-year change in the share price, reviewed key lawsuits and financial and legal risks.

REMUNERATION COMMITTEE

Composition and attendance

In accordance with the AFEF/MEDEF Code, the Remuneration Committee is chaired by an independent Director and none of its members is an Executive Director. The Remuneration Committee was created in 1988.

The committee's members are Catherine Dussart, Chairwoman, independent Director, Fanny Chabirand, Director representing the staff, and Philippe Marien. Their biography is found in section 2.1.3 of this document.

In 2016, the average attendance rate for Directors at Committee Meetings was 100%.

Remit of the Remuneration Committee

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

The committee's remit is to:

- propose to the Board of Directors the remuneration for Executive Corporate Officers and the benefits of whatever kind made available to them;
- propose, to this effect, and check each year that the rules for defining the variable portion of the remuneration of executive corporate officers and ensure that the remuneration is commensurate with the assessment of their performance and the company's medium-term strategy;
- make proposals for remuneration and incentive systems for Group executives, and for stock options and performance shares.

Work of the Remuneration Committee in 2016

The Remuneration Committee met three times in 2016 and once during the first two months of 2017. The committee provided the Board with an opinion on setting the remuneration of TF1's Executive Director and his supplementary retirement pension. It also met to review the terms and conditions of the new TF1 performance share and stock option plan granted by the Board of Directors in June 2016. Minutes were taken of each Meeting and sent to the Directors.

SELECTION COMMITTEE

Composition and attendance

The Director Selection Committee was created on 24 February 2003. Since 19 April 2012, its members have been Martin Bouygues, Chairman, and Olivier Roussat. Their biography is found in section 2.1.3 of this document.

In 2016, the average attendance rate for Directors at Committee Meetings was 100%.

Remit of the Selection Committee

The Selection Committee is governed by Internal Procedures that set forth its tasks and duties. These Internal Procedures are regularly modified by the Board of Directors:

The committee's remit is:

- to periodically examine questions concerning the composition, organisation and operation of the Board of Directors and to make recommendations to the Board;
- to examine:
 - possible candidates for directorships, ensuring that the Board of Directors is made up of at least one third of independent persons,
 - plans to create Board committees and proposals concerning their responsibilities and members,
 - all measures to be taken to fill any executive corporate posts that become unexpectedly vacant.

Work of the Selection Committee in 2016

The Selection Committee met once in 2016 and once during the first two months of 2017. The status of independent Director was debated by the Selection Committee and reviewed by the Board of Directors prior to publication of the Annual Report.

The Selection Committee issued its opinion on the composition of the Board of Directors and recommended that the Board submit to the General Meeting held on 14 April 2016 the appointment of Pascaline de Dreuz, a new independent Director, and the reappointment of Janine Langlois-Glandier, Gilles Pélisson and Olivier Roussat as Directors. The minutes of the Selection Committee Meeting are presented to directors.

ETHICS AND CSR COMMITTEE

Composition and attendance

The Ethics and CSR Committee is composed of at least two Directors. It does not include any Executive Director. The Committee's Chairman is an independent Director. A Director may not be appointed to the Ethics and CSR Committee if a corporate officer of TF1 is a member of an analogous committee at a company in which this Director is himself or herself a Corporate Officer.

The Ethics and CSR (Corporate Social Responsibility) Committee was created on 24 July 2014. Since then its members have been Janine Langlois-Glandier, Chairwoman (independent Director), Catherine Dussart (independent Director), and Sophie Leveaux Talamoni, Director representing the staff. Their biography is found in section 2.1.3 of this document.

In 2016, the average attendance rate for Directors at Committee Meetings was 100%.

Remit of the Ethics and CSR Committee

The Selection Committee is governed by Internal Procedures that set forth its tasks and duties. These Internal Procedures are regularly modified by the Board of Directors:

The committee's remit is:

- in the sphere of ethics:
 - to contribute to the definition of a Code of Conduct or rules to guide the behaviour of executives and all employees,
 - to propose or offer an opinion on ways to promote exemplary professional behaviour,
 - to see that the values and Code of Conduct thus defined are followed;
- in the sphere of CSR:
 - to examine at least once a year issues the Group is facing in the areas of environmental, social and societal responsibility,
 - to transmit to the Board an opinion on the CSR report provided for by Article L. 225-102-1 of the French Commercial Code.

To carry out its duties, the Committee can hear from the Chairman of the Board of Directors or another person designated by him. The Committee reports on its work at the next-held Board Meeting.

Work of the Ethics and CSR Committee in 2016

The Ethics and CSR Committee met twice in 2016 and once during the first two months of 2017.

The committee reviewed the key actions and points of the TF1 Group's ethics and Corporate Social Responsibility policy (CSA report for Group channels, the governance system deployed by TF1 Publicité after the incorporation of TMC Régie's sales teams following the expiry of the commitments made as part of the acquisition of TMC and NT1, and significant legal proceedings currently under way).

The committee issued a favourable opinion on the implementation of the changes proposed in compliance programs and the rollout of the Group's Charter of Institutional Relations and the Charter of Professional Conduct for Journalists. It also approved the proposed action plan for 2016.

The committee approved two new initiatives to raise awareness of ethics rules and values (the Ethics Practices Guide and the Letter of Commitment to Compliance Programs from Executives).

PROCEDURES FOR THE PARTICIPATION OF SHAREHOLDERS IN GENERAL MEETINGS

Detailed procedures for the participation of shareholders in the General Meeting are provided in section 8.1 of this document.

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

Matters likely to have an impact in the event of a public offer are addressed in section 6.1.10 of this Document.

2.2.2 CHAIRMAN'S REPORT ON INTERNAL CONTROL PROCEDURES

INTRODUCTION

BACKGROUND

The purpose of this report is to describe the internal control procedures set up by the company. It covers TF1 SA as well as 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. TF1 group is particularly sensitive to internal control issues, particularly in the areas of accounting and finance, where the reliability of information is critically important.

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.

Preparation of this document was coordinated by the Internal Control Division. This report has been subjected to an approval process by the Finance and Purchasing Division (DGAFPA) and the Legal Affairs Division (DAJ). It was also sent to the Statutory Auditors and subsequently presented to the Audit Committee and to the Board for approval.

INTERNAL CONTROL OBJECTIVES AND PRINCIPLES

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

According to that framework, which is compatible with the standards of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) used by TF1 prior to the 2007 financial year, internal control is defined as a system to ensure:

- compliance with laws and regulations;

- enforcement of the instructions and policies of governance bodies;
- proper functioning of the company's internal processes, particularly those concerned with safeguarding assets;
- reliability of financial reporting (details of key controls can be found in the "Application Guide on the 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, such policies and systems cannot provide absolute assurance that objectives will be met, or that the risks to which the Group may be exposed will be fully addressed.

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

ENVIRONMENT AND GENERAL PRINCIPLES OF INTERNAL CONTROL

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, Remuneration Committee, Director Selection Committee and, since 2014, the Ethics and CSR Committee), as described in the section of the Chairman's report on corporate governance, comply with corporate governance rules and are conducive to effective internal control.

The Board, under the authority of its Chairman, determines the company's policies and, with the help of the Audit Committee, ensures that appropriate internal control systems are set up within the Group. Key decisions, such as the acquisition of programmes (sport events rights, contracts with major film studios, etc.) are subject to clear approval processes, with decisions being taken by Executive Management based on recommendations of the different ad hoc committees. The Board of Directors is kept regularly informed. Gilles Pélisson, as Chairman and CEO of TF1, 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 within the Group. In this he is supported by the Executive Committee which comprises the senior executives of TF1 group and meets weekly, as well as the General Management Committee (CODG) which brings together the Directors of each Group division and function and meets monthly. These committees enable him to pass along the key internal control policies and to make executives accountable for implementing and monitoring the internal control systems in their area of responsibility.

Powers are delegated on the basis of guidelines set by the Group to achieve the twin objectives 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 accounting recognition of operations.

Objectives

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

As such, this plan is also a key element of the internal control environment. It is aligned with the business model development objectives identified and defined by the Group with the agreement of the Board of Directors. It defines the objectives in terms of sales levels and costs, as well as the resources, entities and organisation to achieve those objectives.

The process of developing the three-year plan forms part of a structured approach aimed at ensuring that the Group's objectives are appropriate. The initiative is organised by the Group's Performance Management and Management Control Division and Strategy, Development and Transformation Division. The plans from the various TF1 group entities and companies must be approved by the Chairman and are subject to a validation process led by the Finance and Purchasing Division (DGAFA).

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

A strong commitment to Ethics, Compliance and CSR with clearly stated rules and principles

Since October 2009, the Corporate Secretary has also been the Group Ethics Officer. An Ethics and CSR Committee, which reports to the Board of Directors was created on 24 July 2014, and has three Directors, two of whom are independent. The Committee reports on this work to the Board of Directors on a regular basis and on any difficulties that may be encountered in business practices. The Group's ethics policy resulted in the compilation of a Code of Ethics, supplemented by four Compliance Programmes (Competition law, Anti-Corruption, Conflicts of interest and Stock Exchange Law) with the aim of encouraging all employees to adopt a common set of basic ethical values.

The creation of these Ethics and Compliance standards and of an independent supervisory authority shows the importance placed on Business Ethics by TF1 Group. An initial plan for the rollout of this compliance programme was implemented in 2015. In particular, this plan included mapping the Group's ethical and compliance risks, thus giving rise to an employee training plan. In 2016, the Ethics and CSR Committee updated these standards to incorporate regulatory changes and compiled a "Practical Guide to Ethics", filled with examples and recommendations, to provide Group employees with practical guidance so that individuals are able to perform their duties in accordance with the Group's ethical values.

From a corporate and social perspective, the Group also upholds strong values and principles.

- In joining the United Nations' Global Compact in 2006, the Group demonstrated its determination to adopt and promote respect for the principles and values of human rights, environmental protection, labour standards and the fight against corruption. In 2010, TF1 became the first media group to be awarded the Diversity Label, an accreditation given to companies that take affirmative action to promote diversity and prevent discrimination. The award, which is based on stringent criteria and regularly monitored, constitutes formal recognition by an independent body – AFNOR Certification – that TF1's equality-promotion and anti-discrimination procedures are compliant and effective in the fields of hiring, career management, training, communication and relations with customers and service providers. TF1 published its third Diversity Annual Report in 2014, addressing trade unions, staff representatives and employees and assessing the effectiveness of Group efforts with indicators on four key priorities: disability, seniors, gender equality and ethnic diversity. In late 2012, an audit of compliance with Diversity Label specifications confirmed that TF1 had met its commitments. On this topic, TF1 group intends to pursue its active and voluntary approach, in particular, by signing the LGBT (Lesbian, Gay, Bisexual and Transgender) charter in partnership with the Autre Cercle association which is responsible for promoting said charter. TF1, the first media company to sign this charter, thus demonstrated its commitment to diversity and its desire to prevent all forms of discrimination.
- The industry in which TF1 operates is constantly changing, primarily as a result of technological advances. TF1 therefore seeks to maintain a high level of workforce skills through an ambitious programme of recruiting and ongoing training that helps employees keep abreast of operational requirements.
- Furthermore the Bouygues Management Institute regularly organises seminars in which TF1 executives participate. The objective is to encourage managers to reflect on their role, responsibilities and the respect of ethical principles in their daily work, and also to unite Group senior management around common values.

Group-wide system and standards

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

The system is based around two main components:

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

This approach also involved establishing a structured organisation that enables representatives from each business line to meet regularly to organise the monitoring of the system and to adapt it in response to regulatory requirements or when significant complementary principles emerge from assessment campaigns. This common system is regularly supplemented with internal control principles specific to TF1's business and changes in its business model, strategic goals and operating environment.

Work to create and apply a common set of Internal Control principles is closely linked to work on risk mapping, with the two processes reinforcing each other. Since September 2014, Internal Audit, internal control and risk mapping have been brought together in the Audit and Internal Control Division (DACI), helping to improve risk control and management in the Group.

Assessing improvement

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

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

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

The consolidated results of these campaigns are distilled into an aggregate summary by topic, business area and operating entity that serves to alert Executive Management if a deficiency is detected in certain processes and to guide and prioritise action plans. The results are also regularly presented to the TF1 Audit Committee, which reports in turn to the Board.

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

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

New businesses are incorporated in the assessment campaigns in a manner that reflects the gradual introduction of Group-wide processes,

tools and methods to control, steer and oversee activities within these entities. Internal control campaigns show whether these processes have been correctly implemented, in accordance with the deployment policy described above.

In 2016, the assessment campaign primarily focused on all internal control accounting and financial principles, information system management principles and those supporting fraud prevention. The self-assessment covered all entities generating revenue within TF1 group, apart from Newen.

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

INTERNAL DISSEMINATION OF INFORMATION

The Human Relations and CSR Division relies on the Internal Communication team and its various dissemination channels to ensure that staff receive information on the Group and its development.

An intranet portal, updated on a daily basis, helps employees understand the environment in which they and the Group operate. It enables them to obtain information on the Group (organisation, programmes, events, 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 TF1 group or its parent company. It also features portals for each function (Legal, Human Relations, Finance, etc.) designed to improve networking and the dissemination of information. This portal is also linked to the company's HR portal which is designed to support employees and managers in their activities and career paths (training, holidays, performance appraisal interviews etc.)

An in-house video channel, broadcast on TV and PC, is updated on a daily basis and includes news slots and short programmes covering the whole range of Group news. The content, which is produced by the internal communication team, is scheduled to appear on the intranet and video channel so as to reach the maximum number of employees.

In addition, a dedicated forum for sharing information about trade fairs, exhibitions and events was created in June 2015.

Lastly, other ways of passing on and sharing information on trends, topical issues and strategy pertaining to all or part of the Group are one-off conventions and seminars for staff within a given business area or subsidiary and meetings of the Group's 150 senior executives following each quarterly meeting of TF1 group's Board of Directors.

TF1 SA's Technological and IT Division (DTSI), through its Central IT Division (DCSI), 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. The latter are subject to rigorous analysis, monitoring and operation to ensure their availability, integrity, security and compliance with legal obligations.

Work on applications for accounting and financial information is carried out in close cooperation with the Accounting, Tax, Treasury and Finance Division, the Financial Communication and Investor Relations Department and the Performance Management and Management Control Division.

Risk identification and management

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

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

Risk identification

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

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

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

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

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

The main risks and the systems designed to control them are described in section 1.5 of this report, which also describes the Group's policies concerning insurance. Financial market risks (interest rate and foreign exchange risk, etc.) are also covered in note 8 of the consolidated financial statements of this document.

How the risks are managed

The risk management system has three main components:

- a systematic approach to managing operational and functional risks identified and regularly updated under the Group risk mapping process, as it applies to each entity. Entities are responsible for describing, owning and coordinating risk mitigation measures and action plans in relation to internal control and risk mapping;
- a business continuity approach initiated in 2004. This policy is specifically aimed at identifying major risks that could affect day-to-day business. The goal is to develop a system for crisis management purposes and to define the required processes. The initial work on this programme led to the creation of the "Réagir" programme, which seeks to devise and regularly update plans for restoring business-critical processes after an incident. In 2015, extensive tests were conducted with recovery of the TF1 channel from the back-up site, production of a TV newscast and significant advertising slot changes; In 2016, an internal crisis management audit identified measures for improving the system;
- an information systems security approach. For the past several years, the Central IT Division has been working to formalise a Data Security Policy (PSI) to lay down common security standards for the Group. This effort continues on a daily basis as the constant technology advances are factored into security principles and rules. In 2014, security efforts focused more specifically on access control (network and workstations) and on the backup plan for financial IS, HR and advertising invoicing. In 2015, a wide-scale audit of broadcasting continuity and the security of IT operations and TV infrastructures was conducted. Short-term improvement initiatives were implemented (capacity for physical isolation of the master control unit in the event of an attack, speeding up the process for managing obsolete technologies, etc.) and medium-term initiatives were launched (oversight of IS security, data encryption). A plan was implemented to educate all employees about what to do in the event of receiving suspect emails. In 2016, some major achievements included increased security through the classification of sensitive data, the encryption of laptop computers and notebooks used by sensitive groups and the encryption and authentication of certain emails.

In 2016, TF1 looked into setting up an SOC (Security Operation Cockpit) and, after consulting the market, selected a service provider. The SOC has been operational since October 2016. The objective is to permanently monitor our Information Systems so as to easily identify malfunctions in our applications and hardware and take necessary measures to counter cyber attacks.

The SOC, and its operator, are also in charge of observing the web and the dark web to identify traces of cyber threats targeting TF1 and also sharing databases of information on cybercrime trends and updates with various customers.

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 other vital activities.

Purchasing processes

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

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

Sports rights are acquired by the division responsible for sports, usually through calls for tender launched by the rights-holders (federations, rights agencies, etc.). These calls for tender, generally open to all broadcasters, respect European and national regulations (French Sports Code). For the most significant projects, the Board of Directors forms an ad hoc committee responsible for approving the proposals.

TF1 Acquisitions de droits Economic Interest Group, which encompasses all of the Group's channels, and the Programmes and Acquisitions Division (DPA), which is responsible for acquiring rights and optimising their circulation within the Group, buys rights to feature films and series and sells unused rights to third parties in order to optimise inventory management.

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

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

- the Rights Acquisition Division presents an overview of the project characteristics: unit price, number of broadcasts, rights transformation procedures, programming slots in the grids of the ordering parties, rights use period, sub-licensing (where applicable), territory, secondary use, and payment conditions;
- the Artistic Division checks that the programme complies with editorial policy;
- the Programming Division checks that the rights are aligned with the programming schedules of the Group's various channels, as well as with each channel's audience and inventory management targets;
- the Finance and Purchasing Division approves inclusion of the acquisition within the forecast programming cost and investment budget of the Programme Unit, the forecast profitability of the acquisition and the level of inventory, and checks that the purchase price is in line with market prices and that performance clauses have been included.

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

Control of programming and advertising compliance

Programmes broadcast by the Group's channels are subject to control by the CSA under agreements signed by the channels. Consequently, TF1 has set up a Programme Compliance Division which controls programmes before they are aired on these channels. This effort, which in some cases relies on collaboration with the Legal Affairs Division, 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.

Dedicated teams at TF1 Publicité preview all advertising spots for the channels on which they sell space (TF1, TMC, NT1, HD1 and LCI). They also ensure that all the spots have been filed for review and approval for broadcast with the French advertising self-regulatory organisation (ARPP). TF1 Publicité ensures that laws and regulations covering the broadcasting of advertising on the various media are respected and that the advertising complies with regulations and the editorial policy of each medium. Staff at each of the broadcasters sees that the maximum daily and hourly broadcast time for advertising is respected.

Control of broadcasting and other vital company activities

TF1's Technological and IT Division (DTSI) 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 general services.

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

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

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

An external, secure back-up site has been operational since 2001 for broadcasting programmes, producing TV newscasts (TF1) and organising advertising slots for the TF1 channel.

In 2006 this back-up facility was improved when a digital process similar to that used at the main broadcasting facility was installed at

a new external site. This installation and the associated procedures make it possible, if necessary, to switch over from the main site with no noticeable interruption of programmes. In 2008 all back-up resources were amalgamated at this single new external site.

As part of the major revamp of the TMC and NT1 broadcasting facilities in Monaco in December 2014, a real-time, high-availability back-up system using technologies similar to those in Monaco and those used by the other Group channels was installed at the TF1 back-up site. Thus, TV viewers should not be affected by the temporary unavailability of the Monaco 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 periodically so that the system can be adjusted 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.

Faced with increased cyber and terrorism risks, TF1 now employs the services of a specialist television broadcasting company so that the TF1 channel can continue to be broadcast from a third party site with no interruption, in the event of its main broadcasting system being subject to a cyber attack. Should an attack reach, damage or destroy TF1's infrastructures, the service provider could broadcast the channel independently, following the scheduling planned by TF1 staff, for 24 to 48 hours (apart from some live broadcasts).

CONTROL ACTIVITIES

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

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

Finance and Purchasing Division (DGAFa)

The DGAFa comprises the Group's financial departments and performs a control function through cross-Group procedures, methods and principles that it implements throughout the Group.

Audit and Internal Control Division (DACI)

TF1 group's Internal Audit Division conducts financial, operational and organisational audits in the Group's entities. Excluded from its remit are audits of the reliability, security and operation of the information systems, which are performed by the Bouygues group's Central Audit Department.

All of these audits are conducted according to an annual plan approved by Executive Management and TF1 group's Audit Committee. Progress in the plan and the principal conclusions and recommendations of audits already carried out are presented at the quarterly Meetings of the Audit Committee.

Audits are performed according to a strict methodology aimed at Meeting the standards of the *IFACI (Institut Français de l'Audit et du Contrôle Interne)*. The audit report is prepared containing recommendations that are systematically incorporated in an action plan drawn up by the entity audited, and monitored by the Audit Department.

In addition to carrying out the annual audit plan approved by Executive Management and the Audit Committee, the DACI is responsible for Internal Control and Risk Management. It alerts Executive Management to risks and seeks to give it the means to prioritise action plans. The DACI sees that all risks have been identified and notified to the Executive Management and that the relevance of the major risks presented to the Audit Committee and the Board of Directors is clear. It consolidates the main results of the internal control campaigns and provides a summary to the Group's governance bodies. It also ensures that uniform methods are used throughout the Group.

Accounting, Tax, Treasury and Finance Division (DCFTF)

The DCFTF is responsible for applying the Group's accounting principles across all TF1 group entities. It includes the TF1 SA Accounting Departments and those of its main subsidiaries, shared Accounting Departments (including in particular accounts payable) and the Consolidation Department. It also provides functional supervision to some of its subsidiaries' accounting staff. The DCFTF is responsible for ensuring 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. It ensures that the processes used to collect and process financial information are reliable and that accounting methods are appropriate and stable. It ensures that this information is supplied in the correct format and in a sufficiently timely manner for effective use.

The DCFTF is also in charge of processing and monitoring invoices received from Group suppliers, as well as payments issued by Group entities, in accordance with payment deadlines and internal Group payment authorization procedures, in particular, the separation of authorization, validation and payment functions (see below).

The DCFTF is also responsible for all tax and regulatory reporting requirements for Group entities. It ensures the reliability of the information reported and the resulting tax calculations, as well as settlement within the deadlines set.

It helps to coordinate and constantly update the teams by drafting and disseminating accounting, taxation and internal control rules, procedures and methods applicable throughout the Group.

Its Treasury and Finance unit is responsible for monitoring all the financial resources of TF1 group.

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

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

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

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

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

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

In addition, Treasury and Finance, with the support of the Investor Relations Department (see below) and in conjunction with the Strategy, Development and Transformation Division, prepares a dossier every year for Standard and Poor's, the credit rating agency that rates TF1 group. This dossier contains market information and data about the medium-term financial performances of Group entities as validated by the Board of Directors in the three-year plan, updated based on the year-end financial statement.

Financial Support & Purchasing Division (DAFA)

The Financial Support & Purchasing Division, set up when the Purchasing and Finance Division was reorganised in March 2016, combines all the non-governing duties of the DGAF: Financial Communication and Investor Relations on the one hand, Ex-rights Purchasing on the other,

as well as the Skills, Tools & Projects Centre, the Missions Department as well as the Copyright Receipts and Repayments Management Unit.

All of these operations fall within the remit of the functional support that the Group Finance Division offers to all Operational Divisions.

Skills, Tools & Projects Centre

The DGAFA has a Skills, Tools & Projects Centre within its Financial Support & Purchasing Division that is responsible for coordinating its information system, which mainly consists of the financial modules of the SAP package, and for supporting the ongoing transformation of the DGAFA's operating processes and methods by improving these tools:

- a Projects Unit to operate, maintain and develop all the applications making up the Finance-Purchasing information system, including SAP, and coordinating the definition of the IT master plan for Finance-Purchasing, as well as monitoring its implementation;
- an SAP Transactional Data Management Unit (CRT), in charge of managing the Financial Information System repository databases, approving access rights, and strengthening the internal control over accounting and finance activities in the use of these applications.

Support and Performance Unit

The DGAFA also has a cross-functional structure in place, reporting to the DAFA, whose main remit is to measure the efficiency and improvement of the Group's financial processes. This structure is responsible for supporting employees through the ongoing transformation of all DGAFA entity operating processes and methods.

The Financial Communication and Investor Relations Department

Through press releases, press conferences on financial statements or other financial information, news published on the Group's website (www.groupe-tf1.fr/en) and regular Meetings with financial analysts, the Financial Communication and Investor Relations Department ensures that the market and the financial community are kept continuously and comprehensively abreast of the company's latest news and financial position.

This department is always listening to shareholders, investors and analysts.

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

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

The Financial Communication and Investor Relations Department also supports the Finance and Treasury Division with its yearly preparation of a dossier for Standard and Poor's, the credit rating agency that rates TF1 group.

Group Purchasing Division (excluding audiovisual rights)

Through the standardisation of its purchasing processes and resulting purchasing contracts, TF1 optimises and secures its procurement (tangible, intangible and services) and the financial terms and conditions

for their purchase and guarantees the continuity and quality of service through insurance taken out by its suppliers.

It relies as much as possible on framework contracts and suppliers approved at TF1 group level, as this cross-functional approach provides economies of scale and ensures more efficient management of the purchasing processes and relations with suppliers.

The TF1 Purchasing Division is tasked with optimising the performance of purchasing processes cross-functionally, in line with the Purchasing Charter drawn up by the Bouygues group and through a TF1 group purchasing policy based on six key components:

- a clear and objective purchasing process: supplier offers are reviewed on the basis of the comprehensible and objective criteria established in each individual specification in calls for tender. Purchasing decisions are documented and clearly justified;
- global management of supplier relations: the Purchasing Department is the unique entry point for suppliers, excluding audiovisual rights, at TF1 group;
- a Responsible Purchasing policy: CSR criteria form an integral part of the supplier assessment and selection process. Consequently, TF1 incorporates a CSR questionnaire into each call for tender and has its main suppliers assessed by an independent body (Ecovadis). In this regard, since January 2012, TF1 group has been a signatory of the Responsible Supplier Relations Charter, comprising ten commitments aimed at building balanced and sustainable relationships between the major companies that are signatories of the charter and their suppliers. By signing this charter, TF1 is demonstrating its desire to apply the best practices described and to establish a climate of mutual trust with its suppliers. In addition, TF1 includes clauses on sustainable development and diversity in its purchasing contracts and its general terms and conditions of purchase, and encourages increased use of the sheltered sector. Lastly, in 2016, the Purchasing Division rewrote its Purchasing and CSR Policy which can be consulted on the TF1 Corporate website: "Our Responsible purchasing commitments"; this was an opportunity to reiterate the main principles of the Group's responsible purchasing policy;
- ethics: the purchasing policy is secure and TF1 is mindful of any conflicts of interest that may arise during calls for tender. Particular attention is paid to the reciprocal respect of contractual commitments with our suppliers in line with the "Responsible Supplier Relations" label and charter;
- the implementation of framework contracts at TF1 group level, notably through the formation of technical partnerships with strategic suppliers;
- securing supply, assessing economic dependency risks and social risks, and validating the respect of prevailing regulations, insurance policies, etc.

Group Performance Management and Management Control Division (DPPOG)

Based on the Board-approved budget, the DPPOG ensures that the short-term milestones under the Group's objectives are met, notably through:

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

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

Since 2015, within the context of month-end closings, the DPPCG and the Accounting, Tax, Treasury and Finance Division have jointly ensured that all income and expense items for the period are properly attributed, either by having teams share information or during Meetings on the closing options. Furthermore, the fact that the source of the financial information generated by the management reporting process and the source of the information produced by the accounting system are shared in an ERP tool means that the data produced is consistent. An audit is, however, still carried out at each closing;

- two updates to adjust estimates of year-end results and to re-orient action plans in line with the objectives set;
- rolling forecasting to make updates of the impact that events and ongoing projects will have on end-of-year financial statements;
- monthly operational indicators reflecting short-term management objectives for the various businesses and designed to support action plans. This set of indicators constitutes the Group's Management cockpit used to measure performance. This approach promotes a common and shared understanding of challenges and circumstances and the development of cross-cutting solutions. It has been introduced in most subsidiaries. These indicators can be used to track all existing dimensions of performance at all levels of operational responsibility;
- a weekly dashboard analysing the actual and short-term forecast programming margin of the TF1 – TMC – NT1 – HD1 – LCI channels (since September 2016). Margins are also studied and analysed, on a regular basis, by broadcast, time of day or hourly slot so that action plans can be devised.

Strategy, Development and Transformation Division (DSDT)

TF1 group's Strategy, Development and Transformation Division is responsible for conducting strategic studies and making acquisitions, for compiling business plans, monitoring the Group's financial investments and managing the "OneTransfo" transformation plan in conjunction with Executive Management and members of the Executive Committee.

Monitoring

Trends analysis data is used in strategic studies and enables structural projects to be linked to changes experienced within our environment – mainstream, brands/advertisers/agencies, production and media players, operators, digital players.

Transformation plan

The "OneTransfo" plan launched in March 2016 by Gilles Pélisson focuses on two areas. The first, "Preparing for the future" aims to develop revenue from existing business as well as sourcing new revenue streams. The second, "Reinventing ourselves", must enable the Group to become simpler and more agile. The plan breaks down into six initiatives each of which comprises 24 projects led by operational managers and

their teams, under the guidance of their respective Executive Committee members.

The weekly "OneTransfo" Committee Meeting steers the progress made by the individual initiatives. Feedback is given on a regular basis to management bodies and an internal communication tool relays key messages to employees.

Business plan

Strategic planning is based on an analysis of market developments, usages and the competitive environment, as well as the risk mapping approach.

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

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

A three-year plan is prepared by each company and/or entity, with proactive support from Management, guaranteeing consistent and uniform preparation of the business plan.

The first year of the strategic plan is the budget and represents a firm commitment to senior Group management on the part of the heads of the various entities. The Group Finance and Purchasing Division is responsible for tracking the implementation of this budget.

The plan is approved by the Board of Directors on a yearly basis.

Throughout the year, Management supports all the businesses in their long-term thinking so as to ensure that the plan that has been constructed is actually implemented.

Governance

The strategy committee meets on a monthly basis and reviews key business indicators and strategic, partnership, development and transformation issues.

Monthly Commitment Committees drive rapid decision-making on acquisitions, monitor the progress of ongoing issues and steer negotiations entered into by specific teams.

The Commitment Committee brings together Executive Management, the Executive Vice President, Finance and Purchasing, the Legal Affairs Director, the Vice President, Strategy, Development and Transformation, the Vice President, Innovation and Digital, the Executive Vice President, Content, as well as the Executive Vice President, Advertising & Diversification.

Managing holdings

An Equity Investment Division, reporting to the Strategy, Development and Transformation Division, monitors holdings on a regular basis, with support from financial, legal and operational divisions.

Twice a year, an Investment Committee reports on historical and new holdings in line with strategic priorities (digital and production), those relating to open innovation and to "media for equity" investments. It also ensures optimum economic collaboration between these holdings and the Group's operational entities.

Human Resources and CSR Division (DGARGH & CSR)

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

It monitors compliance with the French Labour Code and changes in labour policy in conjunction with the various employee representative bodies. It also coordinates the Group's professional training, which has the objective of developing the technical, interpersonal and managerial skills required in the exercise of each employee's responsibilities. TF1 cares about developing the skills of its staff and encourages job mobility between Group companies and divisions.

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 Executive Management. Replacement tables for the top 50 senior executives are regularly updated. Any request to hire or promote a permanent employee is subject to a formal approval procedure.

To disseminate best practices in the field of diversity to all TF1 group companies and employees, two training programmes were launched. The first, introduced in 2010, was aimed at the 400 key managers; the other, which was started in 2011, was for 400 journalists, technicians and programme advisers who contribute to ensuring that diversity is well represented on-screen. These two programmes were completed in 2012, with a total of more than a thousand employees receiving training. Both new hires and promoted staff now have the benefit of these programmes. Finally, the second three-year disability agreement (2011-2013), accredited by DIRRECTE, included the ambitious target of recruiting 27 employees with disabilities onto either permanent contracts or fixed-term contracts of more than six months. This target was exceeded and a third three-year agreement (2014-2017) was signed in June 2014.

General Counsel's Department and Legal Affairs Division

The General Counsel's Department of the Group leads and coordinates the following two functions:

- the General Counsel's Department, directly responsible for:
 - monitoring relations with external bodies and authorities (such as the French broadcasting regulatory authority (CSA), the French Competition Authority, government and parliament, and the European Commission) in conjunction with the Institutional Relations and Regulatory Affairs Division,
 - monitoring laws, rules and decrees concerning the audiovisual sector,
 - monitoring compliance with regulatory requirements (in connection with production-related obligations, CSA reporting, the French Competition Authority, business combinations, abuse of dominant position and cartels, etc.),
 - managing the relationship with interbranch organisations in the audiovisual sector (SACD, USPA, etc.) and major branch-level agreements (broadcasting, production),

- major business combination transactions which contributed to the Group's structure, with the competent authorities (notably the takeover of TMC and NT1),
- providing support to all Group pay channels in their contractual relations with the main pay-per-view distributors and ISPs and dealing with administrative procedures with the French broadcasting regulatory authority (CSA) and the French Competition Authority,
- monitoring compliance with the Code of Ethics and the observance of personal and professional ethics and compliance,
- relations with the Group's Ethics and CSR Committee;
- the Legal Affairs Division (DAJ), responsible for:
 - determining the contractual policy and supervising its enforcement within the Group, and in general, monitoring the negotiations of the main acquisition, distribution and sales contracts for the Group for compliance with governance guidelines,
 - monitoring the various aspects of company law (including secretarial work requirements for Board Meetings and General Meetings) and legal aspects of business developments within the Group,
 - legal affairs and the monitoring of court proceedings and litigation. Legal risks and litigation are closely coordinated with the Finance and Purchasing Division (DGAFA) to ensure that they are properly reflected in the financial statements,
 - the management of intellectual property rights (rights, brands and domain names), protection against piracy,
 - protection of personal data and its free movement, so as to be in a position to comply with the new European legal framework coming into force in May 2018.
 - risk management, insurance and property matters. the Legal Affairs Division ensures that the terms and conditions of coverage are appropriate and that premiums and deductibles are in line with the risks to which the Group is exposed.

For several years, the General Counsel's Department 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 contractual policy and standard contract models for all recurring commitments. Furthermore, the Legal Affairs Division pays particular attention to optimising and conserving the insurance policies signed by TF1 and its subsidiaries so as to be covered against 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 TF1 group's expertise and in compliance with shareholder agreements.

MONITORING SYSTEMS

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

Audit Committee

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

Before submitting presentations to the Board of Directors, the committee examines the quarterly, half-yearly and annual financial statements 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 financial statements and verify the rules of procedure for the collection and control of the information used.

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

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

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

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

The Statutory Auditors' role is to ensure the fair presentation of the company's results and both its financial and asset positions 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

Internal Audit is an analysis, control and information tool for Executive Management, managers 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 Internal Control, and in addition to the latter's assessments. It thereby contributes to raising employee awareness on internal control principles.

In addition, Internal Audit actively monitors best practices in control implemented within the Group.

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 information.

FINANCIAL INFORMATION SYSTEMS

The Central IT Division (DCSI) works closely with the DGAFSA, notably through the Skills, Tools & Projects Centre, to deploy and supervise 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 (PSI), the Group has set up systems integrating technical firewalls against attacks from outside (notably an anti-virus emergency plan and regular anti-hacking tests).

In addition, TF1 group implements on a yearly basis a process to make the key technical, legal, financial and human resources managers aware of data security and the systems they will need to use.

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

The Group's SAP ERP tool is aimed at facilitating and streamlining the preparation of information while optimising processes in the areas of human resources, finance, and purchasing.

This ERP is based on the principle of a unique record of operations necessary for financial information and guarantees the control of commitments and payments through:

- systematic and centralised control by the Skills, Tools & Projects Centre (CRT team):
 - of access to SAP on the basis of an end-user role incompatibility matrix. This control is applied every time an access creation or modification request is made or when employees leave/change,
 - validation cycles for purchase orders, based on internal control rules established within the context of the Core Finance Model;
- the creation and management of centralised databases (suppliers, items) by the Skills, Tools & Projects Centre;
- the approval cycle for commitments, pre-defined in the IT application and limited to authorised persons;
- the recording of invoices reflecting the commitments duly approved by the system using an incoming invoice scanning and video coding platform and management of reconciliation between invoices and approved orders.

This management tool was rounded out with a system for pooling the management of supplier invoices. This is ensuring a stricter separation of the tasks of checking invoices received, processing their payment, and approving their payment.

This management tool is complemented and/or fed by several applications that respond to different business needs of the Group, such as the system dedicated to the processes for monitoring contracts on the acquisition and management of broadcasting rights. The Core Finance Model and internal control rules are applied in these business tools in the same way as in the ERP.

Payments made by Group entities are issued from SAP and are subject to multiple validations, with a double signature required according to the signing authority established and updated on a regular basis. All the Group's means of payment are subject to security procedures, including post-clearing checks, which were recently reviewed and reinforced. These are supplemented by daily bank account checks and by formal monthly bank reconciliations.

PROCESS FOR PREPARING AND CONSOLIDATING FINANCIAL STATEMENTS

The Accounting, Tax, Treasury and Finance Division (DCFTF) 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 parent company and consolidated financial statements of TF1 group.

The tools and processes up-stream of the closing of the financial statements 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 closing TF1's financial statements

Each quarter, all Group companies prepare interim financial statements under IFRS using a structured process and a predetermined timetable.

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

The Accounting, Tax, Treasury and Finance Division (DCFTF) monitors the process used to assess assets in the Group's financial statements. In the case of goodwill and securities recorded on the balance sheet, it identifies impairment indicators for intangible assets and, where necessary, writes down the assets concerned. This is done whenever necessary and at least once a year, based on information provided by the Strategy, Development and Transformation Division and various operational entities, using the impairment test procedure described in the notes to the Group's financial statements. The value of other assets, such as audiovisual rights, is assessed using criteria which are also described in the notes to the Group's financial statements. This process and its results are validated together with the Statutory Auditors and presented to the Audit Committee.

Provisions for litigation and other risks are established based on a risk analysis conducted in consultation with the Finance and Purchasing Division (DGAF), the General Counsel's Department, the Legal Affairs Division, the Human Resources and CSR Division and the relevant operational and functional divisions.

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.

At year-end closing, off-balance sheet commitments (guarantees given and received by the Group, reciprocal commitments such as rental, lease and image transmission contracts) are subject to stringent procedures governing establishment, authorisation, monitoring and assessment in every Group entity. Commitments made to secure programming are described in the notes in the sections that deal with the relevant balance sheet items. They are covered by specific negotiation and authorisation procedures involving the Programmes and Acquisitions Division (DPA), the Broadcasting Division and the DGAF, and are also subject to assessment procedures carried out by the DPA under the DGAF's supervision.

Month-end closings are also conducted in SAP to secure and supplement the management data prepared within the context of Group reporting.

Consolidation process

The Consolidation Department consolidates the financial statements of 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.

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

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

PROCESS FOR VALIDATING THE FINANCIAL STATEMENTS

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

At 31 December of each year, the financial statements of TF1 and all its subsidiaries are subject to an external audit by the Statutory Auditors. The consolidated financial statements for interim periods are given limited review based on a review of the financial statements of the Group's main subsidiaries.

Before presentation 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's financial statements are presented to and approved 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, Group Finance and Purchasing, the Corporate Communication Division and staff of the Financial Communication & Investor Relations Department.

This department helps the operational divisions to prepare the business and financial reports of TF1 and its subsidiaries that are presented to the Board of Directors, according to a structured process and in compliance with financial disclosure requirements.

Prior to distribution, the documents are inspected and approved by the Legal Affairs, Human Resources and CSR, Communication and Finance and Purchasing Divisions. Quarterly press releases are approved by the Audit Committee and the Board of Directors.

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

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

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

Corporate Social Responsibility information contained in the document is also reviewed by an independent third party organisation, in accordance with the implementation decree of Article 225 of the Grenelle 2 Act.

Each subject to be communicated is accompanied by an explanation approved by Executive 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 is put on line on the www.groupe-tf1.fr/en website upon publication. However, anyone wishing to receive

information by post may request it from the Financial Communication & Investor Relations Department, which will send it free of charge;

- regulated information is disseminated in accordance with the European Directive on "Transparency" via a primary information provider that relays information to press agencies and media companies;
- meetings with analysts are broadcast live and in full on the Internet or by telephone, with no access restrictions. A recording of these meetings is posted on the Group's website;
- two people from TF1 group generally attend meetings held abroad and talks with market participants to ensure that accurate information is delivered with strictly equal access. Any documents presented at these Meetings are published promptly on the www.groupe-tf1.fr/en website.

CONCLUSION AND OUTLOOK

Throughout 2016, TF1 group continued to reorganise its processes to make them more efficient and flexible and achieve greater cross-functionality among the Group's entities.

The Group conducted a new campaign in 2016 to assess the application of internal control principles across a broader representative scope. The attendance rate was very satisfactory, and the campaign confirmed that there were no major internal control shortcomings or problems. The Group also continued the effort to update and enhance its internal control system by identifying best practices for its various businesses and proprietary risks.

TF1 also pursued its risk mapping activities in 2016 by updating, reassessing and prioritising the risks identified in previous years. New risks that could potentially affect the Group's ability to achieve its medium-term strategic goals were taken on Board, and the management of action plans was incorporated into the company's management cycle.

The Audit Committee was regularly informed of these activities.

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

2.3 REPORT ON 2016 REMUNERATION

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

This chapter contains the reports required by the French Commercial Code and the tables recommended in:

- the AFEP/MEDEF Code of Corporate Governance as revised in November 2016, application of which is overseen by the High Committee on Corporate Governance;

- the AMF Recommendation of 22 December 2008 as amended on 10 December 2009, on directors' remuneration disclosures to be included in the registration documents of listed companies.

2.3.1 REMUNERATION OF EXECUTIVE OFFICERS AND CORPORATE OFFICERS

PRINCIPLES AND RULES FOR DETERMINING THE REMUNERATION OF THE EXECUTIVE OFFICER

General preliminary remarks

- the Executive Officer holds an employment contract with Bouygues SA;
- the Board of Directors has not granted the Executive Officer any entitlement to compensation for assumption, cessation or change of office, or for any non-competition undertaking in the event that he leaves the company;
- he has not been granted any deferred annual variable remuneration, multi-year variable remuneration or exceptional remuneration;
- the total remuneration of the Executive Officer takes into account the existence of a capped supplementary pension and the fact that he has not been granted any entitlement to compensation of the type mentioned above;
- other than directors' fees (see Table 2 below), the Executive Officer does not receive any remuneration from any subsidiary of the Bouygues group;
- on 19 February 2016, Gilles Pélisson took office as Executive Officer, replacing Nonce Paolini;
- the principles governing the remuneration of the Executive Officer are exactly the same for Gilles Pélisson as they were for Nonce Paolini.

Role of the Board of Directors

The Board of Directors determines the criteria for awarding the variable portion of remuneration, and the overall amount of remuneration, to be paid to the Executive Officer of TF1. Before doing so, the Board consults the Remuneration Committee, which takes into account AFEP/MEDEF recommendations on the remuneration of executive officers of listed companies.

The remuneration determined by the Board of Directors is in line with the general interests of the company. Three factors are taken into account:

- the company's performance: the Board took the view that the remuneration should be commensurate with the work done and outcomes achieved in a highly complex economic, regulatory and competitive environment;

- stock market performance: the remuneration should reflect the company's performance on the stock market, in particular trends in its average share price;
- sector and intra-group comparisons: the remuneration is benchmarked against that awarded to other media sector executives in France and the rest of Europe, and is based on rules that are applied consistently across the Bouygues group's business lines.

This remuneration and the associated social security charges are paid to the Executive Officer by Bouygues (which employs him) and then re-invoiced to TF1. Each year, the TF1 Board of Directors authorises the re-invoicing of this remuneration.

FIXED REMUNERATION

The Executive Officer's fixed remuneration is reviewed annually by the TF1 Board of Directors, in accordance with Article L. 225-53 of the French Commercial Code, after taking advice from the Remuneration Committee. Fixed remuneration is determined in line with the general interests of the company, and takes into account the following factors:

- the level and complexity of the Executive Officer's responsibilities;
- his experience in the post;
- his length of service with the Group;
- practices followed by the Group or by companies carrying on comparable businesses.

For 2016, Nonce Paolini's fixed remuneration was €383,333.

For 2016, Gilles Pélisson's fixed remuneration was €920,000, of which €122,666 was in his capacity as an employee and €797,334 in his capacity as Executive Officer with effect from 19 February 2016.

BENEFITS IN KIND

Benefits in kind consist of the use of a company car and the part-time assignment of a personal assistant and a chauffeur/bodyguard for the personal needs of the Executive Officer.

Those benefits have been valued at €2,098 for Nonce Paolini (Executive Officer until 18 February 2016) and at €6,220 for Gilles Pélisson (Executive Officer since 19 February 2016).

VARIABLE REMUNERATION

General policy on variable remuneration

The criteria for determining variable remuneration were adjusted by the Board in February 2007, and again in 2010, in light of AFEP/MEDEF recommendations.

The variable component is an integral part of the remuneration not only of the Executive Officer, but also of other executives.

Within the TF1 group, employees at and above department head level are also eligible for variable remuneration, which is paid annually in March in respect of the previous year on the basis of collective and individual criteria, both quantitative and qualitative.

The variable remuneration percentage rate increases in line with the employee's level of responsibility.

General description of the method used to determine the Executive Officer's variable remuneration

An objective is defined for each criterion.

Those objectives are precisely defined, but are not disclosed for confidentiality reasons.

When an objective is attained, a variable portion corresponding to a percentage of fixed remuneration is awarded. If all five objectives are attained, the sum total of the five variable portions equals the overall cap of 150%, which the variable remuneration of the Executive Officer cannot exceed.

If an objective is exceeded or not attained, the variable portion is adjusted on a straight line basis within a specified range: the variable portion is subject to an upper limit, and is reduced to zero below a specified threshold. In any event, the sum total of the five variable portions calculated on this basis cannot under any circumstances exceed the overall cap, which for the Executive Officer is set at 150% of his fixed remuneration.

No deferred annual or multi-year variable remuneration is awarded to the Executive Officer.

The five criteria used to determine the variable portion

On the advice of the Remuneration Committee, since 2010 a greater weight has been attached to qualitative criteria in the case of the Executive Officer, on the grounds that his performance must be measured by more than just financial results.

In accordance with the principles and rules for determining the remuneration paid to salaried directors of Bouygues, the Executive Officer's gross variable remuneration for 2016 is based on the performances of the TF1 and Bouygues groups, measured on the basis of significant economic indicators that are stable and relevant over the long term:

■ quantitative:

- criterion P1: change in “consolidated net profit attributable to the Group” for Bouygues (30% of fixed remuneration when the objective is met; captures the financial performances of the entire Bouygues group),
- criterion P2: variance in TF1 current operating margin relative to the business plan (10% of fixed remuneration when the objective is met; gives the Executive Officer an incentive to improve the financial performances of the TF1 group),

- criterion P3: variance in “consolidated net profit attributable to the Group” for TF1 relative to the business plan (25% of fixed remuneration when the objective is met; rewards the Executive Officer for Meeting budget commitments),

- criterion P4: year-on-year change in “consolidated net profit attributable to the Group” for TF1 (35% of fixed remuneration when the objective is met; captures growth performance relative to the previous financial year);

■ qualitative:

- criterion P5: this criterion comprises four qualitative sub-criteria (50% of fixed remuneration when the objectives are met).

In 2014, the Remuneration Committee decided that a Corporate Social Responsibility (CSR) criterion would be added to the qualitative criteria.

This criterion was applied again in 2016, but was extended; it now requires that TF1 retain its place in four non-financial CSR indices, as opposed to three previously. During 2016, the TF1 group retained its place in four such indices (DJSI, Ethibel, Gaia and Oekom).

Starting in 2017, the Remuneration Committee has decided that if none of the P2, P3 or P4 components were to be payable, the total amount of the P1 and P5 components would be capped at 75% of fixed remuneration, i.e. half of the overall cap of 150%.

Overall cap

The overall cap for variable remuneration is set at 150% of fixed remuneration.

Nonce Paolini, who held office as Executive Officer until 18 February 2016, received no variable component as part of his remuneration for 2016.

The variable portion of the remuneration awarded for 2016 to Gilles Pélisson, who has held office as Executive Officer since 19 February 2016, amounts to €510,232 (55.5% of his fixed remuneration) because Gilles Pélisson voluntarily waived 50% of his variable compensation as determined using the specified criteria (€1,062,232).

As a percentage of his fixed remuneration, Nonce Paolini's annual variable remuneration in past years has been as follows:

- in 2009, 73%;
- in 2010, 150%;
- in 2011, 102%;
- in 2012, 50%;
- in 2013, 111%;
- in 2014, 150%;
- in 2015, 119%.

EXCEPTIONAL REMUNERATION

In exceptional circumstances, the Board of Directors reserves the right, after taking advice from the Remuneration Committee, to award an exceptional bonus.

No exceptional remuneration was awarded to Nonce Paolini for 2016.

No exceptional remuneration was awarded to Gilles Pélisson for 2016.

DIRECTORS' FEES

The Executive Officer receives and retains directors' fees paid by Bouygues, Bouygues Telecom and TF1.

STOCK OPTIONS AND PERFORMANCE SHARES

The Bouygues Board of Directors may award the Executive Officer, in connection with the office he holds at Bouygues, options giving entitlement to subscribe for new Bouygues shares.

Nonce Paolini has not been awarded any options to purchase or subscribe for TF1 shares since 2010.

In connection with the office he holds at Bouygues, Gilles Pélisson received during 2016 options giving entitlement to subscribe for new Bouygues shares; those options were awarded on 30 May 2016 following a decision taken by the Bouygues Board of Directors on 12 May 2016.

COMPENSATION FOR ASSUMPTION, CESSATION OR CHANGE OF OFFICE

The Executive Officer is not entitled to compensation or benefits due or potentially due as a result of cessation or change in office, or to any indemnity relating to a non-competition clause.

The Bouygues group and its subsidiaries have not made any commitment or promise regarding the payment of severance benefits to any salaried director. Although not a severance benefit as such, in the event of termination of the employment contract of a director who is an employee of Bouygues SA, that director would be entitled under the relevant collective agreement (in the case of Bouygues SA, the collective agreement for managers in the building industry in the Paris region) to compensation equal to approximately one year's salary.

The TF1 Board of Directors officially confirmed on 18 February 2014 that any such compensation would be re-invoiced to TF1 on a pro rata basis for the number of years of service as an employee or corporate officer of the TF1 group.

SUPPLEMENTARY PENSION OF NONCE PAOLINI, CHAIRMAN AND CHIEF EXECUTIVE OFFICER UNTIL 18 FEBRUARY 2016

Under a policy governed by the French Insurance Code, Bouygues offers the members of its Group Management Committee a supplementary pension scheme giving entitlement to an annual pension set at 0.92% of the reference salary (average of the three best years) for each year of scheme membership, subject to a cap set at eight times the annual upper limit for social security contributions; the 2016 value of the cap is €308,928, or about 33% of the Executive Officer's fixed remuneration.

This pension scheme is closed, and membership is obligatory. Nonce Paolini was a member of the Bouygues Group Management Committee.

Entitlement to this supplementary pension scheme is acquired only after ten years' service with the Bouygues group and is contingent on the beneficiary still being with the Group at the date of retirement. The Bouygues group is not required to set aside provisions for this supplementary pension, which is provided via an insurance policy with an insurer from outside the Group. This annual supplementary pension has been submitted for approval under the procedure on related party agreements.

The supplementary pension expense for 2016, and the associated social security charges, were re-invoiced by Bouygues to TF1 under the related party agreement with Bouygues as authorised by the Board of Directors on 29 October 2014 and approved by the Annual General Meeting on 14 April 2016.

DEPARTURE OF NONCE PAOLINI

Nonce Paolini ceased to hold office as Chairman and Chief Executive Officer of TF1 with effect from 19 February 2016.

In accordance with AMF recommendation no. 2012-02, TF1 is disclosing the financial terms of his departure from the TF1 group.

For the year ended 31 December 2016, he was paid remuneration of €383,333, representing the fixed portion of his remuneration up to the end of May 2016. No variable component was added to this fixed remuneration.

Nonce Paolini was not awarded any stock options or performance shares by the TF1 Board of Directors during 2016.

The TF1 Board of Directors did not award Nonce Paolini any severance payment or non-competition indemnity. Following payment of the retirement benefits stipulated in the collective agreement that governs the employment contract between Bouygues and Nonce Paolini, and with Bouygues and TF1 having agreed to split those benefits in proportion to the time he spent working in each of the two companies, Bouygues invoiced TF1 the sum of €1,314,992.10.

Nonce Paolini receives a supplementary pension of €186,700 a year. In accordance with the AFEP-MEDEF Code, that amount does not exceed 45% of the reference income.

The TF1 group did not record any provisions for this supplementary pension, which is provided via an insurance policy with an insurer from outside the Group.

ANNUAL GENERAL MEETING OF 14 APRIL 2016 - SAY ON PAY

The Annual General Meeting held on 14 April 2016 expressed a favourable opinion on the remuneration package awarded to Nonce Paolini in respect of the 2015 financial year (11th resolution, passed with 95.54% of votes in favour).

SUMMARY OF THE EXECUTIVE OFFICER'S REMUNERATION IN RESPECT OF THE 2016 FINANCIAL YEAR

No remuneration other than that mentioned in the table below was paid to the Executive Officer by the TF1 and Bouygues groups.

TABLE 1 – SUMMARY OF REMUNERATION, OPTIONS AND SHARES AWARDED TO THE EXECUTIVE OFFICER

Nonce Paolini – Chairman and CEO until 18/02/2016 (€)	2016	2015
Remuneration payable for the year (details in Table 2)	405,903	2,072,644
Value of options awarded during the year (details in Table 4)	0	431,906
Value of performance shares awarded during the year (details in Table 6)	-	-
TOTAL	405,903	2,504,550
Change		

TABLE 2 – REMUNERATION OF THE EXECUTIVE OFFICER

Nonce Paolini – until 18/02/2016 (€)	2016		2015	
	Gross amounts due before taxes	Gross amounts paid before taxes	Gross amounts due before taxes	Gross amounts paid before taxes
Fixed remuneration	383,333	383,333	920,000	920,000
Change	-	-	=	=
Variable remuneration	-	-	1,380,000	1,092,500
Change	-	-		-20.8%
% Variable/Fixed	-	-		119%
Cap	-	-		150%
Other remuneration ⁽¹⁾	-	-	-	-
Directors' fees ⁽²⁾	20,472	20,472	56,000	55,107
Benefits in kind	2,098	2,098	5,037	5,037
TOTAL	405,903	405,903	2,361,037	2,072,644

(1) Nonce Paolini received no additional remuneration whether from TF1, Bouygues, or subsidiaries of TF1.

(2) In 2016: €2,597 for TF1, €5,375 for Bouygues, and €12,500 for Bouygues Telecom.
In 2015: €18,500 for TF1, €25,000 for Bouygues, and €11,607 for Bouygues Telecom.

The remuneration of the Executive Officer is reviewed annually by TF1's Board of Directors, in line with Article L. 225-53 of the French Commercial Code, after taking advice from the Remuneration Committee. This remuneration is in line with the general interests of the company.

For 2016, Nonce Paolini's fixed remuneration was €405,903.

He received no variable remuneration for 2016.

CHANGES WITH EFFECT FROM THE 2016 FINANCIAL YEAR

The Board of Directors decided at its Meeting of 17 February 2016 that Gilles Pélissou would receive fixed remuneration of €920,000.

The cap on variable remuneration, and the quantitative and qualitative criteria for awarding variable remuneration, are the same as those previously set for Nonce Paolini.

SUPPLEMENTARY PENSION

The Annual General Meeting held on 14 April 2016 expressed a favourable opinion on Gilles Pélissou's supplementary pension

entitlement with effect from 19 February 2016, the date on which his appointment as Chairman and Chief Executive Officer took effect (12th resolution, passed with 76.86% of votes in favour).

Subject to certain conditions, Gilles Pélissou will be entitled to benefit from a supplementary pension scheme on his retirement. The features of this scheme are in line with those described above.

- Performance conditions

Article 229 of the law of 6 August 2015 on growth requires that vesting of the pension rights of executive officers of listed companies in respect of a given financial year must now be subject to performance conditions.

Acting on the recommendation of the Remuneration Committee, the Board Meeting of 26 February 2016 set those performance conditions, which were approved by the Annual General Meeting of 14 April 2016, as part of the vote on the 12th resolution covering regulated commitments (as stipulated in Article L. 225-42-1 of the French Commercial Code) in favour of Gilles Pélissou.

Because Gilles Pélisson has only just taken office, vesting of his annual supplementary pension rights will be subject to conditions relating to performances within his control. Those conditions relate to the attainment of objectives for average consolidated net profit relative to the annual budget:

- for the 2016 financial year: based on the 2016 annual budget;
- for the 2017 financial year: based on the 2016 and 2017 annual budgets;

- for the 2018 financial year: based on the 2016, 2017 and 2018 annual budgets;
- for subsequent financial years: based on the annual budget for that financial year and the two immediately previous financial years.

Depending on the level of attainment of the consolidated net profit objectives, the supplementary pension rights will be in a range from a minimum of 0% to a maximum of 0.92% of the reference salary.

SUMMARY OF THE REMUNERATION OF GILLES PELISSON AS EXECUTIVE OFFICER IN RESPECT OF THE 2016 FINANCIAL YEAR

No remuneration other than that mentioned in the table below was paid to the Executive Officer by the TF1 and Bouygues groups.

TABLE 1 – SUMMARY OF REMUNERATION, OPTIONS AND SHARES AWARDED TO THE EXECUTIVE OFFICER

Gilles Pélisson – Chairman and CEO since 19/02/2016 (€)	2016	2015
Remuneration payable for the year (details in Table 2)	1,329,809	-
Value of options awarded during the year (details in Table 4)	197,888	-
Value of performance shares awarded during the year (details in Table 6)	-	-
TOTAL	1,527,697	-
Change	-	-

TABLE 2 – REMUNERATION OF GILLES PELISSON AS EXECUTIVE OFFICER

Gilles Pélisson – Chairman & CEO since 19/02/2016 (€)	2016		2015	
	Gross amounts due before taxes	Gross amounts paid before taxes	Gross amounts due before taxes	Gross amounts paid before taxes
Fixed remuneration	797,334	797,334	-	-
Change			-	-
Variable remuneration	510,232	-	-	-
Change			-	-
% Variable/Fixed ⁽¹⁾	55.5%	-	-	-
Cap	150%	-	-	-
Other remuneration ⁽²⁾	-	-	-	-
Directors' fees ⁽³⁾	16,023	16,023	-	-
Benefits in kind	6,220	6,220	-	-
TOTAL	1,329,809	819,577	-	-

(1) Relative to his fixed annual salary of €920,000.

(2) Gilles Pélisson received no additional remuneration whether from TF1, Bouygues, or subsidiaries of TF1.

(3) In 2016: €18,500 for TF1.

For 2016, Gilles Pélisson's remuneration amounted to €1,329,809.

His variable remuneration for 2016 was €510,232. The quantitative criteria were not fully met, but the qualitative criteria were all met.

The following factors were taken into account in determining Gilles Pélisson's remuneration:

- the company's performance: the Board took the view that the remuneration was commensurate with the work done and outcomes achieved in a highly complex economic, regulatory and competitive environment, which weighed on the company's financial performance.

However, the Group did not manage to increase its net profit year-on-year, given an economic situation that continued to be a drag on advertising revenue and the level of non-current expenses in 2016.

- sector and intra-group comparisons: the remuneration is benchmarked against that awarded to other media sector executives in France and the rest of Europe, and is based on rules that are applied consistently across the Bouygues group's business lines.

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

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

Directors' fees are allocated as follows:

- The theoretical annual fee for each director is €18,500. Since 1 January 2014, 30% of the fees have been allocated on the basis of the director's responsibilities, and 70% on the basis of attendance at Board Meetings.
- Committee members:
 - Audit Committee: €3,000 per member per quarter;
 - Remuneration Committee: €1,350 per member per quarter;
 - Director Selection Committee: €1,350 per member per quarter;
 - Ethics and CSR Committee: €1,350 per member per quarter. This fourth committee was created in 2014.

Not all of the €350,000 available for directors' fees was used in 2016.

The total gross amount of directors' fees before taxes paid to directors (including Nonce Paolini and Gilles Pélisson) was €274,439, as indicated in the table below.

TABLE 3 - DIRECTORS' FEES AND OTHER REMUNERATION PAID TO NON-EXECUTIVE DIRECTORS (€)

Non-Executive Director	Type of remuneration	Gross amounts before tax due for 2016	Gross amounts before tax due for 2015
Claude Berda	Directors' fees	4,828	16,650
Martin Bouygues	Directors' fees	20,200	23,900
Olivier Bouygues	Directors' fees	18,500	14,800
Fanny Chabirand ⁽¹⁾ (employee representative)	Directors' fees	23,900	18,500
Laurence Danon	Directors' fees	30,500	30,500
Pascaline de Dreuzy	Directors' fees	20,364	-
Catherine Dussart	Directors' fees	29,300	23,900
Janine Langlois-Glandier	Directors' fees	23,900	23,900
Sophie Leveaux Talamoni ⁽¹⁾ (employee representative)	Directors' fees	23,900	22,050
Philippe Marien	Directors' fees	35,900	35,900
Gilles Pélisson	Directors' fees	2,477	30,100
	Other remuneration	122,666	153,333
Olivier Roussat	Directors' fees	22,050	23,900
TOTAL		378,485	417,433

(1) Directors' fees due to the employee representative directors were paid directly to two trade unions: CFTC (€22,050) and FO (€18,500).

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

The only remuneration paid by TF1 to Martin Bouygues, Olivier Bouygues, Olivier Roussat and Philippe Marien was TF1 directors' fees.

The salaried directors, Fanny Chabirand and Sophie Leveaux Talamoni, received no exceptional remuneration in consideration of their corporate office in the TF1 group.

Directors' fees paid to the two successive Executive Officers were as follows:

DIRECTORS' FEES PAID TO NONCE PAOLINI AS EXECUTIVE OFFICER

	Gross amounts before tax due for 2016	Gross amounts before tax due for 2015
Nonce Paolini	€20,472 ⁽¹⁾	€55,107 ⁽²⁾
TOTAL	€20,472	€55,107

(1) Includes €2,597 for TF1 (where Nonce Paolini ceased to be Executive Officer on 18 February 2016), €5,375 for Bouygues, and €12,500 for Bouygues Telecom.
(2) €18,500 for TF1, €25,000 for Bouygues, and €11,607 for Bouygues Telecom.

DIRECTORS' FEES PAID TO GILLES PÉLISSON AS EXECUTIVE OFFICER

	Gross amounts before tax due for 2016	Gross amounts before tax due for 2015
Gilles Pélisson	€16,023 ⁽¹⁾	- ⁽²⁾
TOTAL	€16,023	-

(1) For TF1.

(2) Gilles Pélisson was not an Executive Officer in 2015; his directors' fees for 2015 in his capacity as a non-executive director are disclosed earlier in this report.

2.3.2 REPORT ON STOCK OPTIONS AND PERFORMANCE SHARES FOR 2016

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

This chapter contains the reports required by the French Commercial Code and the tables recommended in the AFEP/MEDEF Code of Corporate Governance or in AMF pronouncements on directors' remuneration disclosures to be included in the registration documents of listed companies.

During 2016, the Board of Directors awarded stock subscription options and performance shares.

PRINCIPLES AND RULES FOR AWARDS OF STOCK OPTIONS AND TF1 PERFORMANCE SHARES

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

The 11th resolution of the Annual General Meeting of 17 April 2014 renewed, for a 38-month period, the authorisation of the Board of Directors to award to employees and corporate officers of TF1 or related companies, on one or more occasions, options to subscribe for new or existing shares.

The 17th resolution of the Annual General Meeting of 14 April 2016 authorised the Board of Directors, for a 38-month period, to award to employees and corporate officers of TF1 or related companies, on one

or more occasions, performance shares which at the Board's discretion may be either existing shares repurchased by the company or new shares issued for the purpose.

To that end, the Annual General Meeting delegated powers to the Board of Directors to set conditions for making such awards, with a view to linking the remuneration of key executives more closely with the performance and future of the Group and with the outcomes of their work.

The maximum amount of such awards was set at 3% of the share capital.

The 11th and 17th resolutions on stock options and performance share awards stipulate that:

- the Board of Directors determines the conditions, in particular the maximum amount for the awarding of stock options or shares to the Executive Officers, as well as the performance criteria applicable to such awards;
- the Board of Directors draws up a list or determines the categories of other beneficiaries of options or shares, and determines the performance criteria applicable to such awards.

Under the 11th resolution on stock options, no discount is permitted. Depending on the circumstances:

- the subscription price must be no less than the average quoted share price over the 20 trading days preceding the date of grant;

- the purchase price of shares must be no less than (i) the average quoted share price over the 20 trading days preceding the date of grant or (ii) the average price at which the shares were purchased by the company pursuant to Articles L. 225-208 and L. 225-209 of the Commercial Code.

The Board of Directors has granted options entitling their holders to subscribe for new TF1 shares, which have been subject to performance conditions since 2009 in the case of the Executive Officer, and since 2011 for all grantees.

GENERAL RULES ON AWARDS OF STOCK OPTIONS AND PERFORMANCE SHARES

The Board of Directors has taken into account the recommendations of the AFEP/MEDEF Code and of the AMF.

The general rules applied are summarised below:

- stock options or performance shares are awarded to attract key executives and employees, secure their loyalty, reward them, and give them a medium- and long-term interest in the company's development, reflecting their contribution to value creation;
- stock option and performance share plans are awarded to approximately 130 corporate officers and employees of TF1 (or of Group companies) who sit on any of the three management bodies. Grantees are selected and individual awards decided so as to reflect each beneficiary's responsibilities and performance, with particular attention paid to high-potential executives;
- no stock options or performance shares have been awarded to Gilles Pélisson, who has been the sole Executive Officer since 19 February 2016;
- no discount is applied to grants of stock options;
- awards of options and performance shares are contingent on two cumulative performance conditions which are set by the Board of Directors acting on the recommendations of the Remuneration Committee and are measured over at least three financial years. In addition, exercise of options and vesting of performance shares is subject to the grantee remaining with the Group, other than in exceptional cases;
- executives who benefit from these plans are informed about insider trading. Various internal rules have been issued to prevent insider trading. These include establishing a list of individuals with access to privileged information, reminders of prohibitions on trading, and information about stock market law. A dedicated compliance programme was approved and distributed during 2015;
- all TF1 stock option plans prohibit grantees from exercising their options, or selling shares derived from exercised options, during the period preceding publication of the financial statements. Since the issuance of the AMF recommendation of November 2010, this period extends for thirty calendar days up to and including the day of publication of the TF1 quarterly, half-year and full-year financial statements. This prohibition also applies during any period in which such persons are aware of privileged information, and on the date of publication of such information;
- the two most recent stock option plans were awarded in June 2015 and June 2016. No plans were awarded in either 2013 or 2014;
- a performance share plan was awarded in June 2016.

SPECIFIC RULES APPLICABLE TO CORPORATE OFFICERS

No stock options or performance shares have been awarded to Gilles Pélisson, who has been the sole Executive Officer since 19 February 2016.

Nonce Paolini, who served as Chairman and Chief Executive Officer until 18 February 2016, has never been awarded any performance shares, and has not been awarded any stock options since 2010.

The key features of the policy for awards to corporate officers, including the Chairman and Chief Executive Officer, comply with the recommendations of the AFEP/MEDEF Code (with the caveat that the new version of the Code issued in November 2016 has not yet been applied), and are described below:

- prohibition on awards of stock options or performance shares to key executives on departure from the company;
- prohibition on speculative transactions or on hedging the risk relating to the exercise of stock options or the sale of performance shares;
- obligation for key executives to retain a specified number of shares derived from the exercise of options until they leave office.

This last obligation was applied for the first time to stock options granted in 2009. The Board set the percentage of shares derived from the exercise of options that executive officers would be required to retain until they left 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).
- performance conditions to which Executive Officers are subject as regards the granting and exercise of stock options.

POLICY ON STOCK OPTIONS AND PERFORMANCE SHARES

For some years, the Board of Directors has used stock option plans as its preferred mechanism for securing the loyalty of key executives and other employees, and for giving them a stake in the development of the Group. In 2016, it also awarded performance shares to certain key executives.

The decision to award performance shares reflected the need to give the individuals concerned a close interest in the deployment and success of the TF1 group's transformation plan.

APPLICATION OF PERFORMANCE CONDITIONS

Exercise of the stock options in plans nos. 12, 13, 14 and 15, and vesting of the performance shares, is subject to performance conditions. The Board of Directors has set two performance criteria, independent of one another, that determine the number of options that will be exercisable and the number of performance shares that will vest.

For each of these two criteria:

- if actual performance is equal to or better than 90% of the objectives, 100% of the options will be exercisable and 100% of the performance shares will vest;
- if actual performance is equal to or better than 70% but less than 90% of the objectives, the options will be exercisable and the performance shares will vest up to the actual percentage performance, calculated on a straight line basis;

- if actual performance is less than 70% of objectives, no options will be exercisable and no performance shares will vest.

For plan no. 12, the calculation was made on the basis of the arithmetical average of performances in 2011, 2012 and 2013 on a constant structure basis, as compared with the budgets set in 2010, 2011 and 2012 for the 2011, 2012 and 2013 financial years, respectively.

On 18 February 2014, the Board of Directors was informed by the Remuneration Committee that in view of its analysis of the performance criteria on which exercise of the options in plan no. 12 is contingent, 100% of the stock options (which are exercisable until 10 June 2018) had vested.

For plan no. 13, the calculation was made on the basis of the arithmetical average of performances in 2012, 2013, 2014 and 2015 on a constant structure basis, as compared with the budgets set in 2011, 2012, 2013 and 2014 for the 2012, 2013, 2014 and 2015 financial years, respectively.

On 17 February 2016, the Board of Directors was informed by the Remuneration Committee that in view of its analysis of the performance criteria on which exercise of the options in plan no. 13 is contingent, 100% of the stock options (which are exercisable until 12 June 2019) had vested.

For plan no. 14, the calculation will be made on the basis of the arithmetical average of performances in 2015, 2016 and 2017 on a constant structure basis, as compared with the budgets set in 2014, 2015 and 2016 for the 2015, 2016 and 2017 financial years, respectively.

For plan no. 15 and for the 2016 performance share plan, the calculation will be made (i) 50% on the basis of the arithmetical average of performances in the 2016 and 2017 financial years as compared with the budgets set for those financial years and (ii) 50% on the basis of the arithmetical average of performances in the 2017 and 2018 financial years as compared with the budgets set for those financial years. Performances for the 2016, 2017 and 2018 financial years will be assessed on a constant structure basis by reference to the budgets set in 2015, 2016 and 2017 for the 2016, 2017 and 2018 financial years, respectively.

The Remuneration Committee will examine the performance criteria on which exercise of the options and vesting of the performance shares is contingent.

GENERAL INFORMATION AND CHARACTERISTICS OF STOCK OPTIONS

- Terms of exercise:
 - plans nos. 12 and 13: four years after the date of grant;
 - plans nos. 14 and 15: three years after the date of grant;

- exercise period:

- plans nos. 12 and 13: three years after expiry of the lock-up period;
- plans nos. 14 and 15: four years after expiry of the lock-up period;

- options and performance shares are automatically forfeited on termination of the grantee's employment contract or corporate office, unless given special dispensation or in the event of disability or retirement.

STOCK SUBSCRIPTION OPTIONS GRANTED OR EXERCISED IN 2016

STOCK SUBSCRIPTION OPTIONS GRANTED OR EXERCISED DURING THE YEAR

Options giving entitlement to subscribe for TF1 shares were awarded in 2016.

On 26 April 2016, the Board of Directors approved the granting on 8 June 2016 of 642,000 options, equivalent to 0.3% of the share capital, to 100 grantees from the TF1 group.

The exercise price of €10.99 per share is the average of the quoted market prices on the 20 trading days preceding 8 June 2016.

On the date of grant, the value of each option (as measured using the method applied for the purposes of the consolidated financial statements) was €2.15.

Gilles Pélisson was not awarded any stock subscription options.

During 2016, a total of 316,693 options to subscribe for TF1 shares were exercised: 131,176 under plan no. 11 and 185,517 under plan no. 13. Plan no. 11 has an exercise price of €5.98, and plan no. 13 an exercise price of €6.17. No discount was applied.

As of 31 December 2016, the only potentially exercisable TF1 stock subscription options were those granted under plan no. 13, representing a total of 1,117,683 options (0.53% of the share capital).

STOCK SUBSCRIPTION OPTIONS AWARDED BY TF1 OR ANY GROUP COMPANY, GRANTED TO OR EXERCISED BY THE EXECUTIVE OFFICER DURING THE YEAR

Gilles Pélisson was not awarded any options to purchase or subscribe for TF1 shares during 2016.

From 2010 to February 2016, Nonce Paolini was not awarded any options to purchase or subscribe for TF1 shares.

In connection with the office he holds at Bouygues, in 2016 Gilles Pélisson received options giving entitlement to subscribe for new Bouygues shares, awarded on 30 May 2016 following a decision taken at a Meeting of the Bouygues Board of Directors on 12 May 2016.

TABLE 4 - OPTIONS GRANTED TO THE EXECUTIVE OFFICER IN 2016

Name of Executive Officer	Plan no. and date	Type of option (purchase or subscription)	Value of option based on method used in consolidated financial statements	Number of options granted during the year	Exercise price	Exercise period
Nonce Paolini	Bouygues plan Board Meeting date: 12/05/2016 Date of grant: 30/05/2016	Subscription	€2.4736	80,000	€29	30/05/2018 to 30/05/2026
TOTAL			€197,888	80,000		

The exercise price was calculated on the basis of the average of the opening quoted market prices on the twenty trading days preceding 30 May 2016; no discount was applied.

TABLE 5 - OPTIONS EXERCISED BY THE EXECUTIVE OFFICER OF TF1 IN 2016

Nonce Paolini, who served as Executive Officer until 18 February 2016, did not exercise any stock subscription options in 2016.

Gilles Pélisson, who has served as Executive Officer since 19 February 2016, did not exercise any stock subscription options in 2016.

STOCK SUBSCRIPTION OPTIONS AWARDED BY TF1 OR ANY GROUP COMPANY, GRANTED TO OR EXERCISED BY SALARIED DIRECTORS DURING THE YEAR

Options granted to salaried directors in 2016 were as follows:

Name of salaried director	Plan no. and date	Type of option (purchase or subscription)	Number of options granted/ exercised during the year	Exercise price
Sophie Leveaux Talamoni	Plan no. 15 Board Meeting date: 26/04/2016 Date of grant: 08/06/2016	Subscription	13,000	€10.99
TOTAL			13,000	

Sophie Leveaux Talamoni did not exercise any stock subscription options in 2016.

PERFORMANCE SHARES

A performance share plan was awarded in 2016.

TABLE 6 - PERFORMANCE SHARES GRANTED TO THE EXECUTIVE OFFICER

No performance shares were awarded by the company to the Executive Officer in 2016.

TABLE 7 - PERFORMANCE SHARES THAT BECAME AVAILABLE TO THE EXECUTIVE OFFICER DURING THE YEAR

No performance shares became available as none has been awarded by the company to either of the successive Executive Officers, Nonce Paolini and Gilles Pélisson.

PAST STOCK OPTION AWARDS AND OTHER INFORMATION

TABLE 8 – PAST STOCK OPTION AWARDS

	Plan no. 11	Plan no. 12	Plan no. 13	Plan no. 14	Plan no. 15
Date of Shareholders' Meeting	17/04/2007	14/04/2011	14/04/2011	17/04/2014	17/04/2014
Date of Board Meeting	18/02/2009	12/05/2011 & 25/07/2011	14/05/2012	29/04/2015	26/04/2016
Date of grant	20/03/2009	10/06/2011	12/06/2012	12/06/2015	08/06/2016
Type of plan	subscription	subscription	subscription	subscription	subscription
Total number of options granted	2,000,000	1,500,000	1,437,200	1,308,800	642,000
<i>to corporate officers</i>	<i>56,000</i>	<i>7,200</i>	<i>7,200</i>	<i>16,000</i>	<i>0</i>
<i>to the 10 employees awarded the greatest number</i>	<i>340,000</i>	<i>272,000</i>	<i>302,000</i>	<i>368,000</i>	<i>114,000</i>
Total number of options granted subject to performance conditions	50,000	1,500,000	1,437,200	1,308,800	642,000
Start date of exercise period	20/03/2012	10/06/2015	12/06/2016	12/06/2018	08/06/2019
Expiration date	20/03/2016	10/06/2018	12/06/2019	12/06/2022	08/06/2023
Subscription price	€5.98	€12.47	€6.17	€15.46	€10.99
Terms of exercise	May be exercised from 3 rd anniversary of date of grant May be sold from 4 th anniversary of date of grant	May be exercised and sold from 4 th anniversary of date of grant		May be exercised and sold from 3 rd anniversary of date of grant	May be exercised and sold from 3 rd anniversary of date of grant
Number of shares subscribed at 31 December 2016	1,649,000	244,400	185,517	-	-
Cumulative number of options cancelled, not awarded, or forfeited	351,000	147,200	134,000	40,800	14,700
Number of options outstanding at end of period	0	1,108,400	1,117,683	1,268,000	627,300

For an analysis of the movement in the number of options outstanding, refer to Note 7.4.6.2 to the TF1 consolidated financial statements for the year ended 31 December 2016. The expense recognised for the stock subscription option plans granted by TF1 is presented in note 7.4.6.3 to the consolidated financial statements. The value per option on the date

of grant, calculated according to the Black-Scholes model, is €1.18 (plan no. 12), €0.70 (plan no. 13), €2.75 (plan no. 14) and €2.15 (plan no. 15).

The most recently lapsed plans are Option plan no. 10 (lapsed on 20 March 2015) and Option plan no. 11 (lapsed on 20 March 2016).

PAST PERFORMANCE SHARE AWARDS AND OTHER INFORMATION

TABLE 8 - PAST PERFORMANCE SHARE AWARDS

	2016 performance share plan
Date of Shareholders' Meeting	14/04/2016
Date of Board Meeting	26/04/2016
Date of grant	08/06/2016
Type of shares	new shares to be issued
Maximum number of shares awarded	170,000
<i>to corporate officers</i>	0
<i>to the 10 employees awarded the most shares</i>	<i>maximum: 79,600</i>
Vesting period	8 June 2016 to 7 June 2019
Lock-up period	8 June 2019 to 7 June 2020
Date available for sale	From 8 June 2020
Fair value of award (based on estimate at date of grant of the likely number of shares awarded)	€1.9 million
Continuing employment condition	Yes
Performance conditions	Yes
Number of shares vested as of 31 December 2016	-
Number of shares cancelled or forfeited	9,900
Number of shares not yet vested	160,100

TABLE 9 – STOCK OPTIONS GRANTED TO OR EXERCISED BY THE TEN TF1 EMPLOYEES (OTHER THAN CORPORATE OFFICERS) AWARDED THE MOST OPTIONS IN 2016

	Total number of options awarded/shares subscribed or purchased	Weighted average price	Expiry date	Plan no.
Options awarded during the year by TF1 (or any company within the scope of companies entitled to award options) to the ten employees of TF1 (or of any company within that scope) awarded the most options				
Jean Michel Gras	13,000	10.99	08/06/2019	15
Marie Guillaumond Tenet	13,000	10.99	08/06/2019	15
Christophe Marx	13,000	10.99	08/06/2019	15
Nathalie Toulza Madar	13,000	10.99	08/06/2019	15
Mathieu Vergne	13,000	10.99	08/06/2019	15
Frédéric Carne	10,000	10.99	08/06/2019	15
Anne Claire Coudray	10,000	10.99	08/06/2019	15
Frédéric Pedraza	10,000	10.99	08/06/2019	15
Laurent Bliaut	9,500	10.99	08/06/2019	15
Jérôme Dessaux	9,500	10.99	08/06/2019	15
Options exercisable vis-à-vis TF1 (or any other company as mentioned above) and exercised during the year by the ten employees of TF1 (or any other company as mentioned above) purchasing or subscribing for the highest number of shares				
Jean-Michel Counillon	30,000	6.17	12/06/2019	13
Catherine Nayl Perrot	20,000	6.17	12/06/2019	13
Patrice Bailly	12,000	5.98	20/03/2016	11
Hervé Pavard	12,000	5.98	20/03/2016	11
Elisabeth Durand Bernand	10,000	5.98	20/03/2016	11
Patrice Bailly	7,200	6.17	12/06/2019	13
Philippe Moncorps	6,000	5.98	20/03/2016	11
François Xavier Pietri	4,800	6.17	12/06/2019	13
Catherine Puiseux Kapko	4,800	6.17	12/06/2019	13
David Sedel	4,000	5.98	20/03/2016	11

TABLE 10 - PAST PERFORMANCE SHARE PLANS AWARDED

Performance shares awarded during the year by TF1 (or any company within the scope of companies entitled to award performance shares) to the ten employees of TF1 (or of any company within that scope) awarded the most shares

Grantee	Number of performance shares awarded in 2016	Vesting date
Ara Aprikian	10,000	07/06/2019
Régis Ravanas	10,000	07/06/2019
Olivier Abecassis	8,500	07/06/2019
Philippe Denery	8,500	07/06/2019
Catherine Nayl Perrot	8,500	07/06/2019
Arnaud Bosom	7,500	07/06/2019
Jean-Michel Counillon	7,500	07/06/2019
Christine Bellin	6,500	07/06/2019
Frédéric Ivernel	6,500	07/06/2019
Olivier Jacobs	6,100	07/06/2019

2.3.3 OTHER INFORMATION ON THE EXECUTIVE OFFICER

TABLE 11 – OTHER INFORMATION ON THE EXECUTIVE OFFICER

	Employment contract		Supplementary pension scheme ⁽²⁾		Compensation or benefits due or liable to become due on cessation or change of office ⁽³⁾		Non-competition indemnity	
	Yes	No	Yes	No	Yes	No	Yes	No
Nonce Paolini: Chairman & CEO until 18/02/2016	X ⁽¹⁾		X ⁽²⁾			X ⁽⁴⁾		X
Gilles Pélisson: Chairman & CEO from 19/02/2016	X ⁽¹⁾		X ⁽³⁾			X ⁽⁴⁾		X

(1) Nonce Paolini had an employment contract with Bouygues SA, and not with TF1 SA. Gilles Pélisson also has an employment contract with Bouygues SA, and not with TF1 SA.

(2) See the "Supplementary Pension" section of chapter 2.3.1 above. The annual supplementary pension entitlement is set at 0.92% of the reference salary (average of three best years) for each year of scheme membership, subject to a cap set at eight times the annual upper limit for social security contributions (2016 value of the cap: €308,928). This pension scheme is closed, and membership is obligatory. Entitlement is acquired only after ten years' service with the Bouygues group and is contingent on the beneficiary still being with the Group at the date of retirement. The Bouygues group is not required to set aside provisions for this supplementary pension, which is provided via an insurance policy with an insurer from outside the Group. This annual supplementary pension has been submitted for approval under the procedure on related party agreements.

(3) See chapter 2.3.1: The Annual General Meeting of 14 April 2016 approved (with 77% of votes in favour) Gilles Pélisson's supplementary pension entitlement. Subject to certain conditions, Gilles Pélisson will be entitled to benefit from a supplementary pension scheme on his retirement. This supplementary pension scheme is subject to performance conditions. Because Gilles Pélisson has only just taken office, vesting of his annual supplementary pension rights will be subject to conditions relating to performances within his control. Those conditions relate to the attainment of objectives for average consolidated net profit relative to the annual budget:

- for the 2016 financial year: based on the 2016 annual budget;
- for the 2017 financial year: based on the 2016 and 2017 annual budgets;
- for the 2018 financial year: based on the 2016, 2017 and 2018 annual budgets;
- for subsequent financial years, based on the annual budget for that financial year and the two immediately previous financial years.

Depending on the level of attainment of the consolidated net profit objectives, the supplementary pension rights will be in a range from a minimum of 0% to a maximum of 0.92% of the reference salary.

(4) Severance benefits: The Bouygues group and its subsidiaries have not made any commitment or promise regarding the payment of severance benefits to the Executive Officer. Nor has any such commitment or promise been made to the salaried directors of Bouygues. Although not a severance benefit as such, a director who is an employee of Bouygues SA is covered by the relevant collective agreement (in the case of Bouygues SA, the collective agreement for managers in the building industry in the Paris region) and consequently is entitled to any compensation stipulated by that agreement on termination of an employment contract. Any such compensation would be re-invoiced to TF1 on a pro rata basis for the number of years of service as an employee or corporate officer of the TF1 group.

2.4 REPORT ON REMUNERATION PAYABLE TO THE CHIEF EXECUTIVE OFFICER IN 2017

This report deals with the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of the total remuneration and benefits of all kinds payable to the Chief Executive Officer in 2017.

The Board of Directors closed off and approved this report at its Meeting of 15 February 2017.

2.4.1 GENERAL PRINCIPLES

The Board of Directors laid down the following nine general principles on the basis of which the 2017 compensation and benefits of the Chief Executive Officer of TF1 would be determined.

1. Compliance with AFEP-MEDEF Code recommendations.
2. No severance benefit or non-competition indemnity on leaving office.
3. Level of remuneration taking into account the existence of a capped supplementary pension and the fact that no severance benefit or non-competition indemnity has been granted.
4. Taking into account the level and difficulty of the responsibilities of the Chief Executive Officer. Taking into account his experience in office and his length of service with the Group.
5. Taking into account the practices in groups or enterprises carrying on comparable activities.

6. An incentivising remuneration structure comprising the following:

- fixed remuneration;
- annual variable remuneration;
- directors' fees;
- limited benefits in kind;
- supplementary pension.

7. No deferred annual variable remuneration. No multi-year variable remuneration.

8. Discretion left to the Board of Directors to decide to pay exceptional remuneration but reserved for truly exceptional circumstances.

9. No additional remuneration paid to the Chief Executive Officer by a subsidiary of the Group apart from directors' fees.

2.4.2 CRITERIA USED IN 2017 BY THE BOARD OF DIRECTORS TO DETERMINE, ALLOCATE AND AWARD THE FIXED, VARIABLE AND EXCEPTIONAL COMPONENTS OF THE TOTAL REMUNERATION AND BENEFITS OF ALL KINDS OF THE CHIEF EXECUTIVE OFFICER

FIXED REMUNERATION:

€920,000

ANNUAL VARIABLE REMUNERATION:

A maximum of 150% of fixed remuneration, i.e. capped at €1,380,000.

The annual variable remuneration would be determined by applying five criteria (four of them referring to a three-year business plan), opening up the possibility of receiving five components: P1, P2, P3, P4 and P5.

- P1** Actual consolidated net profit of Bouygues for the financial year/
Objective = consolidated net profit in the 2017 plan
- P2** Actual current operating margin of TF1 for the financial year/Objective
= current operating margin in the 2017 plan

P3 Actual consolidated net profit of TF1 for the financial year/Objective
= consolidated net profit in the 2017 plan

P4 Actual consolidated net profit of TF1 for the financial year/Objective
= consolidated net profit of the 2016 financial year

P5 Qualitative criteria

METHOD FOR DETERMINING THE ANNUAL VARIABLE REMUNERATION FOR 2017

The method for determining the annual variable remuneration of the Chief Executive Officer will be the following:

(FR = Fixed Remuneration)

P1, P2, P3 and P4:

The actual weight of each criterion determining the payment of each of the four components P1, P2, P3 and P4 is dependent on the performance achieved during the financial year.

Each P component is calculated as follows:

1) If actual performance is more than 10% below the Objective, the component concerned (P1, P2, P3 or P4) = 0

2) If actual performance is between (Objective – 10%) and the Objective:

P1 = 0 to 30% of FR

P2 = 0 to 10% of FR

P3 = 0 to 25% of FR

P4 = 0 to 35% of FR

3) If actual performance is higher than the Objective

P1 = 30% to 60% of FR

P2 = 10% to 20% of FR

P3 = 25% to 50% of FR

P4 = 35% to 70% of FR

Between these limits the actual weight of each component is determined by linear interpolation.

P5:

The Board of Directors defines the actual weight of P5, subject to a strict cap of 50% of FR.

CAP:

The sum of the five components P1, P2, P3, P4 and P5 calculated according to the above method may never exceed a cap of 150% of FR.

Where none of the three components P2, P3 and P4 is payable, the total amount of components P1 and P5 may not exceed a cap of 75% of the fixed remuneration.

DIRECTORS' FEES

Directors' fees paid by a subsidiary of the Group would be retained by the Chief Executive Officer.

BENEFITS IN KIND

A company car would be allocated to the Chief Executive Officer.

SUPPLEMENTARY PENSION SCHEME

The Chief Executive Officer would be eligible for a defined benefit collective pension scheme governed by Article L. 137-11 of the Social Security Code. This pension scheme would have the following characteristics:

1. Pension rights that vest each year and are capped at 0.92% of the reference salary.

2. Conditions for entry to the scheme and other conditions for entitlement:

- being a member of the Bouygues SA Management Committee on the day of departure or retirement,
- having at least 10 years' service with the Bouygues group at the time of departure or retirement,
- definitively completing his professional career with a Group company (this condition is fulfilled when the employee is a member of staff on the date of his departure or retirement),
- being at least 65 years old on the day of departure or retirement,
- fulfilling the eligibility criteria for the basic Social Security pension scheme and obligatory ARRCO and AGIRC supplementary pension schemes.

3. Reference salary equal to the average gross salary for the three best calendar years received by the executive within the Bouygues group during his period of membership of the Bouygues Management Committee, adjusted to reflect changes in the value of pension entitlement points under the AGIRC scheme on the date of cessation of corporate office or of the termination of his contract of employment.

The gross reference salary is understood as being the salary that is taken into account in calculating Social Security contributions pursuant to Article L. 242-1 of the Social Security Code.

4. Frequency of vesting of rights: annual.

5. Cap: 8x the annual upper limit for Social Security contributions (giving a cap of €313,824 in 2017).

6. Financing outsourced to an insurance company outside the group to which a contribution is made annually.

7. Performance conditions

a) Definition of the performance objective ("the Objective")

2017 financial year: Objective = that the average of TF1's consolidated net profit figures for the 2016 and 2017 financial years ("Average CNP") is no more than 10% below the average consolidated net profit specified in the two plans for 2016 and 2017 ("Plan Average").

Each later financial year: Objective = that the average of TF1's consolidated net profit figures for the financial year then ended and the two financial years that preceded it ("Average CNP") is no more than 10% below the average consolidated net profit specified in the plan for the financial year then ended and the plans for the two financial years that preceded it.

b) Terms for determining the vesting of pension rights based on performance

- if the Average CNP meets the Objective

Annual pension rights = 0.92% of the reference salary

- if the Average CNP is more than 20% below the Plan Average

Annual pension rights = 0

Between those lower and upper limits pension rights will vary on a straight-line basis between 0 and 0.92% of the reference salary.



2016 ACTIVITY AND RESULTS **AFR**

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3.1 KEY EVENTS

JANUARY

14 January 2016

The TF1 group acquires from FIFA a package of media rights for the next four major world football competitions: the 2018 and 2022 FIFA World Cups, the 2019 FIFA Women's World Cup and the 2017 FIFA Confederations Cup.

15 January 2016

For the second year running, TF1 and Labcom organise the TCDF 2015 awards ceremony, recognising initiatives taken by women active in the digital industry.

26 January 2016

TF1 takes a 70% equity interest in Newen Studios.

FEBRUARY

17 February 2016

Gilles Pélisson is appointed as Chairman and Chief Executive Officer, taking office on 19 February 2016.

24 February 2016

The Newen Studios group acquires 100% of the equity capital of Rendez Vous Production Série.

MARCH

22 March 2016

e-TF1 takes a 51% majority equity interest in the digital marketing company Bonzai Digital.

APRIL

5 April 2016

The LCI news channel switches over to freeview on DTT channel 26.

MAY

12 May 2016

The first two episodes of the drama series *Marseille*, produced by Netflix, are shown on TF1.

24 May 2016

The TF1 group signs a new partnership deal with the professional bodies representing French programme producers and distributors (SATEV, SEDPA, SPECT, SPFA, SPI and USPA), designed to promote creativity in the French audiovisual industry.

24 May 2016

The France Télévisions and TF1 groups sign an industry-wide agreement with SATEV, SEDPA, SPECT, SPFA, SPI and USPA relating to the negotiation of distribution mandates for audiovisual works co-produced by broadcasters that count towards their obligations to invest in independent production.

JUNE

9 June 2016

TF1 partners Viva Technology, organiser of France's First World-scale event dedicated to innovation and the economy of tomorrow.

9 June 2016

TF1 becomes 100% owner of the capital of TMC following the buyout of the 20% equity interest in TMC held by the Principality of Monaco.

JULY

26 July 2016

Ahead of the launch of the new digital news platform under the LCI brand, the TF1 group selects the text-to-video solution offered by Wibbitz.

29 July 2016

In connection with the acquisition of Itas by TDF, TF1 and TDF sign an agreement definitively reversing the sale of Onecast to Itas by TF1 that took place at the end of 2014.

SEPTEMBER

22 September 2016

The TF1 group acknowledges the order issued by the CSA to discontinue so-called "cross-promotion" of the LCI channel on the TF1 core channel, and complies with that decision.

OCTOBER

5 October 2016

The TF1 group receives the overall *Grand Prix de la Transparence*, awarded to the best performer across all categories, for the third consecutive year. The award recognises excellence in published financial information.

26 October 2016

Gilles Pélisson, Chairman and Chief Executive Officer of the TF1 group, is appointed as Chairman of the ACP (the French private-sector broadcasters' association), for a two-year term.

NOVEMBER

8 November 2016

Eight start-ups have received support over a 12-month period, with more than 50 TF1 employees helping them build fruitful synergies in fields of interest to the Group: eSport, data, and News 2.0.

15 November 2016

The TF1 group is a multiple winner at the 5th Social Media Awards, with its four-screen strategy garnering three prizes and a special mention.

30 November 2016

TF1, NBCUniversal International Studios and Mediengruppe RTL Deutschland begin production on *Gone*, a new crime series that TF1 will distribute and broadcast in France.

DECEMBER

1 December 2016

The TF1 group announces the acquisition of a majority interest in the capital of MinuteBuzz, French millennials' favourite social platform.

5 December 2016

The TF1 group organises "Women to the Fore", an event aimed at increasing the proportion of female experts appearing on TV news bulletins.

31 December 2016

TF1 achieves 90 of the top 100 audience ratings in 2016.

3.2 2016 ACTIVITY AND RESULTS

The results shown below are presented using the new segmental reporting structure adopted by the TF1 group. For definitions of those segments, see the notes to the consolidated financial statements. Historical revenue and operating profit data are available on our corporate website: www.groupe-tf1.fr/en.

For details of how consolidated entities are allocated between the operating segments, refer to our corporate website or to Note 9.5 ("Detailed list of companies included in the consolidation") to the consolidated financial statements.

3.2.1 THE GROUP

These key figures are extracted from TF1 group consolidated financial data.

CONSOLIDATED INDICATORS

(€m)	2016	2015
Revenue	2,062.7	2,004.3
Group advertising revenue	1,530.1	1,554.2
Revenue from other activities	532.6	450.1
Current operating profit/(loss)	129.4	158.0*
Operating profit/(loss)	45.7	141.2*
Net profit/(loss) attributable to the Group from continuing operations	41.7	99.9
Operating cash flow before cost of net debt and income taxes	267.5	164.0
Basic earnings per share from continuing operations (€)	0.20	0.47
Diluted earnings per share from continuing operations (€)	0.20	0.47
Shareholders' equity attributable to the Group	1,493.4	1,741.7
Net surplus cash of continuing operations	186.7	700.8

* Includes the €33.7 million gain arising on the deconsolidation of Eurosport France.

Consolidated revenue for the year ended 31 December 2016 was €2,062.7 million, a year-on-year rise of €58.4 million.

This mainly reflects two contrasting factors:

- the consolidation of the Newen Studios group with effect from 1 January 2016;
- the effect of the deconsolidation from 31 March 2015 of Eurosport France (which contributed €17.8 million of revenue in the first quarter of 2015) and the resale of sports rights (€13 million for the Rugby World Cup in the third quarter of 2015).

ADVERTISING REVENUE

Group advertising revenue eased by 1.6% (or €24.1 million) to €1,530.1 million. It comprised:

- €1,455.3 million of advertising revenue from the five free-to-air channels, down 1.0% year-on-year in the absence of any marked recovery in the TV advertising market. With effect from 1 January 2016 this figure includes revenue from the LCI channel.

- €74.8 million of revenue generated by advertising on other Group media, €9.5 million less than in 2015. This fall reflects a reduction in advertising revenue from *Metronews*, the print edition of which was discontinued in July 2015, and the non-renewal of airtime sales contracts for beIN SPORTS and the Discovery group.

REVENUE FROM OTHER ACTIVITIES

Revenue from the Group's other activities for 2016 reached €532.6 million, up €82.5 million (+18.3%), mainly as a result of:

- the deconsolidation on 31 March 2015 of Eurosport France, which had been included in the first quarter of 2015;
- the consolidation of the Newen Studios group with effect from 1 January 2016;
- the resale of broadcasting rights to the Rugby World Cup in the third quarter of 2015.

COST OF PROGRAMMES AND OTHER CURRENT OPERATING INCOME/EXPENSES

(€m)	2016	2015
Total cost of programmes	1,006.6	956.2
Major sporting events	46.1	26.8
Total excluding major sporting events	960.5	929.4
Variety/Game-shows/Magazines	269.5	285.5
Drama*/TV movies/Series/Plays	312.1	316.7
Sport (excluding major sporting events)	49.0	45.0
News	140.7	107.3
Films	174.1	159.9
Children's programmes	15.1	15.0

* Excludes €25.4 million of non-current expenses relating to the co-existence of two different accounting treatments for French drama depending on whether it was produced before or after the decree of 27 April 2015 that allows broadcasters to own co-production shares in respect of their investments in independent productions.

The cost of programmes on Free Platforms includes the cost of LCI programmes with effect from that channel's switchover to freeview in April 2016.

COST OF PROGRAMMES – ANALYSIS BY TYPE FROM THE INCOME STATEMENT

(€m)	2016	2015
Purchases consumed and changes in inventory	(819.9)	(873.3)
Staff costs	(78.3)	(68.3)
External expenses	(21.7)	(20.8)
Depreciation, amortisation, impairment and provisions, net	(90.0)	(0.4)
Other IFRS income statement line items	3.3	6.6
Amount recognised in current operating profit	(1,006.6)	(956.2)

Cost of programmes

Following publication of the decree of 27 April 2015 allowing broadcasters to own co-production shares in respect of their investments in independent productions, shares in co-productions financed subsequent to the decree are now acquired and recognised prior to broadcast, at the time of delivery of the production to the channel. The co-existence of two different accounting treatments for productions depending on whether they were financed before or after the decree has resulted in the recognition of an additional expense. Because the co-existence of these two accounting treatments arises for only a limited time, the expense is treated as non-current. The amount of this expense for 2016 was €25.4 million⁽¹⁾.

The cost of programmes for the Group's five free-to-air channels (including LCI from 5 April 2016, and excluding major sporting events and non-current items) was €960.5 million in 2016, versus €929.4 million for four free-to-air channels a year previously. The cost of screening all the Euro 2016 matches carried on the Group's channels was €46.1 million (or €36.9 million, net of the cost of replacement programmes).

OTHER EXPENSES AND IMPAIRMENT, PROVISIONS, DEPRECIATION AND AMORTISATION

These items increased by €36.6 million year-on-year in 2016. This was mainly due to the net effect of changes in structure, including the first-time consolidation of Newen Studios but also a fall in expenses due to a reduction in the cost base at Metronews following discontinuation of the print edition and the deconsolidation of Eurosport France.

CURRENT OPERATING PROFIT/LOSS

Full-year current operating profit reached €129.4 million in 2016; this compares with €158.0 million a year earlier, which included the €33.7 million gain on the deconsolidation of Eurosport France.

Current operating margin was 6.3%, down 1.6 points year-on-year.

During the fourth quarter of 2016, TF1 group achieved €6 million of recurring savings excluding cost of programmes.

OPERATING PROFIT/LOSS

The Group made an operating profit of €45.7 million. This includes €83.7 million of non-current expenses, as a result of:

- the negative impact on the cost of programmes of the 27 April 2015 decree on co-production shares, which applies to productions of French drama (€25.4 million);
- non-current expenses associated with the TF1 group transformation plan (€25.3 million);
- amortisation charged against intangible assets identified in the Newen Studios purchase price allocation (€24.8 million);
- the first-quarter operating loss of the LCI channel, which switched to freeview on 5 April 2016 (€8.2 million).

NET PROFIT/LOSS

Cost of net debt was €1.2 million in 2016, following the first-time consolidation of Newen Studios.

(1) See section 4, note 5.5 to the consolidated financial statements.

Income tax expense for the year was €5.9 million, compared with €42.3 million for the previous year, due to higher tax losses year-on-year mainly related to non-current operating costs.

Joint ventures and associates contributed a net profit of €9.9 million in 2016, a year-on-year improvement of €3.4 million, mainly reflecting stronger results at Groupe AB.

Overall, the net loss attributable to the Group from continuing operations came to €41.7 million, down €58.2 million year-on-year.

Net profit attributable to non-controlling interests amounted to €2.3 million in 2016. This includes the share of profits attributable to (i) the minority shareholders of TMC prior to the buyout of the remaining 20% in June 2016 and (ii) the other shareholders of Newen Studios and its subsidiaries.

FINANCIAL POSITION

Shareholders' equity attributable to the group stood at €1,493.4 million as of 31 December 2016, out of a balance sheet total of €3,215.7 million.

The gross cash position as of 31 December 2016 was €419.3 million, versus €700.8 million a year earlier (a reduction of €281.5 million), after

the dividend payout of €167.3 million, the cash outflow on the acquisition of 70% of Newen Studios, and share buybacks of €21.4 million.

The net cash position as of 31 December 2016 was €186.7 million, after taking account of the net debt carried by the Newen Studios group and commitments to buy out non-controlling interests.

As of 31 December 2016, the Group had confirmed bilateral credit facilities totalling €985 million with various banks.

Drawdowns under those facilities at that date amounted to €90.7 million, all of which related to the Newen facility. Credit facilities are renewed regularly as each facility reaches its contractual expiry date so that the Group always has sufficient liquidity.

SHAREHOLDER RETURNS

To reward investors, the Board of Directors will ask the Annual General Meeting, scheduled for 13 April 2017, to approve a **dividend of €0.28 per share**.

The ex-date will be 28 April, the date of record will be 2 May, and the payment date will be 3 May 2017.

INCOME STATEMENT CONTRIBUTIONS BY SEGMENT

(€m)	2016	2015	Chg.	Chg.%
Broadcasting	1,669.9	1,736.1	(66.2)	-3.8%
of which Free Platforms	1,517.1	1,569.0	(51.9)	-3.3%
of which TV advertising	1,455.3	1,469.9	(14.6)	-1.0%
Studios & Entertainment	392.8	268.2	124.6	46.5%
CONSOLIDATED REVENUE	2,062.7	2,004.3	58.4	2.9%
Broadcasting	87.5	134.6	(47.1)	-35.0%
of which Free Platforms	45.2	71.1	(25.9)	-36.4%
of which cost of programmes (including major sporting events)	(1,006.6)*	(956.2)	(50.4)	5.3%
Studios & Entertainment	41.9	23.4	18.5	79.1%
CURRENT OPERATING PROFIT/(LOSS)	129.4	158.0**	(28.6)	-18.1%

* Excludes €25.4 million of non-current expenses relating to the co-existence of two different accounting treatments for French drama depending on whether it was produced before or after the decree of 27 April 2015 allowing broadcasters to own co-production shares in respect of their investments in independent productions.

** Includes the €33.7 million gain arising on the deconsolidation of Eurosport France.

QUARTERLY REVENUE AND CURRENT OPERATING PROFIT/LOSS

(€m)	Q1 2016	Q1 2015	Q2 2016	Q2 2015	Q3 2016	Q3 2015	Q4 2016	Q4 2015
Broadcasting	389.4	418.0	448.7	445.2	323.3	355.8	508.5	517.1
- Free Platforms	353.5	366.3	408.7	414.1	290.2	311.5	464.7	477.1
- TV advertising on Free Platforms	341.3	343.6	394.9	389.7	279.7	292.2	439.4	444.4
Studios & Entertainment	92.5	57.1	94.6	60.4	78.2	63.5	127.5	87.2
REVENUE	481.9	475.1	543.3	505.6	401.5	419.3	636.0	604.3
Broadcasting	4.9	22.6*	33.1	65.2	(16.5)	1.5	66.0	45.3
- Free Platforms	(3.5)	(18.6)	21.6	57.2	(25.6)	(5.1)	52.7	37.6
- cost of programmes (incl. major sporting events)	(232.4)**	(243.5)	(265.4)**	(216.7)	(218.7)**	(212.9)	(290.1)**	(283.1)
Studios & Entertainment	9.9	5.5	9.6	4.0	5.6	8.0	16.8	5.9
CURRENT OPERATING PROFIT/(LOSS)	14.8	28.1	42.7	69.2	(10.9)	9.5	82.8	51.2

* Includes the €33.7 million gain arising on the deconsolidation of Eurosport France.

** Excludes €25.4 million of non-current expenses (€15.3 million in Q1, €4.4 million in Q2, €1.2 million in Q3 and €4.5 million in Q4) relating to the co-existence of two different accounting treatments for French drama depending on whether it was produced before or after the decree of 27 April 2015 that allows broadcasters to own co-production shares in respect of their investments in independent productions.

BROADCASTING

Revenue (€m)	2016	2015	Chg.%
Free Platforms	1,517.1	1,569.0	-3.3%
- TV advertising on Free Platforms	1,455.3	1,469.9	-1.0%
- other revenue	61.8	99.1	-37.6%
Other platforms and related activities	152.8	167.1	-8.6%
BROADCASTING	1,669.9	1,736.1	-3.8%

Broadcasting segment revenue was €1,669.9 million in 2016, down €66.2 million or 3.8%. The 2015 figure included €17.8 million of revenue generated by Eurosport France, 100% of which was sold to Eurosport SAS on 31 March 2015.

Current operating profit for the segment was €87.5 million, down €47.1 million year-on-year. After stripping out the effects of changes in structure and the deconsolidation of Eurosport France, current operating profit was €13.4 million lower year-on-year, due mainly to trends in the cost of programmes for the free-to-air channels in 2016.

FREE PLATFORMS

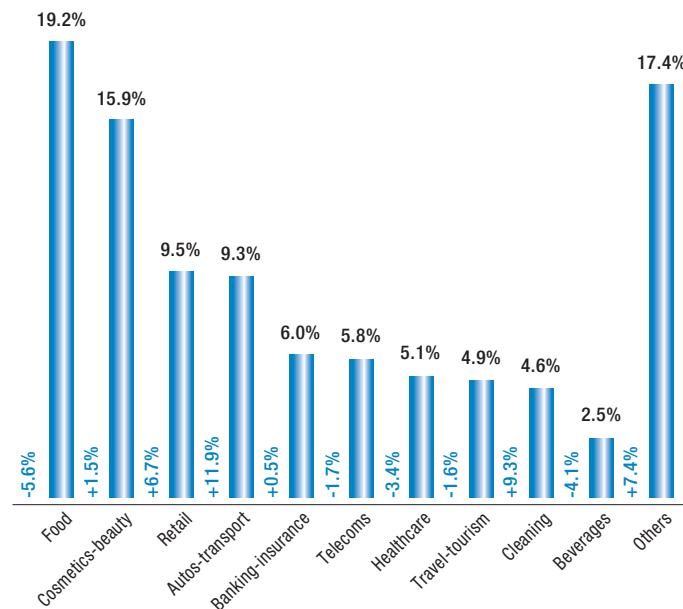
The Group's Free Platforms generated revenue of €1,517.1 million in 2016, down 3.3% year-on-year, and comprising:

- TV advertising revenue of €1,455.3 million, down 1.0% year-on-year. The figure for 2016 includes advertising revenue generated by the LCI channel;
- revenue from other activities of €61.8 million, down €37.3 million year-on-year.

Advertising revenue⁽¹⁾

Over 2016 as a whole, the TF1 group's free-to-air channels reported a 1.9% year-on-year increase in gross revenue.

Trends in gross advertising spend for those channels (excluding LCI) during 2016 are shown below.



Advertising revenue from the TF1 group's free-to-air channels amounted to €1,455.3 million (down 1.0% year-on-year), in the absence of any marked recovery in the TV advertising market. From 2016 onward these figures include advertising revenue from the LCI channel, though such revenue was only minimal during the first quarter as the channel was not available in freeview until 5 April 2016. Advertising revenue for the free-to-air TV channels fell by 1.1% in the fourth quarter of 2016 relative to the comparable period of 2015.

The Group's DTT channels saw further growth thanks to strong audience ratings among target viewers, but this only partly offset lower revenue for the TF1 core channel.

Other revenue

Other revenue from Free Platforms fell by €37.3 million year-on-year, reflecting:

- the discontinuation of the print version of the *Metronews* newspaper between the two periods;
- the absence of cable operator revenue for LCI from 1 January 2016;
- the ending of airtime sales contracts for the belNSPORTS and Discovery channels;
- bear in mind also that 2015 revenue was boosted by the inclusion of Eurosport France in the consolidation during the first quarter, and by the resale of sports rights in the third quarter.

Current operating profit

Over 2016 as a whole the Free Platforms made a current operating profit of €45.2 million, down €25.9 million year-on-year. The main factors in this were the drop in revenue for the free-to-air channels, the cost of screening the Euro 2016 football tournament, and a loss at LCI

(where advertising revenue failed to offset the ending of distribution revenue), although the effect was mitigated by an improved cost base at *Metronews* following discontinuation of the print edition.

Free-to-air channel market⁽²⁾

Consumption of television by individuals aged 4 and over has broadly stabilised over the last two years, and the average daily viewing time is currently 3 hours 43 minutes (-1 minute over 1 year, but +2 minutes over 2 years).

Non-live viewing (catch-up TV and recording) averaged 10 minutes a day in 2016, 4 minutes more than in 2015. This increase almost entirely compensated for a 5-minute fall in live viewing year-on-year.

Among "women aged under 50 purchasing decision-makers" (W<50PDM), average daily viewing time was 3 hours 39 minutes, and has been on a slight uptrend during the last two years (+1 minute over 1 year, +2 minutes over 2 years).

These figures do not include time spent watching live or catch-up television on other devices (e.g. computers, tablets and smartphones), or outside the home on any device.

The six HD DTT channels launched in December 2012 have now achieved a 100% initialisation rate. Since the switch-off on 5 April 2016 their audience share among individuals aged 4 and over has reached 7.8%, an increase of 2.3 points.

Free-to-air audience ratings⁽²⁾ For 2016

In this highly competitive environment the TF1 group is forging ahead with its multi-channel strategy, focusing on target markets for advertisers and on strategic slots. In 2016 the Group attracted an average prime-time audience of 7.1 million⁽³⁾ while limiting the cost of programmes.

(1) 2016 plurimedia spend excluding sponsorship and internet (5 media).

(2) Source: Médiamétrie. – Médiamat. LCI: excludes Pay-TV figures.

(3) Source: Médiamétrie-Médiamat/prime time slots, 9pm-10.45pm.



2016 ACTIVITY AND RESULTS

2016 ACTIVITY AND RESULTS

The TF1 group, France's leading private-sector television group in 2016, slightly increased its audience share of the target market of W<50PDM by 0.1 of a point to 32.1%, and held its share of the 25-49 age bracket steady at 28.9%.

The Group's five free-to-air channels had a combined audience share of 27.4% among individuals aged 4 and over in 2016, down slightly year-on-year (-0.3 of a point).

Fourth-quarter 2016 audience ratings

In the fourth quarter of 2016, the five free-to-air channels had a combined audience share of 33.7% among W<50PDM, an improvement of 1.8 points on the fourth quarter of 2016, driven by a 2.5-point rise for the DTT channels (including TMC, following a repositioning spearheaded by the *Quotidien* show which boosted the channel's audience share by 1.2 points to 4.9%). Both NT1 and HD1 increased their share of the audience, by 0.5 of a point (to 3.8%) and 0.6 of a point (to 2.4%) respectively. LCI had an audience share of 0.2%.

TF1

With a 22.4% share of the target W<50PDM audience and 20.4% of individuals aged 4 and over, the TF1 core channel confirmed its market leadership in 2016 with its usual range of must-see and general-interest programmes.

The TF1 channel attracted an average prime-time audience of 5.3 million over the year as a whole.

TF1 core channel performing well across all genres

The channel achieved 90 of the top 100 audience ratings of 2016, with successes across all programme genres.

- **French drama** proved particularly popular, scoring its best ratings since 2006. French drama occupied 36 of the top 100 places, 4 more than in 2015, reflecting TF1's ability to reinvent itself with a combination of new programmes (*Sam*, *Le secret d'Élise*, *La vengeance aux yeux clairs*) and flagship brands (*Sections de Recherches*, *Profilage*); each of these dramas attracted over 7 million viewers.
- **News:** news bulletins and current affairs programmes are an ongoing success story with up to 7.4 million viewers for the lunchtime bulletin, up to 8 million for the evening bulletin, up to 5.1 million for *Reportages* and 5.2 million for *Sept à Huit*.

TF1's news output also played a major role in the national debate, with 35 politicians appearing as guests on the channel's news bulletins during the year. In an encouraging sign ahead of the 2017 Presidential elections, TF1 recorded the highest viewing figures for a political programme in 2016 with the first of the Presidential primary debates (5.7 million viewers, 26% audience share among individuals aged 4 and over).

- **Sport:** TF1 was the lead free-to-air broadcaster for the Euro 2016 football tournament, screening 21 matches. The channel's coverage of the tournament included 9 matches that featured in the year's top 100 (4 of them featuring the French national team), and peaked at 19.3 million viewers for the semi-final. Over the year as a whole, football coverage performed exceptionally well on TF1, with the 14 matches involving the French national team attracting an average of 8.6 million viewers.
- **Light entertainment** shows accounted for 29 of the year's top 100 ratings. *Les Enfoirés* pulled in 11.6 million viewers, the biggest audience

apart from Euro 2016. *C'est Canteloup* (up to 8.5 million viewers), *The Voice* (8.1 million), *Miss France* (7.6 million) and *Koh Lanta* (7.4 million) also featured in the top 100.

In the lunchtime slot, *Les 12 coups de midi* had its best year ever with up to 4.7 million viewers and a peak audience share of 40%.

In the access prime time slot between 6pm and 9pm, TF1 is the most-watched channel among the public generally with a 20.6% audience share, and among the target audience of W<50PDM with a 19.6% share. In the 7pm slot, *Money Drop* attracted up to 4.3 million viewers.

- **French movies** performed exceptionally well. Ciné Dimanche, the Sunday-night movie slot, confirmed its success, including a number of TF1 co-productions: *Qu'est-ce qu'on a fait au bon Dieu ?* (best movie audience of the year with 10.8 million viewers), *Les Tuche* (8.8 million) and *Eyjafjallajökull* (7.6 million). Over the year as a whole, TF1's movie slot included 6 films that made it into the top 100.

DTT channels

Over 2016 as a whole the TF1 group's DTT arm, comprising the TMC, NT1, HD1 and LCI channels, maintained its market leadership and achieved the strongest growth among target audiences. It had a combined audience share of 9.7% among W<50PDM (+1.1 points year-on-year) and 8.4% among individuals aged 25 to 49 (+1.0 point year-on-year).

In the fourth quarter of 2016, the Group's DTT channels were the undisputed market leader, posting the strongest growth among W<50PDM with an audience share of 11.3% (up 2.5 points on the fourth quarter of 2015).

TMC

Over 2016 as a whole, TMC had an audience share of 3.8% among W<50PDM (+0.2 of a point year-on-year) and 3.6% among individuals aged 25 to 49 (+0.2 of a point year-on-year).

With a new visual identity, new editorial line and new schedules, TMC's rebranding proved a success, propelling the channel to the no. 1 slot among freeview DTT channels. Yann Barthès drew up to 1.5 million viewers with his *Quotidien* show. The most-watched DTT programme in access prime time among ABC1 viewers, it attracted an audience share of up to 15%.

The Euro 2016 tournament enabled TMC to post its best-ever audience when 3.5 million people watched the Slovakia/England match, making the channel the second most-watched in France on the evening of 20 June and setting a record daytime audience share of 5.8% among individuals aged 4 and over.

Some of the channel's best audience ratings were for movies: 2.3 million for *Les Visiteurs 2*, 1.9 million for *Expandables 2* and 1.7 million for *Les Profs*.

Series also performed well, with *Gotham* attracting up to 1.4 million viewers and good ratings for TF1 franchises having their first run on DTT: up to 1.3 million viewers for *Profilage* and 1.2 million for *CSI: Miami (Les Experts Miami)*.

Finally, the serial *Les Mystères de l'Amour* achieved its best-ever audience with 1.2 million viewers.

NT1

NT1 also made inroads into its target audiences during the year: +0.3 of a point among W<50PDM to 3.5%, and +0.6 of a point among 15-24 year-olds to 4.2%.

In the back-to-school period, *Secret Story 10* propelled NT1 into the DTT no. 1 slot for 15-24 year-olds, with very strong growth among female viewers. The programme drew up to 1 million viewers, with audience shares of up to 29% of 15-24 year-olds and 13% of W<50PDM. During the full run of the programme, NT1 became the leading DTT channel among 15-24 year-olds.

Similarly, *La Villa des cœurs brisés* scored highly in access prime time, attracting up to 0.7m viewers, 10% of W<50PDM and 21% of 15-24 year-olds.

NT1 also has a powerful offering in movies for young people and women viewers: *Men in Black 3* (1.7 million viewers) and *The Proposal* (1.2 million viewers).

HD1

Launched in December 2012, the Group's movie/drama channel had a record year in 2016, achieving the strongest growth in the French TV market (+0.6 of a point audience share among individuals aged 4 and over) and becoming market leader in 2nd generation DTT (1.8% of individuals aged 4 and over).

The strategy of screening TF1's flagship programmes on HD1 gives the channel a big-hitter look and enables the programmes to find a new audience. For example, HD1 achieved record HD DTT audience figures with *Section de Recherches* (1.2m viewers) and *Alice Nevers* (0.9m).

The channel's movie offering provided some of its best audiences: 1 million viewers for *Jurassic Park III* and 0.9 million for *The Bourne Ultimatum* (French title: *La Vengeance dans la peau*).

LCI

On 17 December 2015, the CSA (the French broadcasting regulator) approved the switchover of LCI to DTT freeview, which took place on 5 April 2016.

LCI's relaunch on 29 August 2016 (new programming, new shows, new faces, new studios) enabled the channel to grow strongly, reaching 0.5% audience share in the fourth quarter among individuals aged 4 and over.

24 heures en questions contributed heavily to this performance, pulling in up to 320,000 viewers (1.8% audience share), as did *LCI Matin* (up to 138,000 viewers and 3.6% audience share).

The channel's all-time record audience was for the US Presidential elections, with 1.2% audience share over the day as a whole

The first debate of the French Presidential primaries occasioned one of LCI's best performances with the post-debate analysis (275,000 viewers, 3.1% audience share) and the spoof by Nicolas Canteloup (up to 406,000 viewers).

La Médiasphère (up to 101,000 viewers, 2.7% audience share) and *LCI&Vous* (up to 147,000 viewers, 3.1% audience share) also contributed to LCI's strong momentum.

Publications Metro France integrated into LCI

Since July 2015, *Metronews* has been a 100% digital news platform, with the print edition discontinued in response to the crisis in the freesheet advertising market.

Over the year as a whole, *Metronews* saw a sharp fall in revenue. However the operating result progressed thanks to significant improvements in the cost base.

During the third quarter, the Group combined its digital news operations bringing together LCI, *Metronews* and MYTF1News within LCI.fr. This news platform complements the existing news offering, and is in line with the Group's broader digital transformation strategy.

The dissolution of Publications Metro France and transfer of its net assets to LCI took effect on 1 July 2016.

Consequently, there was no revenue or operating profit from Publications Metro France in the third or fourth quarter of 2016.

TF1 Publicité (third-party airtime sales)

Both revenue and operating profit from third-party advertising airtime sales (for radio stations, and TV channels from outside the Group) fell during 2016 due to the ending of airtime sales for the Pay-TV channels of beIN SPORTS and Discovery in France.

TF1 Films Production

Cinema footfall reached 212.7 million in 2016, up 3.6% year-on-year. Three months of the year saw record levels of cinema-goers: February with 26 million, October with 21 million, and December. This was also the third year running in which cinema footfall broke the 200 million barrier.

During 2016, 20 films co-produced by TF1 Films Production went on general release (versus 14 in 2015), attracting a combined total of 24.2 million box office entries in France (versus 10.7 million a year earlier). Nine of those films attracted more than a million box office entries, including *Les Tuche 2 Le Rêve américain* (4.6 million), *Camping 3* (3.2 million), *Radin!* (2.9 million) and *Les Visiteurs 3* (2.2 million).

The revenue contribution from TF1 Films Production increased during the year, but its current operating profit declined relative to 2015.

TF1 Production

TF1 Production's revenue contribution was lower in 2016 than in 2015, mainly because the prior-year comparative was boosted by live shows.

A total of 450 hours of programmes were delivered in 2016, compared with 500 in 2015, reflecting the non-recurrence of the programme *Meilleur Menu* and a reduced volume of morning drama and reality TV. Programmes delivered by TF1 Production during 2016 included five episodes of *Ninja Warrior*, four editions of *Vie Politique* and the French Presidential primary debates for TF1, and episodes of season 3 of *Bachelor* for NT1. TF1 Production also contributed to the broadcasting of Euro 2016 matches and spin-off sport magazine programmes.

Current operating profit increased year-on-year.

OTHER PLATFORMS AND RELATED ACTIVITIES

Revenue from other platforms and free-to-air TV related activities fell by 8.6% to €152.8 million. The 2015 figure included €17.8 million of revenue generated by Eurosport France, 100% of which was sold to Eurosport SAS on 31 March 2015.

After stripping out the Eurosport France contribution, revenue rose slightly year-on-year, by €3.5 million.

e-TF1

TF1 is pursuing its digital strategy, working closely with the Group's TV channels.

Digital activities recorded strong growth in 2016 thanks to increased levels of interactivity and to advertising revenue from MYTF1. The extra audiences generated by the Group's digital platforms are continuing to grow substantially.

Interactivity enjoyed a very good fourth quarter, with a particularly fine December thanks to favourable programming schedules: the semi-final and final of *Koh Lanta*, the final of *Danse avec les Stars*, the election of *Miss France*, *Les 12 Coups de midi* (with the same contestant remaining on the show all month), *Vendredi tout est permis* with Arthur, and *Les 12 Coups de Noël* on Christmas Eve.

The success of the programmes shown on the Group's channels has been backed up by imaginative solutions for showcasing premium content. For example, *La vengeance aux yeux clairs* enjoyed a free-to-air premiere on MYTF1, dual screenings on TF1 and HD1, and a binge watching⁽¹⁾ VOD service featuring the entire saga. This multi-screen approach enabled content like *Le secret d'Élise* to pull in an extra 1.7 million viewers in addition to those who watched it on TV.

In 2016, the MYTF1 catch-up service attracted up to 10.7 million⁽²⁾ unique users via ISP set top boxes. During the year, 1.3 billion free videos were watched on MYTF1⁽³⁾, representing a 15% year-on-year increase in usage.

The most popular programmes on MYTF1 in 2016 were *The Voice*, *Secret Story*, *Koh-Lanta* and *Grey's Anatomy*.

e-TF1 operates the TFOU MAX subscription-based kids' video offering, either as part of a Pay-TV bundle or as a stand-alone product.

e-TF1 is also building a digital marketing consultancy business, including the acquisition of an equity stake in Bonzai Digital during the first quarter of 2016.

Overall, e-TF1 achieved strong growth in both revenue and operating profit during 2016.

Theme Channels

French Pay-TV channels as a whole attracted an audience share of 10.0% during 2016, versus 9.9% a year earlier.

Pay-TV offerings are facing competition from the continuing growth of the new free-to-air DTT channels.

Revenue for the Group's theme channels (TV Breizh, Ushuaïa, Histoire) fell during 2016 due to a drop in advertising revenue. However, tight cost control helped the three channels to maintain their profitability.

TV Breizh

TV Breizh further consolidated its position as the benchmark Pay-TV channel. With an audience share of 0.6% among individuals aged 4 and over⁽⁴⁾ in 2016, it is a leading player in the French Pay-TV market thanks to a programming policy built around cult series like *Columbo*, *Hercule Poirot*, *Monk* and more recently *Walker*, *Texas Ranger* alongside newer French dramas like *Section de recherches* and *Profilage*.

Histoire and Ushuaïa

Ushuaïa's programming policy is based on adventure and discovery, with a year-round focus on environmental issues.

In the fourth quarter of 2016, the channel launched a science programme, and devoted a month to the oceans presented by Guillaume Nery as a tie-in to *L'odyssée*, a biopic on Jacques Cousteau for which Ushuaïa is the media partner.

Histoire is continuing with its programming policy, focusing on showcasing its brand as the gold standard history channel on cable, satellite and ADSL.

Both channels reported lower revenue but improved profitability during 2016.

STUDIOS AND ENTERTAINMENT

Revenue (€m)	2016	2015	Chg.%
Studios & Entertainment	392.8	268.2	46.5%

Current operating profit/(loss) (€m)	2016	2015	Chg.%
Studios & Entertainment	41.9	23.4	79.1%

(1) Watching several episodes of the same series back to back.

(2) Source: Médiamétrie-Mediamat/Catch-up viewing on TV sets via ISP set top boxes.

(3) Excluding news content, XTRA content and live sessions.

(4) Source: Médiamétrie./Médiamat/Thématic.

Revenue for the Studios & Entertainment segment rose by €124.6 million in 2016 to €392.8 million. Current operating profit reached €41.9 million, up €18.5 million year-on-year.

Following the acquisition of Newen Studios on 26 January 2016, its contribution is included in the consolidated financial statements retrospectively from 1 January 2016.

NEWEN STUDIOS

Founded in 2008, Newen Studios is a major player in audiovisual production and distribution in France.

During the fourth quarter of 2016, Newen Studios shot episodes of *Candice Renoir* (season 5), *Nina* (season 3), *Plus Belle la Vie* (including a special), *Les Origines du Mal*, and *Hippocrate aux enfers* (a documentary adopted from the book by Michel Cymès).

Season 4 of *Candice Renoir* was nominated at the Cognac crime film festival (14 to 16 October 2016) in the "Best Francophone Series" category. Season 2 of the series *Nina* attracted good audiences, averaging 3.6 million viewers.

In cinemas, the movie *Ma Vie de Courgette* went on general release on 19 October 2016 and has had over 670,000 box office entries in France. The movie has been sold in over 30 countries and has received several rewards among which the César Awards for best film of animation and best adaptation in 2017.

TF1 DROITS AUDIOVISUELS – TF1 INTERNATIONAL

Six movies went on general release in the fourth quarter of 2016: *Tamara*, *Polina*, *Sing Street*, *Rupture pour tous*, *Père fils Thérapie* and *American Pastoral*, compared with three in the fourth quarter of 2015. The stand-out performer was *Tamara* with 785,000 box office entries.

Over 2016 as a whole, TF1 Droits Audiovisuels and TF1 International increased their contribution to revenue and operating profit relative to 2015.

3.2.2 OUTLOOK

2016 was a year of transformation, in which the TF1 group set new operational priorities and implemented a new organisational structure. In 2017, we will push ahead with a resolutely multi-channel, multi-media and multi-activity strategy, combining pulling power with targeted reach on each channel and developing growth areas in DTT, digital and production.

To meet these challenges, the Group will strive to:

- develop attractive and distinctive content with a competitive cost base, in particular by expanding our production activities;
- broaden the distribution of content by multiplying the number of distribution channels and strengthening the bond with the viewer/consumer ;
- improve the monetisation of both linear and non-linear content.

TF1 VIDEO

The physical video market contracted 12% by value to end November 2016 relative to the same period in 2015⁽¹⁾.

The digital market grew 12% by value to end November 2016, mainly driven by 23% growth in SVoD.

In a challenging physical video market, and with fewer top-selling releases than in 2015 (when Florence Foresti and Jeff Panacloc both released titles), TF1 Vidéo saw a decline in both revenue and current operating profit in 2016.

HOME SHOPPING

The Home Shopping business reported a drop in both revenue and current operating profit in 2016. This was largely due to a significant fall in the number of orders during the period, the business having suffered from supply chain problems in the first half of the year.

TF1 ENTERTAINMENT

The games business was boosted by international sales of *Chrono Bomb* and *Trésor Detector*.

The best sellers in the run-up to the festive season were *Chrono Bomb*, *Trésor Detector*, *Power Quest*, the *Mille Bornes* range, *Money Drop* and *Le Cochon Qui Rit*.

The collection of Tintin figurines has also been selling well internationally, and the Eiffel Tower collection is performing strongly. 2016 also saw the launch of the Tutankhamen collection.

The licensing business performed well during 2016 in a challenging market, thanks largely to promotional licences such as the Française des jeux *The Voice* scratchcard and product licences including Barbapapa, the All Blacks and Nickelodeon.

Over 2016 as a whole, TF1 Entertainment saw a fall in both revenue and current operating profit.

This strategy should help us improve our profitability: we are targeting double-digit current operating margin in 2019, with growth in non-advertising revenue for the five free-to-air channels expected to account for at least one-third of our consolidated revenue in that year.

On the production side, taking a stake in Newen Studios has opened many new opportunities in the creation and distribution of content, both in France and internationally. Our ongoing expansion in digital, across all devices and networks, is intended to help us reach new targets with rejuvenated content, and better monetise user activity.

We will continue to apply our rigorous management approach, which from 2017 onwards will enable us to:

- limit the cost of programmes by optimising our investment in content. This will involve an overhaul of our rights buying policy, increasing in-

(1) Source: GFK, end November 2016 for physical and digital.

house production, and developing content for digital devices. Over the next three years, this policy should enable the Group to hold the average annual cost of programmes (excluding major sporting events) for our five free-to-air channels at €980 million;

- achieve €25 million to €30 million of recurring savings (excluding cost of programmes) under the “*Recover*” plan;

- maintain our share of the advertising market by extracting maximum value from our premium inventories, and growing our DTT channels and digital content;
- take new initiatives in distribution so as to maximise the value of our services, both in France and internationally.

Our ambition is to strengthen our leadership in television, innovate in services to advertisers, accelerate our growth in production and digital, and showcase our brands across all platforms.

3.2.3 EVENTS AFTER THE REPORTING PERIOD

For a description of events after the reporting period, refer to Note 9.6 to the consolidated financial statements in section 4 of this registration document and annual financial report.

3.2.4 ROLE OF TF1 IN DEALINGS WITH ITS SUBSIDIARIES AND PARENT COMPANY

The TF1 group consists of around 100⁽¹⁾ directly or indirectly owned operating subsidiaries (see the organisation chart provided in section 6.1.1 of this registration document and annual financial report), mostly 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 harmonising procedures.

It also provides corporate support functions to its subsidiaries in fields such as management, human resources, advisory services and finance. Those services are invoiced by TF1 to the subsidiaries concerned.

For information about services provided by Bouygues to TF1, refer to the disclosures about related-party agreements and commitments in section 8.3 of this registration document and annual financial report, and to the Statutory Auditors’ report on such agreements and commitments in section 5.3 of this registration document and annual financial report.

From a financial point of view, TF1 ensures that its subsidiaries are adequately capitalised. The TF1 Treasury department provides cash management and pooling services for all Group subsidiaries in which it holds an equity interest of 50% or more, except for Newen Studios and Bonzai Digital (which manage their own cash and financing with support from the TF1 group finance department), Série Club (where cash and financing are managed by M6), and the real estate subsidiary Perelie.

(1) The Newen Studios group, which has been consolidated by TF1 since 1 January 2016, consists of around 60 entities.

3.2.5 THE TF1 PARENT COMPANY

RESULTS OF TF1 SA

In 2016, TF1 SA (the parent company of the TF1 group) generated revenue of €1,200.9 million (-2.4% versus 2015), of which €1,188.5 million came from advertising revenue (-2.5% versus 2015). Operating profit for the year was €30.8 million, a decrease of €47.3 million relative to 2015. Net financial income was €291.8 million, versus €16.7 million in 2015. Net profit for the year was €131.5 million, versus €402.2 million in 2015.

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 €322,110 in 2016. Those expenses will be submitted to the Annual General Meeting for approval, in accordance with Article 223 *quater* of the French General Tax Code.

APPROPRIATION AND DISTRIBUTION OF TF1 SA 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 31 December 2016 and, having noted the existence of distributable profits of €543,585,372.12 (comprising net profit for the year of €131,489,002.23 and retained earnings of €412,096,369.89), to decide to appropriate and distribute that sum as follows, as proposed by the Board of Directors:

- distribution of a cash dividend of €58,636,911.76 (representing a dividend of €0.28 per €0.20 par value share);
- appropriation of the balance of €484,948,460.36 to retained earnings.

The ex-date of the dividend on the Euronext Paris market will be 28 April 2017. 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 2 May 2017. The payment date of the dividend will be 3 May 2017.

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 paid per share
31 December 2013	€0.55
31 December 2014	€1.50
31 December 2015	€0.80

ANALYSIS OF TF1 SA TRADE CREDITORS BY DUE DATE

The table below gives disclosures about trade creditors by due date, as required by Articles L. 441-6-1 and D. 441-4 of the French Commercial Code.

In most cases, TF1 SA applies agreed payment terms of 45 days from the end of the month in which the supplier invoice was issued.

(€m)	31/12/2016	31/12/2015
Total trade creditors	216.5	213.9
Total trade creditors used in the analysis*	186.3	176.7
Of which non past due	178.2	173.5
Of which past due	8.1	3.2
<i>Of which past due by less than 30 days</i>	<i>7.4</i>	<i>2.4</i>
<i>Of which past due by 30 to 90 days</i>	<i>0.5</i>	<i>0.7</i>
<i>Of which past due by more than 90 days</i>	<i>0.2</i>	<i>0.1</i>

* Includes all trade creditors other than trade bills payable, which amounted to €30.2 million at 31 December 2016 (versus €37.2 million at 31 December 2015).



3.2.6 PRINCIPAL ACQUISITIONS AND DIVESTMENTS

ACQUISITION OF 70% OF NEWEN STUDIOS

On 26 January 2016, having obtained the necessary clearances from the regulatory authorities, TF1 and the shareholders of Newen Studios finalised the implementation of the sale agreement of 9 November 2015 under which TF1 was to acquire a 70% equity interest in Newen Studios, the parent company of the Newen Studios group.

The vendors and TF1 entered into a shareholder agreement which specifies the terms of exercise of the reciprocal undertakings whereby the vendors have an option to sell to TF1, and TF1 has an option to acquire, the residual 30% equity interest during a five-year period starting in 2018.

BUYOUT OF THE MINORITY SHAREHOLDING IN TMC

On 9 June 2016, the TF1 group bought out the Principality of Monaco's 20% stake in TMC, raising the TF1 group's stake to 100%. This change in ownership has no effect on the agreements between the Principality of Monaco and the TF1 group, or on the way the TMC channel (whose head office and operations remain in Monaco) is currently run.



2016 FINANCIAL STATEMENT **AFR**

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4.1 CONSOLIDATED FINANCIAL STATEMENTS

4.1.1 CONSOLIDATED INCOME STATEMENT

(€m)	Note	2016	2015
Advertising revenue		1,530.1	1,554.2
Other revenue		532.6	450.1
Revenue	4.3	2,062.7	2,004.3
Other income from operations		14.1	-
Purchases consumed and changes in inventory	4.4	(923.2)	(1,017.6)
Staff costs	5.1	(403.9)	(327.4)
External expenses	5.2	(369.9)	(341.0)
Taxes other than income taxes	5.3	(127.2)	(124.0)
Depreciation and amortisation, net		(177.6)	(56.5)
Provisions and impairment, net		(80.6)	11.7
Other current operating income	5.4	242.6	106.3
Other current operating expenses	5.4	(107.6)	(97.8)
Current operating profit/(loss)		129.4	158.0
Non-current operating income		-	-
Non-current operating expenses	5.5	(83.7)	(16.8)
Operating profit/(loss)		45.7	141.2
Income associated with net debt		0.6	1.2
Expenses associated with net debt		(1.8)	(0.1)
Cost of net debt	5.6	(1.2)	1.1
Other financial income	5.7	4.3	0.8
Other financial expenses	5.7	(8.8)	(4.0)
Income tax expense	5.9	(5.9)	(42.3)
Share of profits/(losses) of joint ventures and associates		9.9	6.5
Net profit/(loss) from continuing operations		44.0	103.3
Net profit/(loss) from discontinued or held-for-sale operations		-	-
NET PROFIT/(LOSS)		44.0	103.3
attributable to the Group:		41.7	99.9
<i>Net profit/(loss) from continuing operations</i>		41.7	99.9
attributable to non-controlling interests:		2.3	3.4
<i>Net profit/(loss) from continuing operations</i>		2.3	3.4
Weighted average number of shares outstanding (in '000)		209,444	210,786
Basic earnings per share from continuing operations (€)	7.4.2	0.20	0.47
Diluted earnings per share from continuing operations (€)	7.4.2	0.20	0.47

4.1.2 STATEMENT OF RECOGNISED INCOME AND EXPENSE

(€m)	2016	2015
Consolidated net profit/(loss) for period	44.0	103.3
Items not reclassifiable to profit or loss		
Actuarial gains and losses on employee benefits	(3.7)	(3.5)
Net tax effect of equity items not reclassifiable to profit or loss	1.3	1.2
Share of non-reclassifiable income and expense of joint ventures and associates recognised in equity		-
Items reclassifiable to profit or loss		
Remeasurement of hedging instruments ⁽¹⁾	0.8	(2.2)
Remeasurement of available-for-sale financial assets		-
Change in cumulative translation adjustment of controlled entities		-
Net tax effect of equity items reclassifiable to profit or loss	(0.3)	0.8
Share of reclassifiable income and expense of joint ventures and associates recognised in equity		0.6
Income and expense recognised directly in equity	(1.9)	(3.1)
TOTAL RECOGNISED INCOME AND EXPENSE	42.1	100.2
<i>attributable to the Group</i>	39.7	96.8
<i>attributable to non-controlling interests</i>	2.4	3.4

(1) Includes amounts reclassified to profit or loss: -€2.9 million in 2016, -€6.5 million in 2015.

4.1.3 CONSOLIDATED CASH FLOW STATEMENT

(€m)	Note	2016	2015
Net profit/(loss) from continuing operations (including non-controlling interests)		44.0	103.3
Depreciation, amortisation, provisions & impairment (excluding current assets)	6.2.1	242.9	54.1
Net (gain)/loss on asset disposals		0.5	(32.4)
Share of (profits)/losses and dividends of joint ventures and associates		(8.4)	7.9
Other non-cash income and expenses	6.2.2	(18.6)	(10.1)
Sub-total		260.4	122.8
Cost of net debt		1.2	(1.1)
Income tax expense (including deferred taxes)		5.9	42.3
Operating cash flow		267.5	164.0
Income taxes (paid)/reimbursed		(53.4)	(35.1)
Change in operating working capital needs		14.5	8.4
Net cash generated by/(used in) operating activities		228.6	137.3
Cash outflows on acquisitions of property, plant & equipment and intangible assets	6.3.2	(205.4)	(57.6)
Cash inflows from disposals of property, plant & equipment and intangible assets		0.3	0.2
Cash outflows on acquisitions of financial assets		(7.3)	(6.2)
Cash inflows from disposals of financial assets		2.5	-
Effect of changes in scope of consolidation	6.3.1	(104.9)	494.5
<i>Purchase price of investments in consolidated activities</i>		<i>(186.5)</i>	<i>-</i>
<i>Proceeds from disposals of consolidated activities</i>		<i>9.5</i>	<i>526.9</i>
<i>Net liabilities related to consolidated activities</i>		<i>-</i>	<i>-</i>
<i>Other cash effects of changes in scope of consolidation</i>		<i>72.1</i>	<i>(32.4)</i>
Dividends received		-	0.2
Other cash flows from investing activities		(0.8)	1.7
Net cash generated by/(used in) investing activities		(315.6)	432.8
Cash received on exercise of stock options	7.4.6	1.9	4.5
Purchases and sales of treasury shares	6.4.1	(21.4)	(40.0)
Other transactions between shareholders	6.4.2	(0.8)	(14.6)
Dividends paid during the period	7.4.5	(167.3)	(317.3)
Cash inflows from new debt contracted		85.7	0.1
Repayment of debt (including finance leases)		(91.4)	(1.3)
Net interest paid (including finance leases)		(1.2)	1.1
Net cash generated by/(used in) financing activities		(194.5)	(367.5)
CHANGE IN CASH POSITION – CONTINUING OPERATIONS		(281.5)	202.6
Cash position at start of period – continuing operations		700.8	498.2
Change in cash position during the period – continuing operations		(281.5)	202.6
Cash position at end of period – continuing operations	6.1	419.3	700.8

4.1.4 CONSOLIDATED BALANCE SHEET

Assets (€m)	Note	31/12/2016	31/12/2015
Goodwill	7.3.1	560.9	431.6
Intangible assets		237.2	125.2
Audiovisual rights	7.1.1	174.4	65.0
Other intangible assets	7.3.2	62.8	60.2
Property, plant and equipment	7.3.3	174.0	170.1
Investments in joint ventures and associates	7.3.4	89.3	84.8
Non-current financial assets	7.3.5	31.7	30.1
Non-current tax assets		-	-
Total non-current assets		1,093.1	841.8
Inventories		677.5	726.9
Programmes and broadcasting rights	7.1.2	661.9	713.4
Other inventories		15.6	13.5
Trade and other debtors	7.2.1	979.8	937.4
Current tax assets		40.2	-
Other current financial assets		4.9	4.5
Cash and cash equivalents	7.5.1	420.2	703.1
Total current assets		2,122.6	2,371.9
Assets of held-for-sale operations		-	-
TOTAL ASSETS		3,215.7	3,213.7
Net surplus cash (+) / Net debt (-)	7.5.1	186.7	700.8

Shareholders' equity and liabilities (€m)	Note	31/12/2016	31/12/2015
Share capital	7.4.1	41.9	42.1
Share premium and reserves		1,409.8	1,599.7
Net profit/(loss) for the period attributable to the Group		41.7	99.9
Shareholders' equity attributable to the Group		1,493.4	1,741.7
Non-controlling interests		(0.8)	20.1
Total shareholders' equity		1,492.6	1,761.8
Non-current debt	7.5.1	224.9	-
Non-current provisions	7.3.6	54.2	51.3
Non-current tax liabilities	5.9.2	42.9	11.8
Total non-current liabilities		322.0	63.1
Current debt	7.5.1	8.6	2.3
Trade and other creditors	7.2.2	1,368.0	1,339.7
Current provisions	7.2.3	24.5	36.6
Current tax liabilities		-	10.2
Other current financial liabilities		-	-
TOTAL CURRENT LIABILITIES		1,401.1	1,388.8
Liabilities of held-for-sale operations		-	-
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		3,215.7	3,213.7

4.1.5 CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(€m)	Share capital	Share premium	Treasury shares	Reserves	Income & expense recognised directly in equity	Shareholders' equity attributable to the Group	Non-controlling interests	Consolidated shareholders' equity
BALANCE AT 31 DECEMBER 2014	42.3	7.3	-	1,958.6	(4.8)	2,003.4	36.5	2,039.9
Capital increase (stock options exercised)	0.1	4.4	-	-	-	4.5	-	4.5
Share-based payment	-	-	-	1.3	-	1.3	-	1.3
Purchase of treasury shares	-	-	(40.0)	-	-	(40.0)	-	(40.0)
Cancellation of treasury shares	(0.3)	-	20.0	(20.0)	-	(0.3)	-	(0.3)
Dividends paid	-	-	-	(317.3)	-	(317.3)	-	(317.3)
Other transactions with shareholders	-	-	-	(9.6)	-	(9.6)	(5.0)	(14.6)
Total transactions with shareholders	(0.2)	4.4	(20.0)	(345.6)	-	(361.4)	(5.0)	(366.4)
Consolidated net profit/(loss) for period	-	-	-	99.9	-	99.9	3.4	103.3
Income and expense recognised directly in equity	-	-	-	-	(3.1)	(3.1)	-	(3.1)
Other movements (changes in accounting policy and scope of consolidation, other items)	-	-	-	2.9	-	2.9	(14.8)	(11.9)
BALANCE AT 31 DECEMBER 2015	42.1	11.7	(20.0)	1,715.8	(7.9)	1,741.7	20.1	1,761.8
Capital increase (stock options exercised)	0.1	1.8	-	-	-	1.9	-	1.9
Share-based payment	-	-	-	2.5	-	2.5	-	2.5
Purchase of treasury shares	-	-	(21.4)	-	-	(21.4)	-	(21.4)
Cancellation of treasury shares	(0.3)	-	13.2	(12.9)	-	(0.0)	-	(0.0)
Dividends paid	-	-	-	(167.2)	-	(167.2)	(0.1)	(167.3)
Other transactions with shareholders	-	-	28.2	(3.4)	-	24.8	(23.8)	1.0
Total transactions with shareholders	(0.2)	1.8	20.0	(181.0)	-	(159.4)	(23.9)	(183.3)
Consolidated net profit/(loss) for period	-	-	-	41.7	-	41.7	2.3	44.0
Income and expense recognised directly in equity	-	-	-	-	(2.0)	(2.0)	0.1	(1.9)
Other movements (changes in scope of consolidation, other items)	-	-	-	(128.6)	-	(128.6)	0.6	(128.0)
BALANCE AT 31 DECEMBER 2016	41.9	13.5	-	1,447.9	(9.9)	1,493.4	(0.8)	1,492.6

Refer to Note 7.4, "Consolidated shareholders' equity", for an analysis of these changes.

4.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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NOTE
1**SIGNIFICANT EVENTS OF 2016****1.1 ACQUISITION OF THE NEWEN STUDIOS GROUP**

On 26 January 2016, having obtained the necessary clearances from the regulatory authorities, TF1 completed the acquisition of a 70% equity interest in Newen Studios, the parent company of the Newen Studios group. The Newen Studios group is fully consolidated in the TF1 group consolidated financial statements with effect from 1 January 2016.

This acquisition had an impact of €293 million on the TF1 group's net debt, including (i) the acquisition cost of the 70% equity interest, (ii) the fair value of the commitment to buy out the 30% interest held by the minority shareholders, and (iii) 100% of the net debt carried by the Newen Studios group.

On 24 February 2016, the Newen Studios group acquired 100% of the equity capital of Rendez-Vous Production Séries. This subsidiary is also fully consolidated in the TF1 group consolidated financial statements with effect from 1 January 2016.

As a result of asset and liability valuations carried out as part of the purchase price allocation process, production and distribution rights have been remeasured at a gross fair value of €67.7 million. These rights are being amortised on a straight line basis from 1 January 2016 over an average period of three years (depending on the programme). The resulting expense is included in "Non-current operating expenses" in the consolidated income statement.

After taking account of all these factors and of the associated deferred tax effects, provisional partial goodwill of €110 million was recognised on these transactions as of 31 December 2016.

1.2 BUYOUT OF THE MINORITY SHAREHOLDING IN TMC

On 9 June 2016, the TF1 group bought out the Principality of Monaco's 20% stake in TMC, raising the Group's stake in the channel to 100%.

The transaction was carried out via a share exchange, enabling the Principality of Monaco – which became a shareholder of TF1, with a 1.1% stake – to retain an interest in the success of TMC and of the TF1 group. This change in ownership has no effect on the agreements between the Principality of Monaco and the TF1 group, or on the way the channel (whose head office and operations remain in Monaco) is currently run.

This transaction between shareholders is accounted for in accordance with the revised IFRS 3 (Business Combinations). It has no impact in the consolidated financial statements on either profit or loss for the period or the consolidation method used for TMC's operations (full consolidation); the net impact of €5 million is recognised in shareholders' equity attributable to the Group.

1.3 NEW SEGMENTAL REPORTING STRUCTURE

To reflect the new strategic orientation of the TF1 group, the Group's activities are with effect from 1 January 2016 allocated to one of two operating segments:

- Broadcasting;
- Studios & Entertainment.

For definitions of those segments, see Note 4 "Segment information". Historical revenue and operating profit data are available on our corporate website via the link <http://www.groupe-tf1.fr/en/investors/media-center>. For details of how consolidated entities are allocated between the operating segments, refer to Note 9.5 "List of companies included in the consolidation".

NOTE
2**ACCOUNTING PRINCIPLES AND POLICIES****Accounting policies**

Accounting policies are described in text boxes within the relevant notes to the financial statements.

2.1 DECLARATION OF COMPLIANCE AND BASIS OF PREPARATION

The consolidated financial statements of the TF1 group for the year ended 31 December 2016 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 19 July 2002.

They include the financial statements of TF1 SA and its subsidiaries and joint ventures, and the TF1 group's interests in associated undertakings. They comply with recommendation no. 2009-R-03 on the presentation of financial statements, as issued by the CNC (the French national accounting standard-setter, now known as the ANC) on 2 July 2009.

The consolidated financial statements are presented in millions of euros.

They were closed off by the Board of Directors on 15 February 2017, and will be submitted for approval by the shareholders at the forthcoming Ordinary General Meeting to be held on 13 April 2017.

2.2 NEW AND AMENDED IFRS ACCOUNTING STANDARDS AND INTERPRETATIONS

2.2.1 New standards, amendments and interpretations effective within the European Union and mandatorily applicable or permitted for early adoption in periods beginning on or after 1 January 2016

In preparing its consolidated financial statements for the year ended 31 December 2016, the TF1 group applied the same standards, interpretations and accounting policies as those used in the preparation of its consolidated financial statements for the year ended 31 December 2015, plus any new standards, amendments and interpretations applicable from 1 January 2016.

The principal new IFRS standards, amendments and interpretations effective within the European Union and mandatorily applicable or permitted for early adoption with effect from 1 January 2016 are:

Amendments to IAS 7 - Statement of Cash Flows

These amendments lay down the principle that an entity should provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

To meet this requirement, the TF1 group provides a reconciliation between the opening and closing financial positions as regards liabilities included in financing activities, in Note 7.5.1 "to the consolidated financial statements".

These amendments are applicable to annual accounting periods beginning on or after 1 January 2017, and have been early adopted in the TF1 consolidated financial statements for the year ended 31 December 2016.

Amendment to IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation:

This amendment, adopted by the European Union on 2 December 2015 and mandatorily applicable from 1 January 2016, has no material impact on the consolidated financial statements.

IFRS 9 - Financial Instruments

On 24 July 2014, the IASB issued a new standard on financial instruments intended to replace most of the current pronouncements on this subject, especially IAS 39. The new standard was endorsed by the European Union on 22 November 2016 and is applicable from 1 January 2018. The TF1 group does not intend to early adopt IFRS 9. The impact of IFRS 9 is currently under review.

IFRS 15 - Revenue from Contracts with Customers

On 28 May 2014, the IASB issued a new standard on revenue recognition intended to replace most of the current IAS 18 and IAS 11. The new standard, which was endorsed by the European Union on 29 October 2016, is applicable from 1 January 2018. The TF1 group does not intend to early adopt IFRS 15, the impact of which is currently under review.

2.2.2 New standards, amendments and interpretations issued by the IASB but not yet endorsed by the European Union

IFRS 16 - Leases

On 13 January 2016, the IASB issued IFRS 16, "Leases". IFRS 16 will replace IAS 17, along with the associated IFRIC and SIC interpretations, and for lessees will end the distinction currently made between operating leases and finance leases. Lessees will be required to account for all leases with a term of more than one year in a manner similar to that currently specified for finance leases under IAS 17, involving the recognition of an asset for the rights, and a liability for the obligations, arising under the lease. IFRS 16, which has not been endorsed by the European Union, is applicable from 1 January 2019.

2.3 CHANGES IN ACCOUNTING POLICY

The TF1 group did not make any changes in accounting policy during 2016.

2.4 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. In addition, the Group uses estimates and assumptions, regarded as realistic and reasonable, for the remeasurement of assets, liabilities, income and expenses; those estimates and assumptions may have a material impact on the amounts reported in the financial statements. Subsequent events or circumstances may result in changes to these estimates or assumptions, which could affect the value of the Group's assets, liabilities, equity or net profit.

Accounting policies applied to balance sheet items that require the use of estimates are indicated in the relevant notes to the financial statements. Estimates are used in particular for goodwill, audiovisual and broadcasting rights, and revenue recognition.

SCOPE OF CONSOLIDATION: SIGNIFICANT CHANGES AND HELD-FOR-SALE OPERATIONS**Accounting policy: business combinations, divestments 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 1 January 2010 without retrospective effect. The main effects of the revision were 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 1 January 2010 is as follows:

The cost of a business combination is the fair value, at the date of exchange, of the assets transferred, the liabilities incurred or assumed, and the equity instruments issued by the Group, in exchange for control over the acquiree.

The identifiable assets, liabilities and contingent liabilities of the acquiree that satisfy the IFRS recognition criteria are recognised at their fair value at the acquisition date, except for non-current assets held for sale which are recognised at fair value less costs to sell in accordance with IFRS 5.

Any excess of the cost of a business combination over the acquirer’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities at the acquisition date is recognised as goodwill. Non-controlling interests may also be measured at fair value (the “full goodwill” method), giving rise to additional goodwill; this option may be elected separately for each business combination.

Subsequent changes in percentage interest with no loss of control over the acquiree are accounted for as transactions between shareholders, with the difference between the purchase price (or sale price) and the carrying amount of the interest acquired (or sold) recognised in equity.

In the case of step acquisitions, equity interests held prior to acquisition of control are remeasured at fair value, with the effect of the remeasurement recognised in profit or loss. The same applies to equity interests retained after loss of control.

Costs directly incurred to effect a business combination are recognised in profit or loss.

If the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected, the TF1 group recognises any adjustments to the 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 (i.e. gain from a bargain purchase).

Subsequent to initial recognition, goodwill is measured at cost less any impairment losses, determined using the method described in Note 7.3.1. Any impairment losses are charged as an operating item in the income statement, and may not be subsequently reversed.

In the event of a partial sale of the component operations, or if a CGU is split up, the TF1 group usually allocates the goodwill of the CGU in proportion to the relative values (as defined in the IFRS 7 hierarchy of valuation methods, see Note 7.3.5) of the divested, retained or split operations at the sale/split date, unless it can be demonstrated that another method better reflects the goodwill of the divested operation, in accordance with paragraph 86 of IAS 36.

The consolidated financial statements of the TF1 group for the year ended 31 December 2016 include the financial statements of the companies listed in Note 9.5.

3.1 SIGNIFICANT CHANGES IN SCOPE OF CONSOLIDATION IN 2016

■ Acquisitions of Newen Studios and Rendez-Vous Production Séries

Following the acquisition of a 70% equity interest in Newen Studios that gave TF1 exclusive control over that company, Newen Studios and its subsidiaries are fully consolidated in the TF1 group consolidated financial statements with effect from 1 January 2016 (see Note 1, “Significant

Events”). They are included in the Studios & Entertainment operating segment for financial reporting purposes.

The vendors and TF1 entered into a shareholder agreement which specifies the terms of exercise of the reciprocal undertakings whereby the vendors have an option to sell to TF1, and TF1 has an option to acquire, the residual 30% equity interest during a five-year period from 2018 to 2023 in accordance with the terms of each undertaking. In the consolidated financial statements for the year ended 31 December 2016

the commitment entered into by TF1 to buy out the minority shareholders' 30% interest was measured at fair value on the basis of discounted cash flow projections. The resulting amount was recognised as a non-current financial liability in accordance with IAS 32, with the corresponding entry recorded as a deduction from consolidated shareholders' equity.

The commitment to buy out the minority shareholders has been accounted for as an advance purchase under the revised IFRS 3. This means that the TF1 group's percentage interest in the Newen Studios group has been increased to 100%, and that the entire net profit or loss of the Newen Studios group is treated as attributable to the shareholders of TF1 with no non-controlling interests recognised.

On 24 February 2016, the Newen Studios group acquired 100% of the equity capital of Rendez-Vous Production Séries. This subsidiary is also fully consolidated in the TF1 group consolidated financial statements with effect from 1 January 2016.

■ Bonzai Digital

On 19 February 2016, e-TF1 acquired a 51% equity interest in Bonzai Digital, a company specialising primarily in targeted advertising solutions. Bonzai Digital is fully consolidated with effect from 1 January 2016. It is included in the Broadcasting operating segment for financial reporting purposes. The acquisition was accompanied by a shareholder agreement that includes a put option whereby the minority shareholders can sell their 49% interest to the TF1 group from 2017 onward. The fair value of the resulting commitment has been recognised as a financial liability, with the corresponding entry recorded as a deduction from consolidated shareholders' equity.

■ Beauté Test

On 6 April 2016, the Newen Studios group acquired a 75% equity interest in Devtribu, the company behind Beauté-test.com, a cosmetics testing and comparison website. Devtribu is fully consolidated with effect from 1 April 2016 and is included in the Studios & Entertainment segment for financial reporting purposes. Goodwill of €6.3 million has been recognised provisionally pending completion of the purchase price allocation.

The acquisition was accompanied by a shareholder agreement that includes a put option whereby the minority shareholders can sell their 25% interest to the Newen Studios group between 2017 and 2019. The fair value of the resulting commitment, determined on the basis of the acquisition business plan, has been recognised as a financial liability,

with the corresponding entry recorded as a deduction from consolidated shareholders' equity.

■ Blue Spirit

On 30 September 2016, the Newen Studios group took control of the Blue Spirit group, which specialises in animation production, by raising its equity interest from 49.5% to 85%.

The Blue Spirit group entities, which were accounted for by the equity method up to and including 30 September 2016, are fully consolidated with effect from 1 October 2016. In accordance with IFRS 3 (Business Combinations), the previously-held equity interest has been remeasured at fair value based on the transaction price, with the resulting gain recognised in "Share of profits/losses of joint ventures and associates". Goodwill of €6.4 million has been recognised provisionally pending completion of the purchase price allocation.

The acquisition was accompanied by a shareholder agreement that includes a put option whereby the minority shareholders can sell their 15% interest to the Newen Studios group in 2021. The fair value of the resulting commitment, determined on the basis of the acquisition business plan, has been recognised as a financial liability, with the corresponding entry recorded as a deduction from consolidated shareholders' equity.

3.2 SIGNIFICANT CHANGES IN SCOPE OF CONSOLIDATION IN 2015

■ Eurosport group:

Following the sale of the TF1 group's 49% equity interest in the Eurosport group on 1 October 2015, that interest (previously accounted for as an associate by the equity method) was deconsolidated as of that date.

■ Eurosport France:

Following the sale of the TF1 group's entire 80% equity interest in Eurosport France, that entity was deconsolidated with effect from 31 March 2015.

■ Prefas 18 and the TV Breizh, Histoire and Ushuaia TV Pay-TV channels:

The TF1 group raised its equity interest in those entities to 100% following the buyout of the Discovery group's 20% interest on 1 October 2015. This transaction generated a net loss in 2015 of €9.3 million, which was recognised in shareholders' equity.

3.3 HELD-FOR-SALE OPERATIONS

Accounting policy

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 or held-for-sale operations are reported on a single line in the income statement for all the periods presented, comprising:

- the net profit (or loss) after tax of discontinued or held-for-sale operations until the date of disposal;
- any impairment of net assets held for sale, based on their fair value less costs to sell, at the time of initial classification of those net assets as held-for-sale; and
- the net gain (or loss) after tax arising from the disposal.

If material, cash flows relating to discontinued and held-for-sale operations are shown separately from the consolidated cash flow statement for all the periods reported, with details provided in the notes to the financial statements.

There were no held-for-sale operations during the year ended 31 December 2016.

NOTE 4

SEGMENT INFORMATION

In the first quarter of 2016, the TF1 group changed the presentation of the internal reports used to manage and monitor the performance of its operating activities. This change is intended to better reflect the new strategic orientation of the Group following recent transactions, in particular the divestment of the Eurosport group and the acquisition of the Newen Studios group, as well as the implementation of new organisational structures at executive management level and across the Group more generally.

The segment information presented below has been updated to take account of this change in the Group’s internal performance measurement and management reporting structures. For details of how Group entities are allocated to these segments, refer to Note 9.5, “Detailed list of companies included in the consolidation”.

TF1 organises its operating activities into strategic business units, each of which is managed appropriately to the nature of the products and services sold. This segmentation serves as the basis for the presentation of internal management data, and is also used by the Group’s operational decision-maker to monitor performance. The operating segments reported by the Group are those reviewed by the chief operational decision-maker.

Management assesses segmental 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

The Broadcasting segment consists of all of the Group’s TV channels and websites. Revenues from these activities are generated by selling advertising airtime and by fees collected from cable, satellite and ADSL operators.

This segment also includes activities that generate non-advertising revenue derived directly from programmes broadcast on the Group’s platforms (such as interactivity between viewers and programmes), and subsidiaries involved in production and rights acquisition on behalf of the Group’s TV channels (pursuant to regulations governing those channels) and websites.

Studios & Entertainment

This segment consists of two sub-segments:

- Content subsidiaries whose activities are primarily focused on producing, acquiring, developing and commercialising audiovisual or music rights, licences and brands for exploitation independently of the Group’s broadcasting operations. Revenue is derived from fees for the sale of

broadcasting rights and all other types of exploitation rights in France or internationally, and from physical and online video sales;

Although these activities (carried on by TF1 Studios, Newen Studios and TF1 Entertainment) are situated at different points along the value chain, they share the same business models and operate in markets that are ever more closely integrated.

More specifically, TF1 Studios and Newen Studios exploit complementary types of audiovisual rights which both entities sell into the market of French and European video rights distributors.

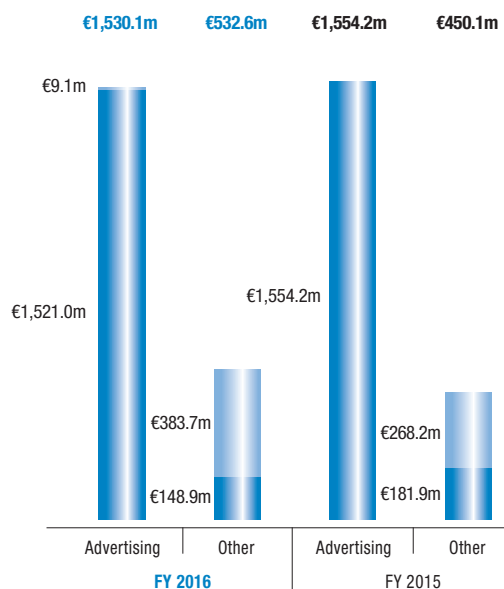
Consequently, TF1 management considers it relevant to monitor the financial performance of these activities collectively.

- The Home Shopping business, including online and in-store sales, are also included in this segment, given their contribution relative to the TF1 group as a whole.

4.1 INFORMATION BY OPERATING SEGMENT

Segmental income statement (€m)	Broadcasting		Studios & Entertainment		Total TF1 group	
	2016	2015	2016	2015	2016	2015
Segment revenue	1,694.4	1,759.5	386.8	268.9	2,081.2	2,028.4
Elimination of inter-segment transactions	(24.5)	(23.4)	6.0	(0.7)	(18.5)	(24.1)
Group revenue contribution	1,669.9	1,736.1	392.8	268.2	2,062.7	2,004.3
<i>of which Advertising revenue</i>	<i>1,521.0</i>	<i>1,554.2</i>	<i>9.1</i>	<i>0.0</i>	<i>1,530.1</i>	<i>1,554.2</i>
<i>of which Other revenue</i>	<i>148.9</i>	<i>181.9</i>	<i>383.7</i>	<i>268.2</i>	<i>532.6</i>	<i>450.1</i>
Current operating profit/(loss)	87.5	134.6	41.9	23.4	129.4	158.0
% operating margin on Group contribution	5.2%	7.8%	10.7%	8.7%	6.3%	7.9%
Share of profits/(losses) of joint ventures and associates	5.9	6.7	4.0	(0.2)	9.9	6.5

REVENUE



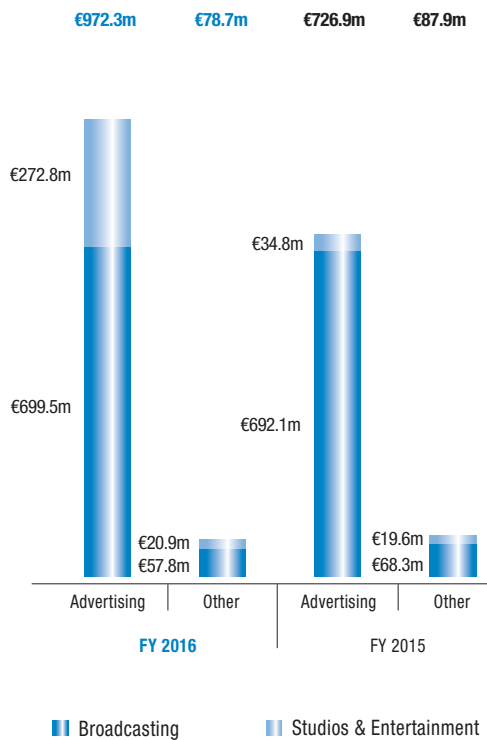
■ Broadcasting ■ Studios & Entertainment

CURRENT OPERATING PROFIT

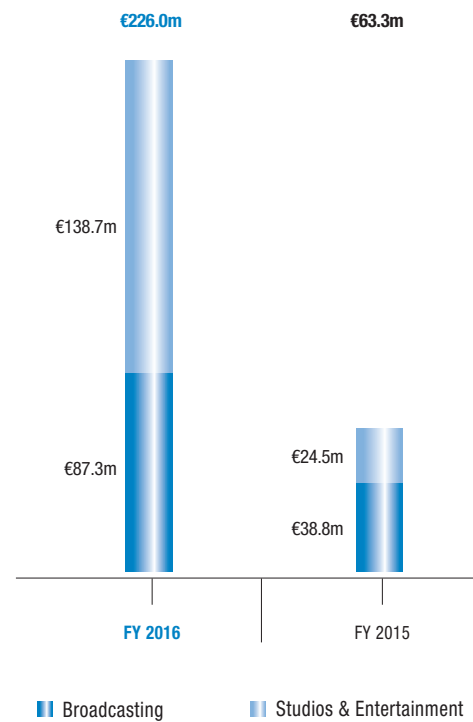


■ Broadcasting ■ Studios & Entertainment

SEGMENTAL ASSETS AND LIABILITIES



CAPITAL EXPENDITURE

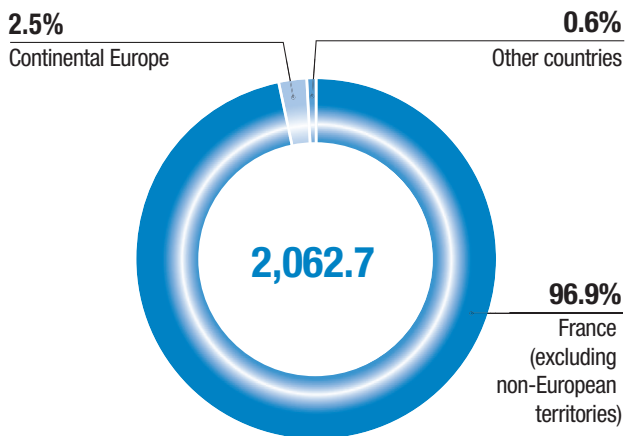


Segmental assets include audiovisual rights, other intangible assets, goodwill, and property, plant and equipment.

Segmental liabilities include current and non-current provisions.

4.2 INFORMATION BY GEOGRAPHICAL SEGMENT

Revenue is generated mainly in France (see chart below), and there was no significant year-on-year change in the geographical split of sales.



Revenue	Revenue	
	2016	2015
(€m)		
France (excluding non-European territories)	1,999.3	1,944.3
Continental Europe	51.1	53.1
Other countries	12.3	6.9
TOTAL	2,062.7	2,004.3

France accounts for the vast majority of the Group's assets and capital expenditure. Amounts for other geographical segments are immaterial.

4.3 OPERATING REVENUES

Accounting policy

The TF1 group recognises revenue when:

- it is probable that the economic benefits associated with the transaction will flow to the Group;
- the amount of revenue can be measured reliably;
- at the transaction date, it is probable that the amount of the sale will be recovered.

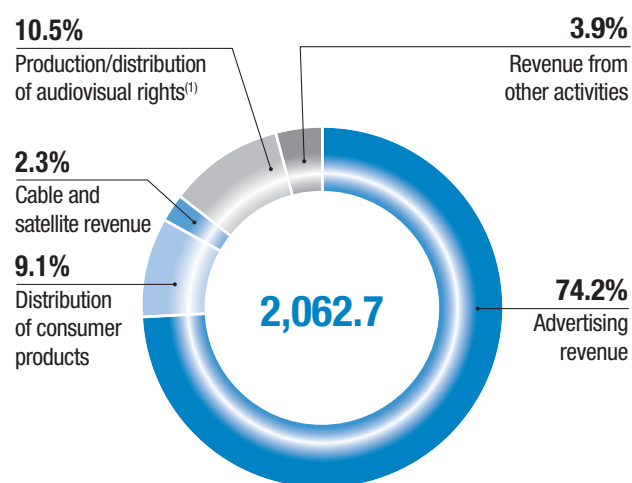
The specific revenue recognition policies applied to each business line are as follows:

- sales of advertising airtime are recognised on transmission of the advertisement or commercial;
 - for sales of advertising airtime on media not owned by the Group, TF1 recognises the agency commission as revenue unless it has offered the media owner a recovery guarantee for selling the airtime, in which case TF1 recognises as revenue the gross amount of airtime sales invoiced to the advertisers,
 - the TF1 group makes marginal use of barter transactions involving advertising with media other than television, such as radio or print media. Such 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 are recognised (depending on the nature of the rights) either when the rights are opened or when the licensee has acknowledged that the programme conforms with the terms of the contract (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.

Operating revenues comprise:



(€m)	2016	2015
Advertising revenue	1,530.1	1,554.2
Distribution of consumer products	187.9	213.2
Cable and satellite revenue	47.3	80.6
Production/distribution of audiovisual rights ⁽¹⁾	217.4	79.7
Revenue from other activities	80.0	76.6
Revenue	2,062.7	2,004.3
Disposal of coproduction shares	14.1	-
Operating revenues	2,076.8	2,004.3

(1) The increase in this item during 2016 is due to the first-time consolidation of the Newen Studios group from 1 January 2016.

4.4 PURCHASES CONSUMED AND CHANGES IN INVENTORY

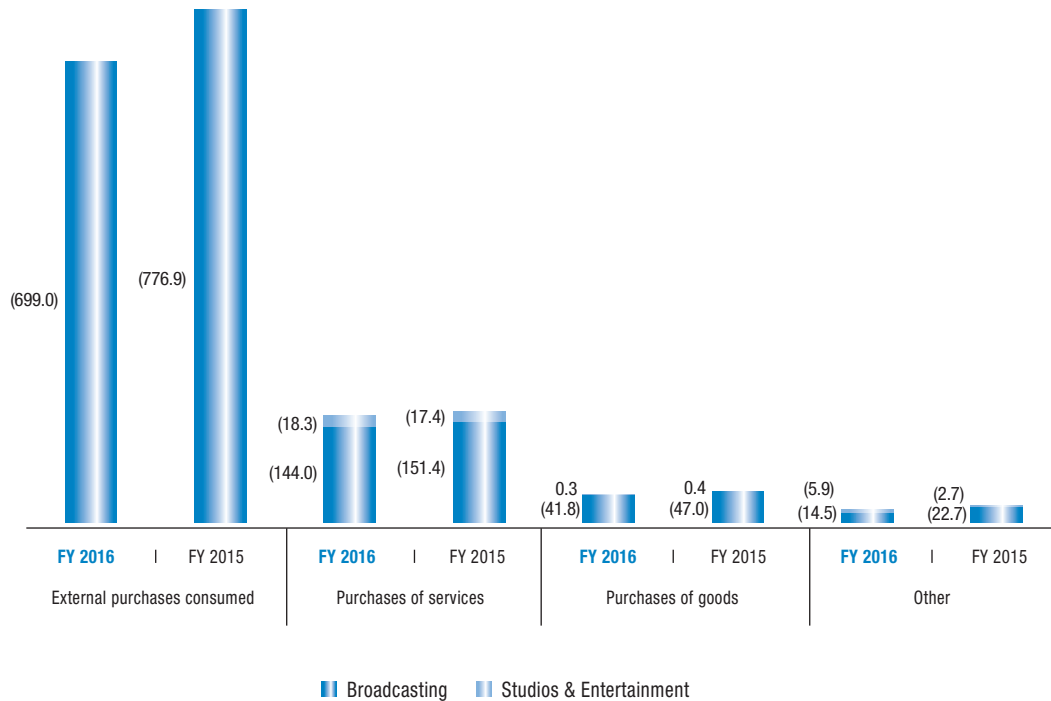
This item breaks down as follows:

(€m)	2016	2015
External production consumed ⁽¹⁾	(699.0)	(776.9)
Purchases of services ⁽²⁾	(162.3)	(168.7)
Purchases of goods	(41.5)	(46.6)
Other purchases	(20.4)	(25.4)
Purchases consumed and changes in inventory	(923.2)	(1,017.6)

(1) "External production consumed" relates to programmes acquired from third parties and broadcast by TF1, TMC, NT1 and HD1, and by the theme channels TV Breizh, Histoire and Ushuaïa TV.

(2) The "Purchases of services" line includes the cost of broadcasting rights for the Euro 2016 football tournament (2016) and the Rugby World Cup (2015).

PURCHASES CONSUMED AND CHANGES IN INVENTORY BY OPERATING SEGMENT

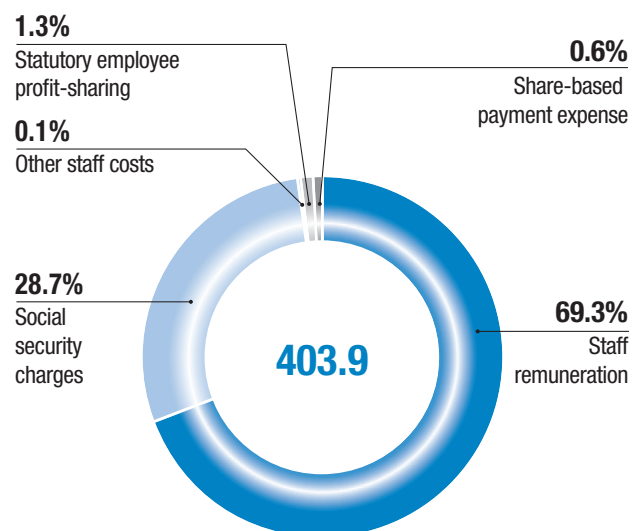


NOTE
5

NOTES TO THE INCOME STATEMENT

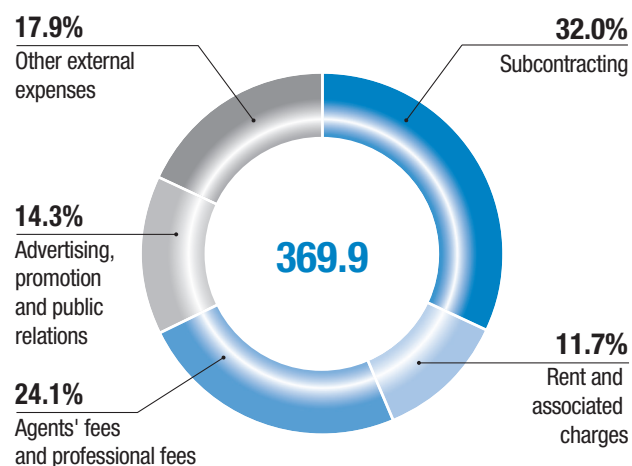
5.1 STAFF COSTS

Staff costs break down as follows:



5.2 EXTERNAL EXPENSES

External expenses break down as follows:



(€m)	2016	2015
Staff remuneration	(279.8)	(220.7)
Social security charges	(116.0)	(93.3)
Other staff costs	(0.4)	(1.0)
Statutory employee profit-sharing	(5.2)	(11.1)
Share-based payment expense	(2.5)	(1.3)
Staff costs	(403.9)	(327.4)

Defined-contribution plan expenses are included in "Social security charges", and totalled €28 million in 2016 (2015: €28 million).

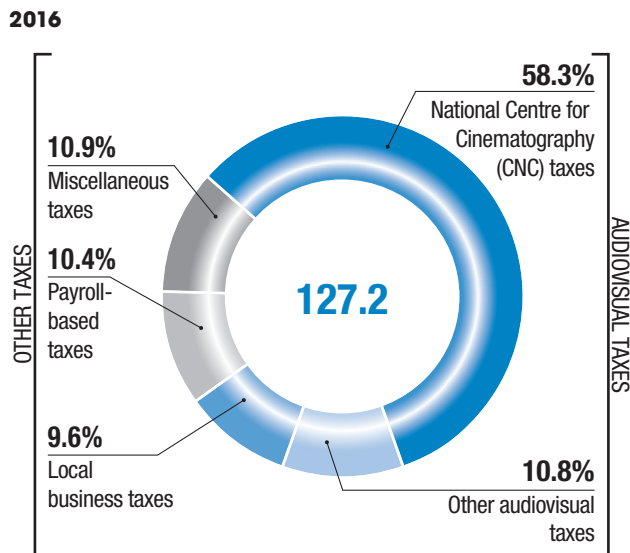
Expenses relating to retirement benefits under the collective agreements applicable to TF1 group companies are recognised as part of the net change in non-current provisions (see Note 7.3.6). Retirement benefits paid during the period are recorded in "Staff remuneration".

Share-based payment expense includes the cost of stock option plans and performance share plans, calculated in accordance with IFRS 2 (see Note 7.4.6).

(€m)	2016	2015
Subcontracting	(118.3)	(116.0)
Rent and associated charges	(43.3)	(29.4)
Agents' fees and professional fees	(89.3)	(82.3)
Advertising, promotion and public relations	(52.9)	(58.0)
Other external expenses	(66.1)	(55.3)
External expenses	(369.9)	(341.0)

5.3 TAXES OTHER THAN INCOME TAXES

Taxes other than income taxes break down as follows:



(€m)	2016	2015
Audiovisual taxes	(87.9)	(89.5)
- National Centre for Cinematography (CNC) taxes	(74.1)	(73.9)
- Other audiovisual taxes	(13.8)	(15.6)
Other taxes	(39.3)	(34.5)
- Local business taxes	(12.2)	(10.1)
- Payroll-based taxes	(13.2)	(11.4)
- Miscellaneous taxes	(13.9)	(13.0)
Taxes other than income taxes	(127.2)	(124.0)

5.4 OTHER CURRENT OPERATING INCOME AND EXPENSES

Other current operating income and expenses consist of the following items:

(€m)	2016	2015
In-house production capitalised, and cost transfers*	148.1	19.9
Reversals of unused provisions	24.3	8.2
Operating grants*	7.2	0.8
Investment grants*	20.3	10.5
Foreign exchange gains	17.1	28.4
Other income (including proceeds from divestments of consolidated entities and Audiovisual Tax Credit)	25.6	38.5
Other current operating income	242.6	106.3
Royalties and paybacks to rights-holders	(82.8)	(71.0)
Bad debts written off	(3.5)	(5.8)
Foreign exchange losses	(15.2)	(14.6)
Other expenses (including carrying amount of divested consolidated entities)	(6.1)	(6.4)
Other current operating expenses	(107.6)	(97.8)

* The increase in these items during 2016 is due to the first-time consolidation of the Newen Studios group from 1 January 2016.

5.5 NON-CURRENT OPERATING INCOME AND EXPENSES

Accounting policy

These line items contain a limited number of income and expense items, which are unusual 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.

The non-current operating expenses of €83.7 million reported in the income statement for 2016 represent (i) costs incurred on the reorganisation of the Group (€25.3 million) and on the freeview switchover of the LCI channel (€8.2 million), and (ii) amortisation of €24.8 million charged against rights remeasured at fair value as part of the Newen Studios purchase price allocation (see Note 1, "Significant events").

They also include the impact of changes in regulations relating to production of French drama programmes: with effect from the decree of 27 April 2015, the Group is entitled to co-production shares in respect of its investments in French drama productions. Consequently, as indicated in the description of the Group's accounting policies, some of the acquisition costs for these rights are capitalised as intangible

assets and are subject to amortisation and impairment charges on the basis of expected future receipts, while the remainder continues (as was previously the case for all such investments) to be recognised in inventory and charged to profit or loss as and when the programme is broadcast.

Because impairment is charged against the capitalised component earlier than the date on which the inventory is consumed, the fact that the workdown of existing contracts is being taken into account simultaneously with the recognition of the new contracts generated

an additional expense of €25.4 million during the period, reported in "Non-current operating expenses". Amortisation and impairment charged against capitalised co-production are included in the cost of programmes (see Note 9.11.2 to the 2015 consolidated financial statements as included in the 2015 registration document).

The non-current operating expenses of €16.8 million for 2015 represent restructuring costs relating to the Group's news operations. Most of this related to the discontinuation of the print edition activities of Metro France Publications.

5.6 COST OF NET DEBT

Accounting policy:

"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 use of fair value accounting for financial assets and financial liabilities, such as changes in the fair value of interest rate derivatives, 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 use of fair value accounting for financial assets and financial liabilities, such as changes in the fair value of interest rate derivatives, cash equivalents and financial assets used for treasury management purposes;
- income generated by the disposal of assets used for treasury management purposes.

Cost of net debt breaks down as follows:

(€m)	2016	2015
Interest income	0.6	1.2
Income and revenues from financial assets	-	-
Income associated with net debt	0.6	1.2
Interest expense on debt	(1.8)	(0.1)
Expenses associated with net debt	(1.8)	(0.1)
Cost of net debt	(1.2)	1.1

5.7 OTHER FINANCIAL INCOME AND EXPENSES

Other financial income and expenses break down as follows:

(€m)	2016	2015
Dividend income	0.1	0.2
Gains on financial assets	3.8	0.1
Gains arising from changes in value of forward currency purchase/sale contracts	-	-
Gains arising from the effect of discounting assets and liabilities	0.4	0.4
Other income	-	0.1
Other financial income	4.3	0.8
Losses on financial assets	(7.4)	(2.9)
Losses arising from changes in value of forward currency purchase/sale contracts	-	(0.2)
Losses arising from the effect of discounting assets and liabilities	(0.5)	(0.7)
Other expenses	(0.9)	(0.2)
Other financial expenses	(8.8)	(4.0)

5.8 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 2016	Financial 2015	Operating 2016	Operating 2015
Net income/(expense) on loans and receivables at amortised cost	0.6	1.3	(6.9)	15.7
Net income/(expense) on financial assets at fair value	0.1	-	-	-
<i>financial assets designated at fair value through profit or loss</i>	-	-	-	-
<i>financial assets held for trading</i>	0.1	-	-	-
Net income/(expense) on available-for-sale financial assets	(3.6)	(2.7)	0.5	(1.9)
Net income/(expense) on financial liabilities at amortised cost	(2.0)	(0.5)	-	-
Net income/(expense) on derivatives	(0.8)	(0.2)	0.4	(0.4)
NET INCOME AND EXPENSE ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES	(5.7)	(2.1)	(6.0)	13.4

5.9 INCOME TAXES

Accounting policy

Deferred taxation is recognised using the liability method on all temporary differences existing at the end of the reporting period 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 end of the reporting period.

Deferred tax assets arising on deductible temporary differences and on the carry-forward of unused tax losses are recognised only to the extent that it is probable that they can be offset against future taxable profits.

Taxes on items recognised directly in equity are taken to consolidated reserves.

Deferred taxes are presented in the balance sheet in non-current assets or liabilities, after offset of assets and liabilities in each tax jurisdiction.

5.9.1 Current and deferred taxes

5.9.1.1 Income statement

(€m)	2016	2015
Current taxes	(11.6)	(60.2)
Deferred taxes	5.7	17.9
Income tax expense	(5.9)	(42.3)

In the year ended 31 December 2016, the temporary differences of French entities due to reverse before 31 December 2019 have been recognised using a rate of 34.43%; those due to reverse after that date have been recognised at a rate of 28.92%, which is the 2020 tax rate approved by the French National Assembly.

5.9.1.2 Tax proof

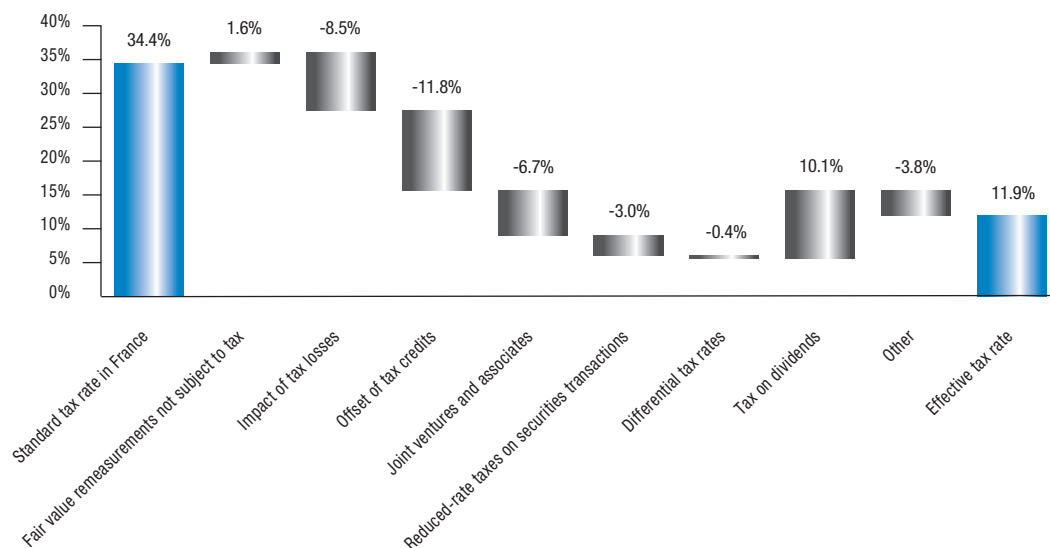
(€m)	2016	2015
Net profit attributable to the Group	41.7	99.9
Income tax expense	5.9	42.3
Net profit from discontinued operations	-	-
Non-controlling interests	2.3	3.4
Net profit from continuing operations before tax and non-controlling interests	49.9	145.6
Standard tax rate in France	34.4%	38.0%
Impact of fair value adjustments not recognised for tax purposes	1.6%	0.4%
Impairment of goodwill	0.0%	0.0%
Impact of tax losses	(8.5%)	(1.5%)
Offset of tax credits ⁽²⁾	(11.8%)	(2.1%)
Share of profits and losses of joint ventures and associates	(6.7%)	(1.7%)
Reduced-rate taxes on securities transactions ⁽¹⁾	(3.0%)	(7.7%)
Tax rate differential (change in tax rate, and rates applicable to foreign subsidiaries)	(0.4%)	(0.5%)
Tax on dividends	10.1%	6.5%
Other differences, net	(3.8%)	(2.5%)
Effective tax rate	11.9%	28.9%

(1) Includes the effects of the sale of Eurosport France in 2015.

(2) Mainly the "CICE" (Employment and Competitiveness Tax Credit) and Audiovisual Tax Credit.

TF1 made a group tax election on 1 January 1989, and has renewed this election regularly since that date.

TAX PROOF



5.9.2 Deferred tax assets and liabilities

5.9.2.1 Change in net deferred tax position

(€m)	2016	2015
Net deferred tax asset/(liability) at 1 January	(11.8)	(31.5)
Recognised in equity	1.0	2.0
Recognised in profit or loss	5.7	17.9
Held-for-sale operations	-	-
Changes in scope of consolidation and other items*	(37.8)	(0.2)
Net deferred tax asset/(liability) at 31 December	(42.9)	(11.8)

* The increase in this item during 2016 is due to the first-time consolidation of the Newen Studios group, and includes deferred taxes arising on the remeasurement of acquired rights as part of the purchase price allocation.

5.9.2.2 Principal sources of deferred taxation

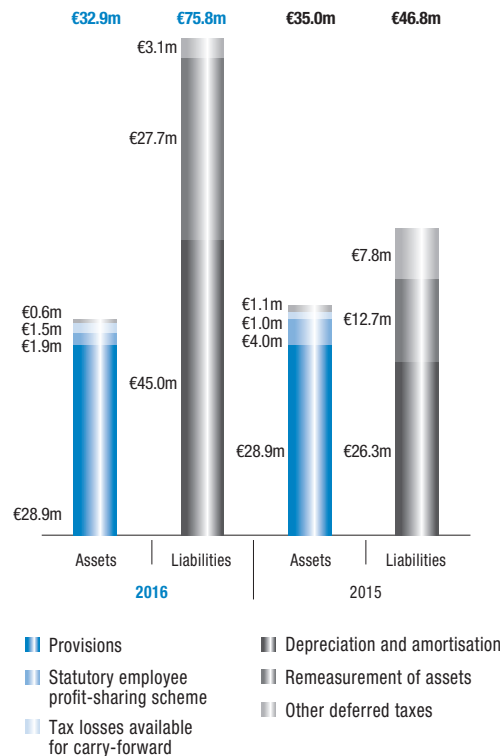
The principal sources of deferred taxation are as follows:

(€m)	2016	2015
Provisions		
Provisions for programmes	1.9	1.5
Provisions for retirement benefit obligations	13.6	13.2
Provisions for impairment of audiovisual rights	0.6	0.6
Provisions for trade debtors	0.7	0.9
Other provisions	12.1	12.7
Employee profit-sharing	1.9	4.0
Tax losses available for carry-forward	1.5	1.0
Other deferred tax assets	0.6	1.1
Offset of deferred tax assets and liabilities	(32.9)	(35.0)
Deferred tax assets	-	-
Accelerated tax depreciation*	(36.4)	(17.7)
Depreciation of head office building	(8.6)	(8.6)
Remeasurement of assets*	(27.7)	(12.7)
Other deferred tax liabilities	(3.1)	(7.8)
Offset of deferred tax assets and liabilities	32.9	35.0
Deferred tax liabilities	(42.9)	(11.8)
Net deferred tax asset/(liability) at 31 December	(42.9)	(11.8)

* Year-on-year changes are mainly due to the acquisition and first-time consolidation of the Newen Studios group.

Unrecognised deferred tax assets totalled €15.3 million (versus €16.3 million as of 31 December 2015), and comprised tax losses and deferred tax depreciation available for indefinite carry-forward, the recovery of which is not sufficiently probable to justify recognition.

PRINCIPAL SOURCES OF DEFERRED TAXATION



5.9.2.3 Period to recovery of deferred tax assets

(€m)	Less than 2 years	2 to 5 years	More than 5 years	Offset of deferred tax assets and liabilities	Total
Deferred tax assets	19.3	-	13.6	(32.9)	-

Deferred tax assets recoverable after more than five years relate to timing differences on provisions for retirement benefit obligations.

NOTE
6

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

6.1 DEFINITION OF CASH POSITION

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)	2016	2015
Cash and cash equivalents in the balance sheet	420.2	703.1
Cash relating to held-for-sale assets	-	-
Treasury current account credit balances	(0.1)	(2.3)
Bank overdrafts	(0.8)	-
Closing cash position per the cash flow statement	419.3	700.8

6.2 NET CASH GENERATED BY/USED IN OPERATING ACTIVITIES

6.2.1 Depreciation, amortisation, provisions and impairment

An analysis of depreciation, amortisation, provisions and impairment is provided below:

(€m)	2016	2015
Intangible assets*	230.3	36.1
Property, plant and equipment	16.3	15.4
Financial assets	(2.2)	2.8
Non-current provisions	(1.5)	(0.2)
TOTAL DEPRECIATION, AMORTISATION, PROVISIONS & IMPAIRMENT, NET	242.9	54.1

* The increase in this item during 2016 includes the effects of (i) amortisation of the audiovisual rights of the Newen Studios group following its first-time consolidation and (ii) amortisation of drama co-production changes pursuant to the new regulations.

6.2.2 Other non-cash income and expenses

Other non-cash income and expenses comprise the following items:

(€m)	2016	2015
Effect of fair value remeasurement	0.6	0.9
Share-based payment	2.5	1.3
Dividend income from non-consolidated entities	-	(0.2)
Grants recognised in profit or loss	(21.7)	(12.1)
TOTAL OTHER NON-CASH INCOME AND EXPENSES	(18.6)	(10.1)

6.3 NET CASH GENERATED BY/USED IN INVESTING ACTIVITIES

6.3.1 Cash effect of changes in scope of consolidation

This item breaks down as follows:

(€m)	2016	2015
Net cash outflows on acquisitions	(114.4)	-
Net cash inflows from disposals	9.5	494.5
Effect of changes in scope of consolidation	(104.9)	494.5

"Net cash outflows on acquisitions" consists of the following items:

(€m)	2016	2015
Cash and cash equivalents acquired	72.1	-
Financial assets acquired	9.6	-
Other assets acquired	238.9	-
Non-controlling interests acquired	(2.3)	-
Other liabilities acquired	(245.6)	-
Net assets acquired (A)	72.7	-
Goodwill (B)	129.3	-
Cash outflow (A) + (B)	186.5	-
Cash acquired	72.1	-
Cash of companies joining the consolidation during the period without acquisition	-	-
Net cash outflow	114.4	-

The table below shows the cash flow effects of disposals of subsidiaries:

(€m)	2016	2015
Cash inflows	9.5	526.9
Cash divested	-	(32.4)
Subscriptions to capital increases carried out by subsidiaries	-	-
Net cash inflow	9.5	494.5

For 2016, cash inflows mainly relate to the receipt of the contingent consideration arising from the 2014 sale of OneCast following the agreements signed in October 2016 by TF1, ITAS and TDF.

In 2015, cash inflows comprised (i) the €490.5 million proceeds from the sale of the 49% equity interest in the Eurosport group and (ii) the €36.4 million proceeds from the deferred portion of the consideration for the sale of a 31% equity interest in the same entity in May 2014. Cash divested in 2015 consisted of the cash held by Eurosport France, which was sold and deconsolidated on 31 March 2015.

6.3.2 Cash outflows on acquisitions of property, plant & equipment and intangible assets

In 2016, the increase in cash outflows on acquisitions of property, plant & equipment and intangible assets reflected the first-time consolidation of the Newen Studios group, plus the effect of changes in French regulations relating to the production of French drama.

6.4 NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES

6.4.1 Purchases and sales of treasury shares

Under the new share buyback programme approved by the Annual General Meeting of 14 April 2016, TF1 repurchased 2,222,986 of its own shares during the second and third quarters of 2016 for a total amount of €21.4 million.

6.4.2 Other transactions between shareholders

Other transactions between shareholders consist of buyouts of non-controlling interests by companies in the Newen Studios group, and the buyout of the 33% interest in TF1 International held by UGC.

NOTES TO THE CONSOLIDATED BALANCE SHEET

7.1 AUDIOVISUAL RIGHTS AND BROADCASTING RIGHTS

7.1.1 Audiovisual rights

Accounting policy

This item primarily includes shares in films and audiovisual programmes produced or co-produced by TF1 SA, TF1 Films Production, TF1 Vidéo and TF1 Production; distribution and trading rights owned by TF1 DA and TF1 Entreprises; the audiovisual rights produced by Newen Studios; and music rights owned by Une Musique.

Audiovisual rights are recognised as an asset in the balance sheet at historical cost.

Amortisation methods for these categories of audiovisual rights are as follows:

- producer shares in French drama acquired to meet broadcasters' regulatory obligations: amortised at least on a straight line basis over the projected period over which the rights will be exploited, reflecting the decline in future economic benefits from those shares;
- producer shares in French drama produced by the TF1 group: amortised on a reducing balance basis, taking account of the decline in the expected value of the economic benefits from those shares;
- shares in film co-productions and audiovisual distribution rights: amortised on a reducing balance basis, taking account of the decline in the expected value of the economic benefit;
- audiovisual trading rights: amortised on a straight-line basis over the contract term or expected period of exploitation;
- music rights: amortised over 2 years, 75% of gross value in the first year and the remaining 25% in the second year.

Use of estimates and judgment

A provision for impairment of audiovisual rights is recorded individually as required. Impairment testing of audiovisual rights is based on an analysis of the future economic benefits derived from the rights relative to their carrying amount.

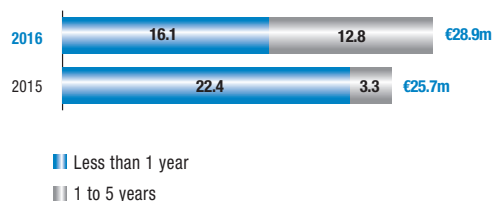
Movements during 2016 and 2015 were as follows:

(€m)	Gross value	Amortisation	Impairment	Total audiovisual rights
31 December 2014	1,179.4	(1,110.3)	(22.3)	46.8
Increases	49.6	(35.4)	(6.8)	7.4
Decreases	(0.1)	0.1	11.8	11.8
Changes in scope of consolidation and reclassifications	5.5	-	(6.5)	(1.0)
31 December 2015	1,234.4	(1,145.6)	(23.8)	65.0
Increases	202.6	(154.4)	(84.7)	(36.5)
Decreases	(1.0)	0.1	16.1	15.2
Changes in scope of consolidation and reclassifications*	945.5	(811.8)	(3.0)	130.7
31 December 2016	2,381.5	(2,111.7)	(95.4)	174.4

* Mainly the first-time consolidation of the Newen Studios group.

The chart below shows the maturities of audiovisual rights acquisition contracts entered into by the Group to secure future programming schedules.

AUDIOVISUAL RIGHTS (€M)



7.1.2 Programmes and broadcasting rights

Accounting policy

Initial recognition:

In order to secure programming schedules for future years, the Group enters into binding contracts, sometimes for a period of several years, under which it 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, such rights are not recognised in the balance sheet.

However, any advance payments made to acquire such rights are recognised as supplier prepayments.

The balance sheet line item “Programmes and broadcasting rights” includes:

- in-house productions, made by TF1 group companies for TF1 channels;
- external productions, comprising broadcasting rights acquired by the 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 the end of each reporting period.

Accounting for consumption of programmes:

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 that 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
1 st transmission	80%	50%	100%
2 nd transmission	20%	50%	-

“Other programmes and broadcasting rights” in the table above refers to children’s programmes (other than cartoons), light entertainment, plays, factual and documentary programmes, news, sport, and dramas with a running time of less than 52 minutes.

Impairment and write-offs:

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.

Use of estimates and judgment:

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 transmitted 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 acquired to secure future programming schedules:

Rights ordered under irrevocable contracts but not yet available for transmission (see above) are disclosed 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.

The table below shows the movement in programme and broadcasting rights inventory, valued in accordance with the accounting policy described above.

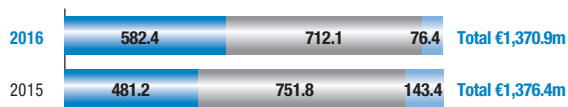
(€m)	Gross value	Impairment (net)	Inventories
1 January 2015	799.4	(120.9)	678.5
Net movement	28.6	6.3 ⁽¹⁾	34.9
Changes in scope of consolidation and reclassifications	-	-	-
31 December 2015	828.0	(114.6)	713.4
Net movement	(26.6)	(24.9) ⁽²⁾	(51.5)
Changes in scope of consolidation and reclassifications	1.4	(1.4)	-
31 December 2016	802.8	(140.9)	661.9

(1) Includes €56.7 million of impairment losses charged, €63 million of impairment losses reversed.

(2) Includes €76.1 million of impairment losses charged, €51.2 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.

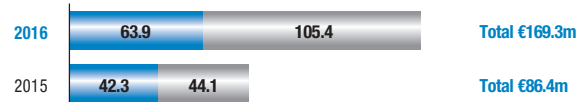
The charts below show the maturities of broadcasting and sports transmission rights acquisition contracts entered into by the Group to secure future programming schedules.

PROGRAMMES AND BROADCASTING RIGHTS (€m)

- Less than 1 year
- 1 to 5 years
- More than 5 years

Some of those broadcasting and sports transmission rights contracts are expressed in U.S. dollars; the amounts involved were the U.S. dollar equivalent of €112.2 million in 2016 and €152.8 million in 2015.

In 2016, programmes and broadcasting rights related mainly to TF1 SA (€359.3 million, versus €274.5 million in 2015) and to the Acquisition

SPORTS TRANSMISSION RIGHTS (€m)

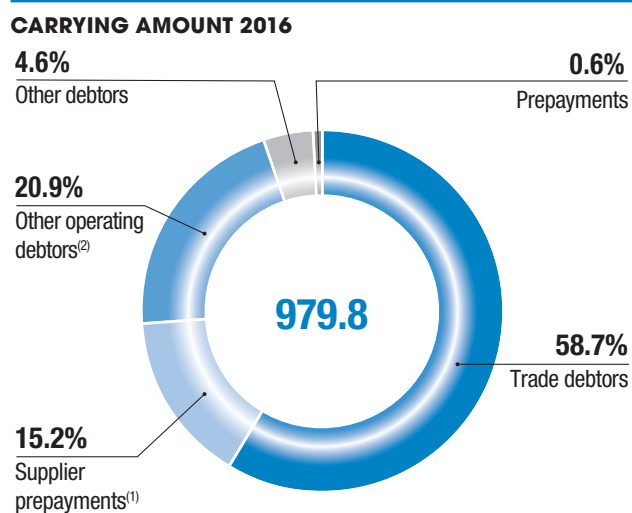
- Less than 1 year
- 1 to 5 years
- More than 5 years

de Droits economic interest grouping (€902.7 million, versus €1,023.3 million in 2015).

Sports transmission rights commitments related mainly to TF1 SA and TF1 DS (€169.3 million in 2016, €86.4 million in 2015).

7.2 CURRENT ASSETS AND LIABILITIES

7.2.1 Trade and other debtors



(1) This line includes advance payments in respect of acquisitions of programmes and sports transmission rights.

(2) Primarily amounts due to the government, local authorities, employees and social security bodies.

Accounting policy

These financial assets are initially recognised at fair value plus directly attributable transaction costs. At the end of each subsequent reporting period, 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 joint ventures, 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.

(€m)	Gross value 2016	Impairment 2016	Carrying amount 2016	Carrying amount 2015
Trade debtors	584.7	(10.0)	574.7	539.8
Supplier prepayments ⁽¹⁾	149.6	(0.4)	149.2	172.7
Other operating debtors ⁽²⁾	204.5	-	204.5	186.1
Other debtors	164.8	(120.2)	44.6	33.0
Prepayments	6.8	-	6.8	5.8
Trade and other debtors	1,110.4	(130.6)	979.8	937.4

(1) This line includes advance payments in respect of acquisitions of programmes and sports transmission rights.

(2) Primarily amounts due to the government, local authorities, employees and social security bodies.

Movements in provisions for impairment of trade and other debtors during the period are shown below:

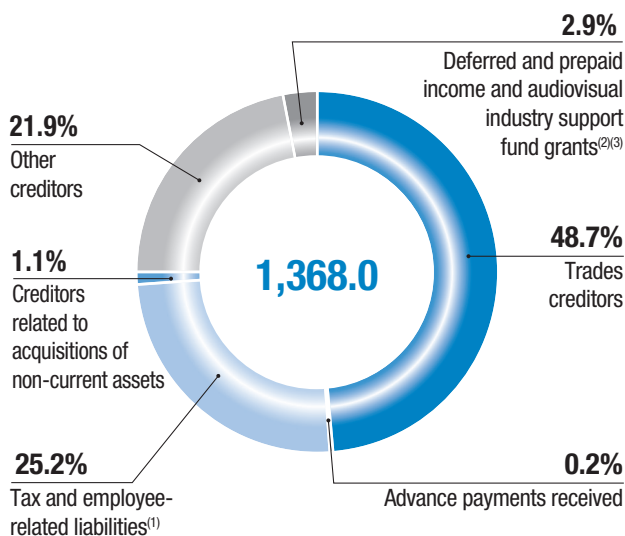
(€m)	2016	2015
Impairment as of 1 January	(130.7)	(138.3)
Additional provisions booked during the year	(7.8)	(13.9)
Reversals for debts written off during the year	5.4	21.7
Recovered during the year	2.9	1.8
Held-for-sale operations	-	-
Changes in scope of consolidation and reclassifications	(0.4)	(2.0)
Impairment as of 31 December - continuing operations	(130.6)	(130.7)

7.2.2 Breakdown of trade and other creditors

Accounting policy

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 (CNC). Grants awarded by audiovisual industry support funds are initially recorded as deferred income in "Trade and other creditors" on the liabilities side of the balance sheet once the grant has been definitively awarded. They are taken to the income statement under "Other current operating income" when the corresponding rights are used.

2016



(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 CNC.

(3) Mainly comprises prepaid income.

(€m)	2016	2015
Trades creditors	666.1	672.4
Advance payments received	2.7	2.8
Tax and employee-related liabilities ⁽¹⁾	344.9	318.0
Creditors related to acquisitions of non-current assets	14.6	10.8
Other creditors	299.2	310.7
Deferred and prepaid income and audiovisual industry support fund grants ^{(2) (3)}	40.5	25.0
Trade and other creditors	1,368.0	1,339.7

(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 CNC.

(3) Mainly comprises prepaid income.

7.2.3 Current provisions

Accounting policy

Provisions are recorded when there is a legal or constructive obligation to a third party arising from a past event; the obligation will certainly or probably result in an outflow of resources with no corresponding inflow of resources; and the amount of the outflow can be measured reliably. Provisions are reviewed at the end of each reporting period, 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.

Use of estimates and judgment:

Provisions include those booked to cover litigation and claims of whatever kind, the amount of which is estimated based on assumptions regarding the most likely outcomes. In determining those assumptions, TF1 management may rely on the assessments of external advisors.

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 determined in the same way as non-current provisions (see Note 7.3.6).

The table below shows movements in current provisions during 2016:

(€m)	Litigation and claims: employees	Litigation and claims: commercial	Other contractual litigation, claims, and risks	Other	Total current provisions
1 January 2016	5.3	6.6	12.3	12.4	36.6
Charges	5.8	0.8	-	2.2	8.8
Reversals: used	(3.4)	(1.5)	-	(5.6)	(10.5)
Reversals: unused	(0.7)	(2.0)	(9.8)	(0.4)	(12.9)
Changes in scope of consolidation and reclassifications	(0.1)	0.5	0.2	1.9	2.5
31 December 2016	6.9	4.4	2.7	10.5	24.5

No material contingent liabilities had been identified as of the date of preparation of the financial statements.

Provisions for commercial litigation and claims mainly relate to ongoing disputes with customers, producers and rights-holders.

Provisions for other 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.

Alleged abuse of dominant position in the advertising market

Canal Plus, M6 and NextRadioTV have each filed a complaint with the French Competition Authority against the TF1 group alleging abuse of dominant position in the French television advertising market.

The Competition Authority appointed a rapporteur to investigate the complaints, and TF1 Publicité presented its case in January 2015. TF1 has submitted an economic study to the Competition Authority and the CSA, commissioned from the accountancy and consultancy firm RBB,

that demonstrates the pro-competitive impact of TF1's position in the advertising market.

At present, the complaints of Canal Plus and M6 are still under investigation. However, the French Competition Authority has formally closed the NextRadio TV investigation and rejected its complaint.

Alleged restraint of trade

The Canal Plus Group has filed a complaint with the French Competition Authority against the TF1 group alleging restraint of trade as regards the rights of first and last refusal and pre-emptive rights enjoyed by TF1 Films Production in respect of the films that it finances.

The Competition Authority appointed a rapporteur to investigate the complaints, and TF1 Publicité presented its case in March 2015.

However, no notice of complaint has been issued to TF1 by the Competition Authority.

These risks are not at present covered by any provision in the TF1 consolidated financial statements.

7.3 NON-CURRENT ASSETS AND LIABILITIES

Accounting policy

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 in business plans 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 using 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.

Use of estimates and judgment

The carrying amount of goodwill in the TF1 consolidated financial statements is reviewed at least annually. 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:

At the end of each reporting period, the Group 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.

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 taken against goodwill.

7.3.1 Goodwill

With effect from 1 January 2016, further to changes in the Group's business mix in 2015 and 2016, goodwill has been allocated between the two new operating segments (and the cash generating units (CGUs),

which have been adjusted accordingly) as shown in the table below; comparative information has been restated on the same basis. This reallocation was performed using an approach based on the relative values of each component of the CGU, in accordance with IAS 36.

Movements in goodwill are shown in the table below:

(€m)	Broadcasting	Studios & Entertainment	Total
Goodwill at 1 January 2015	448.7	25.1	473.8
Acquisitions	-	-	-
Disposals	(42.2)	-	(42.2)
Reclassifications	-	-	-
Impairment	-	-	-
Goodwill at 31 December 2015	406.5	25.1	431.6
Acquisitions	2.8	126.5	129.3
Disposals	-	-	-
Reclassifications	-	-	-
Impairment	-	-	-
Goodwill at 31 December 2016	409.3	151.6	560.9
<i>Gross value</i>	<i>413.8</i>	<i>151.6</i>	<i>565.4</i>
<i>Accumulated impairment</i>	<i>(4.5)</i>	<i>-</i>	<i>(4.5)</i>

In 2016, the movement in goodwill corresponds to the acquisitions described in Note 1, "Significant events", and includes in particular the €110m goodwill recognised on the Newen Studios acquisition. In accordance with the revised IFRS 3 the TF1 group has for these acquisitions elected not to remeasure the non-controlling interests at fair

value, as a result of which only the share of goodwill attributable to the Group is reported in the balance sheet.

The €42.2 million reduction in goodwill during 2015 was explained by the deconsolidation of Eurosport France.

(€m)	Broadcasting segment		Studios & Entertainment segment		Total	
	2016	2015	2016	2015	2016	2015
Number of CGUs	1	1	3	3	4	4
Broadcasting CGU	409.3	406.5			409.3	406.5
Newen/TF1 Studios CGU			151.6	25.1	151.6	25.1
TF1 Entertainment CGU			-	-	-	-
Home Shopping CGU			-	-	-	-
TOTAL	409.3	406.5	151.6	25.1	560.9	431.6

Based on impairment tests conducted using the method described below, no impairment of goodwill was identified as of 31 December 2016.

Impairment testing of goodwill

The recoverable amount of each of the four CGUs 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 Board of Directors. Cash flows beyond the projection time horizon were extrapolated at a perpetual growth rate that reflects past experience and incorporates prudent assumptions about the growth potential of the markets in which each CGU operates, and their competitive positions in those markets.

The business plans used in the tests were prepared on the basis of revenue growth rates and operating margins consistent with actual performances over the previous five years. Those business plans take account of factors including:

- the ongoing implementation of a resolutely multi-channel, multi-media and multi-activity strategy, combining pulling power with targeted reach on each channel and developing growth areas in DTT, digital and production, with a particular focus on:
 - developing attractive and distinctive content with a competitive cost base, in particular by expanding production activities,

- broadening the distribution of content by multiplying the number of distribution channels and strengthening the bond with the viewer/consumer,
- improving the monetisation of both linear and non-linear content;
- the impacts of the economic situation and competitive environment on advertising spend;
- the impact of future major sporting events;
- the acceleration of the transformation of the TF1 group, and the organic growth of its activities.

The perpetual growth rate used for impairment testing as of 31 December 2016 was 2% for all CGUs; the same rate was used as of 31 December 2015. The after-tax discount rate used as of 31 December 2016 was 6.18% (versus 6.81% as of 31 December 2015); it was determined

on the basis of external data sources using the method described in Note 7.3 above. The change in this rate reflects the fall in the risk-free rate and in the beta of the economic asset, partly offset by an increase in the risk premium (source: "Associés en Finance" market data).

For the four CGUs, analyses were performed of the sensitivity of the calculations to key assumptions (discount rate, growth rate, normative cash flows), both individually and using combinations of discount rate and normative cash flow scenarios, including reasonably possible changes in those assumptions. Those analyses did not reveal any probable scenario in which the recoverable amount of a CGU would fall below the carrying amount of the corresponding assets.

For confidentiality reasons, the results of those analyses are presented on an aggregated basis for the three Studios & Entertainment segment CGUs.

For those CGUs, recoverable amount would equal the carrying amount of the assets tested if the following assumptions (taken individually) were to be applied:

	Change in discount rate	Change in normative cash flows
Broadcasting CGU	+523 bp	-62%
Aggregated Studios & Entertainment CGUs	+1.003 bp	-79%

For the Broadcasting CGU, in the event of a 10% reduction in normative cash flows combined with an increase of 50 basis points in the discount rate, the recoverable amount would exceed the carrying amount by €1,026 million.

For the Studios & Entertainment CGUs, in the event of a 10% reduction in normative cash flows combined with an increase of 50 basis points in the discount rate, the recoverable amount would exceed the carrying amount by €537 million.

7.3.2 Intangible assets (other than audiovisual rights, see Note 7.1.1)

Accounting policy

Intangible assets (other than audiovisual rights) mainly comprise operating licences (other than broadcasting licences and audiovisual rights), trademarks and similar rights, and software. On the acquisition date, they are measured as follows:

- at acquisition cost, net of accumulated amortisation and impairment losses; or
- at fair value as of the acquisition date, if acquired in a business combination.

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 using the straight-line method over their expected useful lives.

Intangible assets with indefinite useful lives, such as commercial trademarks owned by the Group, are not amortised. These trademarks are tested for impairment (see Note 7.3).

The figures shown below are net carrying amounts:

(€m)	Indefinite-lived trademarks	Concessions, patents & similar rights	Other	Total
1 January 2015	36.2	26.4	(1.1)	61.5
Increases	-	1.9	2.9	4.8
Amortisation & impairment	-	(5.6)	(0.2)	(5.8)
Decreases	-	-	-	-
Changes in scope of consolidation and reclassifications	-	3.8	(4.1)	(0.3)
31 December 2015	36.2	26.5	(2.5)	60.2
Increases	-	1.7	6.8	8.5
Amortisation & impairment	-	(6.2)	(1.2)	(7.4)
Decreases	-	(0.4)	(0.2)	(0.6)
Changes in scope of consolidation and reclassifications	-	(3.6)	5.7	2.1
31 December 2016	36.2	18.0	8.6	62.8
<i>gross value</i>	36.2	63.7	26.5	126.4
<i>amortisation and impairment</i>	-	(45.7)	(17.9)	(63.6)

Based on impairment tests conducted using the method described in Note 7.3, no impairment of indefinite-lived trademarks was identified as of 31 December 2016.

7.3.3 Property, plant and equipment

Accounting policy

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, those components are recorded as separate items within property, plant and equipment.

Gains or losses on disposals of property, plant and equipment represent the difference between the sale proceeds and the net carrying amount of the asset, and are included in "Other current operating income and expenses".

The table below shows movements in property, plant and equipment, and in depreciation and impairment, during the years ended 31 December 2016 and 2015 (the figures shown are net carrying amounts):

(€m)	Land	Buildings	Technical facilities	Technical facilities held under finance leases	Other property, plant & equipment	Property, plant & equipment under construction	Total
1 January 2015	60.9	79.2	12.3	2.2	21.6	0.1	176.3
Increases	-	-	3.7	-	5.2	1.2	10.1
Depreciation & impairment	-	(2.4)	(5.3)	(1.0)	(6.7)	-	(15.4)
Decreases	-	-	(0.4)	-	(0.4)	-	(0.8)
Changes in scope of consolidation and reclassifications	-	-	(0.1)	-	0.1	(0.1)	(0.1)
31 December 2015	60.9	76.8	10.2	1.2	19.8	1.2	170.1
Increases	-	0.1	7.6	-	7.3	0.1	15.1
Depreciation & impairment	-	(2.5)	(5.4)	(1.0)	(7.4)	-	(16.3)
Decreases	-	-	(0.1)	-	(0.1)	-	(0.2)
Changes in scope of consolidation and reclassifications	1.0	1.7	2.0	-	1.8	(1.2)	5.3
31 December 2016	61.9	76.1	14.3	0.2	21.4	0.1	174.0
<i>gross value</i>	<i>61.9</i>	<i>107.7</i>	<i>161.2</i>	<i>10.3</i>	<i>115.2</i>	<i>0.1</i>	<i>456.4</i>
<i>depreciation and impairment</i>	<i>-</i>	<i>(31.6)</i>	<i>(146.9)</i>	<i>(10.1)</i>	<i>(93.8)</i>	<i>-</i>	<i>(282.4)</i>

7.3.4 Investments in joint ventures and associates

Accounting policy

Because goodwill included in the carrying amount of investments in associates and joint ventures 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.

The table below gives details of investments in joint ventures and associates:

(€m)	Eurosport group ⁽¹⁾	Groupe AB ⁽²⁾	Other ⁽³⁾	Total
1 January 2015	504.5	74.1	3.2	581.8
Share of profit/(loss) for the period	(0.3)	(1.8)	0.9	(1.2)
Provision for impairment	-	-	7.7	7.7
Dividends paid	(14.2)	-	0.1	(14.1)
Changes in scope of consolidation and reclassifications	(490.0)	-	-	(490.0)
Provision for risks	-	-	0.6	0.6
31 December 2015	-	72.3	12.5	84.8
Share of profit/(loss) for the period	-	4.4	1.5	5.9
Provision for impairment	-	-	-	-
Dividends paid	-	-	(1.0)	(1.0)
Changes in scope of consolidation and reclassifications	-	-	(0.4)	(0.4)
Provision for risks	-	-	-	-
31 December 2016	-	76.7	12.6	89.3

(1) The interest in the Eurosport group was divested on 1 October 2015.

(2) The carrying amount of Groupe AB includes goodwill of €44.4 million recognised in the consolidated financial statements of Groupe AB itself (see below, and also Note 9.6 "Events after the reporting period").

(3) Primarily Série Club (Broadcasting operating segment): €10.9 million as of 31 December 2016 and €10.2 million as of 31 December 2015, and Direct Optic Participations (Studios & Entertainment operating segment): €1.3 million as of 31 December 2016 and €1.5 million as of 31 December 2015.

No other material income or expenses recognised directly in equity were reported by joint ventures or associates.

The table below gives summary information about material investments in associates:

Groupe AB ⁽¹⁾ (€m)	2016	2015
TF1 group share	33.5%	33.5%
Non-current assets ⁽²⁾	81.8	81.9
Current assets	42.3	47.5
Total assets	124.1	129.4
Shareholders' equity	77.9	73.3
Non-current liabilities	14.4	20.4
Current liabilities	31.8	35.7
Total liabilities and equity	124.1	129.4
Revenue	41.2	39.8
Current operating profit/(loss)	11.8	10.0

(1) Figures for 2016 and 2015 are based on financial statements to end September (the latest available).

(2) Includes goodwill of €44.4 million.

Figures relating to other joint ventures and associates are not material for 2016 or 2015.

7.3.5 Other non-current financial assets

Accounting policy

Classification

Financial assets may be classified in one of four categories: available-for-sale financial assets, loans and receivables, 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.

- Available-for-sale financial assets are initially recognised at fair value, which corresponds to acquisition cost plus transaction costs. At the end of subsequent reporting periods, 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.

TF1 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 methods described below. Unlisted securities whose fair value cannot be measured reliably are carried at cost.

Available-for-sale financial assets are tested individually for impairment. Unrealised gains and losses are recognised in equity. If there is objective evidence of a significant or prolonged decline in value, an impairment loss is recognised in the income statement.

- 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. An asset is regarded as impaired if the carrying amount is greater than the estimated recoverable amount as determined in impairment tests; any impairment losses are recognised in profit or loss.

- Other non-current financial assets include:

- investments in non-consolidated entities, which are classified as available-for-sale financial assets and carried at cost if their fair value cannot be measured reliably;
- share warrants, which are measured using the Black & Scholes method based on available valuation parameters;

- Interest rate derivatives and currency derivatives: fair value is estimated using valuations obtained from bank counterparties or from financial models generally used in the financial markets, on the basis of market data at the end of the reporting period (level II method).

Use of estimates and judgment:

IFRS 13 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.

The methods used by the TF1 group are as follows:

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 quoted market price is available, fair value is estimated using other valuation methods such as the actual valuation of comparable transactions or the discounted cash flow method, which relies on observable (level II) or non-observable (level III) parameters.

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.

7.3.5.1 Financial assets by category

2016 (€m)	Financial assets at fair value through profit or loss						Total
	Designated at fair value on initial recognition	Held for trading	Level*	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments	
Other non-current financial assets	-	-	III	27.5	4.2	-	31.7
Trade and other debtors	-	-		-	979.8	-	979.8
Other current financial assets	-	4.9		-	-	-	4.9
Currency derivatives	-	4.9	II	-	-	-	4.9
Interest rate derivatives	-	-		-	-	-	-
Financial assets used for treasury management purposes	-	-		-	-	-	-
Cash and cash equivalents	-	-		-	420.2	-	420.2

* See "Use of estimates and judgment" section of Note 7.3.5.

2015 (€m)	Financial assets at fair value through profit or loss						Total
	Designated at fair value on initial recognition	Held for trading	Level*	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments	
Other non-current financial assets	6.4	-	III	21.5	2.2	-	30.1
Trade and other debtors	-	-		-	937.4	-	937.4
Other current financial assets	-	4.5		-	-	-	4.5
Currency derivatives	-	4.5	II	-	-	-	4.5
Interest rate derivatives	-	-		-	-	-	-
Financial assets used for treasury management purposes	-	-		-	-	-	-
Cash and cash equivalents	-	-		-	703.1	-	703.1

* See "Use of estimates and judgment" section of Note 7.3.5.

In 2015, financial assets designated at fair value through profit or loss on initial recognition mainly comprised 1,534 ITAS share warrants. Those warrants were divested in 2016 in connection with TDF's acquisition of control over the ITAS group.

No transfers between these levels were made in either 2016 or 2015.

7.3.5.2 Other non-current financial assets

Accounting policy

Other non-current financial assets are measured at fair value, with changes in fair value recognised in profit or loss.

This category includes:

- financial 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.

Other non-current financial assets break down as follows:

(€m)	2016	2015
Equity investments in non-consolidated entities	27.5	21.5
Loans and advances to non-consolidated investees*	-	7.2
Loans receivable	2.2	-
Deposits and caution money	2.0	1.4
Other financial assets – continuing operations	31.7	30.1
Other financial assets – held-for-sale operations	-	-

* In 2015, this item mainly comprised 1,534 ITAS share warrants. Those warrants were divested in 2016 in connection with TDF's acquisition of control over the ITAS group.

Equity investments in non-consolidated entities

The main equity investments in non-consolidated entities break down as follows:

(€m)	% interest at year-end	Gross value 2016	Gross value 2015	Impairment 2016	Impairment 2015	Carrying amount 2016	Carrying amount 2015
A1 International	50%	12.8	12.8	(12.8)	(12.8)	-	-
Teads	7%	3.5	3.5	-	-	3.5	3.5
Sofica valor 7	99.9%	16.9	14.0	-	-	16.9	14.0
Soread	12%	1.6	1.6	(1.6)	(1.6)	-	-
Sylver	-	-	3.7	-	(2.8)	-	0.9
Other investments		9.9	5.2	(2.8)	(2.1)	7.1	3.1
Equity investments in non-consolidated entities		44.7	40.8	(17.2)	(19.3)	27.5	21.5

Impairment tests were performed on all these investments, and indicated no evidence of impairment in 2016 or 2015.

7.3.6 Non-current provisions

Accounting policy

The main types of non-current provisions are described below.

■ 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 via the Group's pension funds.
- The employees of TF1 group subsidiaries belong to general and supplementary 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. Those contributions are expensed in profit or loss for the period under "Staff costs".
- 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.

Use of estimates and judgment:

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.

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. Since 1 January 2011, the TF1 group has recognised actuarial gains and loss directly in equity, in accordance with the revised IAS 19.

■ Provisions for risks relating to commitments, litigation and claims

- These provisions cover litigation, claims and non-recurring risks for which settlement occurs outside the normal operating cycle.
- 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.

Use of estimates and judgment

These provisions are measured as the probable outflow of resources resulting from ongoing litigation or claims arising from an event prior to the end of the reporting period.

7.3.6.1 Analysis of non-current provisions

The table below shows movements in non-current provisions during 2016 and 2015:

(€m)	Provisions for:		Total
	Retirement benefits	Risks relating to commitments, litigation and claims*	
31 December 2014	35.6	12.8	48.4
Charges	3.1	0.1	3.2
Reversals: used	(1.7)	(0.1)	(1.8)
Reversals: unused	(1.5)	-	(1.5)
Actuarial (gains)/losses	3.5	-	3.5
Changes in scope of consolidation and reclassifications	(0.5)	-	(0.5)
31 December 2015	38.5	12.8	51.3
Charges	3.5	-	3.5
Reversals: used	(2.0)	-	(2.0)
Reversals: unused	(3.0)	-	(3.0)
Actuarial (gains)/losses	3.7	-	3.7
Changes in scope of consolidation and reclassifications	0.7	-	0.7
31 December 2016	41.4	12.8	54.2

* Provisions for commitments relate to the risk of loss on audiovisual assets that the Group has committed to acquire.

7.3.6.2 Provisions for retirement benefit obligations

Accounting policy

Use of estimates and judgement

Provisions for retirement benefit obligations are calculated by the TF1 group itself using the projected unit credit method, as described in Note 7.3.6 above. This calculation is sensitive to assumptions regarding the discount rate, the salary inflation rate and the staff turnover rate.

MAIN ACTUARIAL ASSUMPTIONS

	2016	2015	2014	2013	2012
Discount rate (Iboxx A10)	1.7%	2.1%	2.0%	3.2%	3.3%
Expected rate of return on plan assets	1.7%	2.1%	2.0%	3.2%	3.1%
Expected salary inflation rate	2.0%	2.0%	2.0%	2.0%	2.0%
Life table	INSEE	INSEE	INSEE	INSEE	INSEE

The staff turnover rate used in calculating the provision at 31 December 2016 was 6.6%, unchanged from 2015.

A reduction of 70 basis points in the discount rate applied would increase the obligation by €2.5 million. Under the accounting policies applied by the Group, the resulting actuarial losses would be recognised directly in equity.

EXPENSE RECOGNISED IN THE INCOME STATEMENT FOR RETIREMENT BENEFIT OBLIGATIONS

(€m)	2016	2015
Current service cost	(2.7)	(2.4)
Interest expense on the obligation	(0.9)	(0.8)
Expected return on plan assets	0.1	0.2
Past service cost	-	-
Expense recognised	(3.5)	(3.0)
<i>net change in provisions</i>	<i>1.5</i>	<i>0.1</i>
<i>amount recognised in "Staff costs"</i>	<i>(5.0)</i>	<i>(3.1)</i>
Actual return on plan assets	0.1	0.2

AMOUNTS RECOGNISED IN THE BALANCE SHEET FOR RETIREMENT BENEFIT OBLIGATIONS

The amount recognised in the balance sheet for the TF1 group's retirement benefit obligations breaks down as follows:

(€m)	2016	2015	2014	2013	2012
Present value of obligation	47.8	44.8	41.7	34.3	33.0
Fair value of plan assets	(6.4)	(6.3)	(6.1)	(5.9)	(5.7)
Unfunded obligation provided for	41.4	38.5	35.6	28.4	27.3

CHANGES IN THE PRESENT VALUE OF THE RETIREMENT BENEFIT OBLIGATION

(€m)	2016	2015
Defined-benefit plan obligation at start of period	44.8	41.7
Current service cost for the period	2.7	2.4
Interest cost (unwinding of discount)	0.9	0.8
Reversals of provisions	(5.0)	(3.1)
Actuarial (gains)/losses	3.7	3.5
Changes in scope of consolidation and reclassifications	0.7	(0.5)
Held-for-sale operations	-	-
Defined-benefit plan obligation at end of period	47.8	44.8

CHANGES IN THE FAIR VALUE OF PLAN ASSETS

(€m)	2016	2015
Fair value of insurance policy assets at start of period	6.3	6.1
Employer's contributions	-	-
Benefits paid	-	-
Expected return on plan assets	0.1	0.2
Actuarial gains/(losses)	-	-
Fair value of insurance policy assets at end of period	6.4	6.3

Plan assets are in the form of contributions paid into "Fonds Club no. 1", a mutual fund denominated in euros and managed by an independent financial institution. Based on financial information supplied by the fund

manager, the gross return was 1.7% in 2016. As of 31 December 2016, the fund had an estimated fair value of €6.4 million.

7.4 SHAREHOLDERS' EQUITY

7.4.1 Share capital

Accounting policy

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.

As of 31 December 2016, the share capital of TF1 SA consisted of 209,417,542 fully paid ordinary shares. Movements in share capital during 2016 were as follows:

<i>Number of shares</i>	Number of shares outstanding	Number of treasury shares	Total number of shares
1 January 2015	211,528,764	-	211,528,764
Capital increases	474,986	-	474,986
Purchases of treasury shares*	(2,969,765)	2,969,765	-
Cancellation of treasury shares	-	(1,482,183)	(1,482,183)
31 December 2015	209,033,985	1,487,582	210,521,567
Capital increases	316,693	-	316,693
Purchases of treasury shares*	(2,222,986)	2,222,986	-
Share exchange transaction	2,289,850	(2,289,850)	-
Cancellation of treasury shares	-	(1,420,718)	(1,420,718)
31 December 2016	209,417,542	-	209,417,542
<i>Par value</i>	<i>€0.20</i>	<i>€0.20</i>	<i>€0.20</i>

* Treasury shares: see Note 7.4.6 on share buybacks below.

7.4.2 Earnings per share

Accounting policy

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 end of the reporting period. Anti-dilutive instruments are excluded.

Non-dilutive stock subscription option plans are excluded from this calculation.

Basic earnings per share is calculated on the basis of net profit for the year attributable to ordinary shareholders and 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 performance share plans, and of stock subscription option plans where the exercise price is lower than the average quoted market price of TF1 shares over the period.

	2016	2015
Net profit/(loss) for the year (€m)		
Net profit/(loss) from continuing operations (attributable to the Group)	41.7	99.9
Net profit/(loss) from discontinued or held-for-sale operations	-	-
Net profit/(loss) attributable to the Group	41.7	99.9
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES	209,443,632	210,785,909
Basic earnings per share (in euros)		
Basic earnings per share from continuing operations	0.20	0.47
Basic earnings per share from discontinued/held-for-sale operations	-	-
Basic earnings per share	0.20	0.47
AVERAGE NUMBER OF ORDINARY SHARES AFTER DILUTION	210,006,430	211,775,423
Diluted earnings per share (in euros)		
Diluted earnings per share from continuing operations	0.20	0.47
Diluted earnings per share from discontinued/held-for-sale operations	-	-
Diluted earnings per share	0.20	0.47

The average number of ordinary shares after dilution is obtained by taking account of the following dilutive effects:

(number of shares)	2016	2015
Weighted average number of ordinary shares for the period	209,443,632	210,785,909
Dilutive effect of stock subscription option plans	402,698	989,514
Dilutive effect of performance share plan	160,100	-
Average number of ordinary shares after dilution	210,006,430	211,775,423

In 2016, only share subscription option plan no. 13 (awarded 12 June 2012) had an adjusted exercise price lower than the average quoted market price of TF1 shares over the period.

In 2015, stock subscription option plans no. 11 (awarded 20 March 2009), no.12 (awarded 10 June 2011) and no. 13 (awarded 12 June 2012) had an adjusted exercise price lower than the average quoted market price of TF1 shares over the period.

7.4.3 Other transactions with shareholders

In 2016, the amounts shown on the line "Other transactions between shareholders" relate primarily to the buyout by TF1 of the Principality of Monaco's 20% equity interest in the TMC subsidiary, in exchange for TF1 shares (see Note 1, "Significant events").

In 2015, "Other transactions with shareholders" relates to the buyout by TF1 of the Discovery Group's 20% equity interest in Prefas 18 for €14.6 million.

7.4.4 Other movements (changes in scope of consolidation, other items)

For 2016, this line item in the consolidated statement of changes in shareholders' equity mainly relates to the recognition of liabilities for commitments to buy out non-controlling interests, in particular those

of Newen Studios. The movement in the "Non-controlling interests" column relates to the inclusion in the consolidated financial statements of the non-controlling interests arising from the consolidation of the Newen Studios group.

For 2015:

- the movement of €2.9 million in reserves attributable to the Group relates to the retrospective application of IFRIC 21;
- the reduction of €14.8 million in non-controlling interests corresponds to the deconsolidation of the 20% interest held by Discovery Communications in the Eurosport France subsidiary.

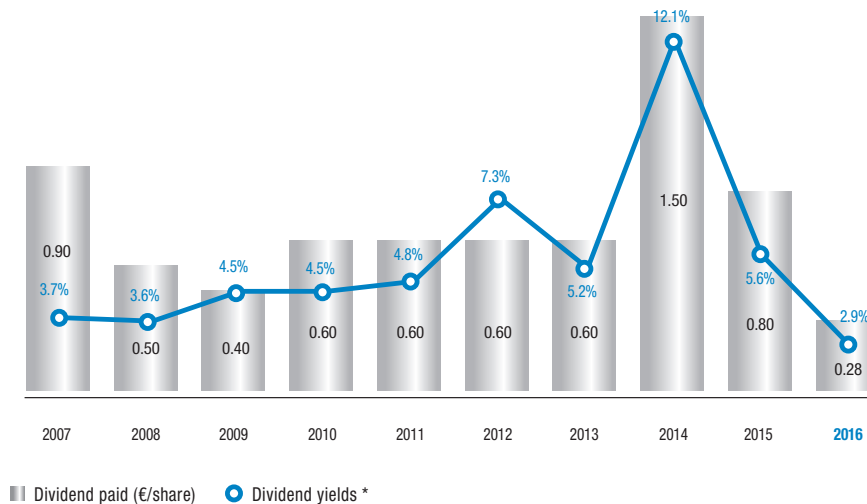
7.4.5 Changes in equity not affecting the income statement

Dividends

The chart below shows:

- the amount of dividend paid by the Group, and the yield on TF1 shares, in respect of previous years;
- the amount of dividend in respect of the year ended 31 December 2016 that will be submitted by the Board of Directors for approval by the Ordinary General Meeting of shareholders to be held on 13 April 2017, and the yield represented by that dividend.

TF1 DIVIDEND YIELD SINCE 2007



* Dividend paid per share divided by average closing share price for the year.

The proposed dividend in respect of the year ended 31 December 2016, to be paid in 2017, amounts to €58.6 million, or €0.28 per share.

The dividend paid in 2016 in respect of the year ended 31 December 2015 amounted to €167.3 million, and consisted of (i) an ordinary dividend of €0.28 per share and (ii) an exceptional dividend of €0.52 per share.

Because the dividend payable in 2017 is subject to approval by the shareholders, it was not recognised as a liability in the consolidated financial statements as at 31 December 2016.

7.4.6 Share-based payment and stock option plans

7.4.6.1 Details of stock option plans and performance share plans (PSPs)

	Plan no. 11	Plan no. 12	Plan no. 13	Plan no. 14	Plan no. 15	TF1 PSP	Newen PSP
Date of Shareholders' Meeting	17/04/2007	14/04/2011 12/05/2011	14/04/2011	17/04/2014	17/04/2014	14/04/2016	13/07/2016
Date of Board Meeting	18/02/2009	25/07/2011 & 14/05/2012	14/05/2012	29/04/2015	26/04/2016	26/04/2016	29/07/2016
Date of grant	20/03/2009	10/06/2011	12/06/2012	12/06/2015	08/06/2016	08/06/2016	29/08/2016
Type of plan	subscription options	subscription options	subscription options	subscription options	subscription options	performance shares	performance shares
Total number of options/shares awarded	2,000,000	1,500,000	1,437,200	1,308,800	642,000	170,000	1,037,401
- to corporate officers	56,000	7,200	7,200	16,000	0	0	0
- to the 10 employees awarded the greatest number	340,000	272,000	302,000	368,000	114,000	79,600	475,489
Total number of options/shares awarded subject to performance conditions	50,000	1,500,000	1,437,200	1,308,800	642,000	170,000	1,037,401
Start date of exercise/vesting period	20/03/2012	10/06/2015	12/06/2016	12/06/2018	08/06/2019	08/06/2019	31/03/2017
Expiration date	20/03/2016	10/06/2018	12/06/2019	12/06/2022	08/06/2023	08/06/2023	31/03/2020
Subscription price	€5.98	€12.47	€6.17	€15.46	€10.99	N/A	N/A
Terms of exercise/vesting	May be exercised from 3 rd anniversary of date of grant May be sold from 4 th anniversary of date of grant	May be exercised and sold from 4 th anniversary of date of grant	May be exercised and sold from 3 rd anniversary of date of grant	May be exercised and sold from 3 rd anniversary of date of grant	Vesting from 3 rd anniversary of date of grant May be sold from 4 th anniversary of date of grant		
Number of shares subscribed at 31 December 2016	1,649,000	244,400	185,517	-	-	-	-
Cumulative number of options/performance shares cancelled, not awarded, or forfeited	351,000	147,200	134,000	40,800	14,700	9,900	-
Number of valid options/performance shares at end of period	0	1,108,400	1,117,683	1,268,000	627,300	160,100	1,037,401

7.4.6.2 Movement in number of valid options and performance shares

	2016		2015	
	Number of options/performance shares	Weighted average subscription/purchase price (€)	Number of options/performance shares	Weighted average subscription/purchase price (€)
Options/shares valid at 1 January	3,932,376	11.03	4,819,862	11.17
Options/shares awarded	811,600	8.80	1,308,800	15.46
Options/shares cancelled, not awarded, or forfeited	(69,800)	11.72	(16,800)	7.97
Options exercised	(316,693)	6.09	(474,986)	9.32
Options expired	(76,000)	5.98	(1,704,500)	15.35
Options/shares valid at 31 December	4,281,483	11.03	3,932,376	11.03
<i>Options exercisable/shares yet to vest at 31 December</i>	<i>2,226,083</i>	<i>9.31</i>	<i>1,315,576</i>	<i>11.45</i>

A total of 316,693 options were exercised during 2016. The average residual life of options outstanding as of 31 December 2016 was 46 months (compared with 49 months as of 31 December 2015).

7.4.6.3 Share-based payment expense

Accounting policy

TF1 may award stock subscription option plans and performance share plans to its employees (see Note 7.4.6.1).

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 opposite entry recognised in equity.

The total expense relating to stock subscription option plans is measured at the date of grant using the Black-Scholes-Merton model, and is recognised on a straight-line basis over the vesting period.

The total expense relating to performance share plans is measured at the date of grant (taking into account any specific terms and conditions liable to affect fair value), and recognised over the vesting period on a straight line basis.

The opposite entry for the movement in this reserve during the period is charged to “Staff costs” in the income statement (see Note 5.1).

Expense related to stock option plans and performance share plans awarded by the TF1 group

The expense related to stock option plans and performance share plans, as recognised in “Staff costs”, breaks down as follows:

(€m)	Date of grant	Lock-up period	Total fair value	Staff costs	
				2016	2015
Plan no. 12	10/06/2011	4 years		-	0.1
Plan no. 13	12/06/2012	4 years		0.1	0.4
Plan no. 14	12/06/2015	3 years	1.7	1.2	0.8
Plan no. 15	08/06/2016	3 years	1.1	0.3	
TF1 performance share plan	08/06/2016	3 years	1.6	0.4	
Newen performance share plan	29/08/2016	7 months	3.5	0.5	
TOTAL				2.5	1.3

Stock option plan expense 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. 12	€12.40	€12.47	31%	5.25 years	2.61%	4.64%	-15%	€1.18
Plan no. 13	€5.72	€6.17	40%	5.18 years	1.63%	7.65%	-15%	€0.70
Plan no. 14	€15.70	€15.46	28%	5.18 years	0.41%	1.57%	-15%	€2.75
Plan no. 15	€10.99	€10.99	34%	5.14 years	-0.18%	1.81%	-15%	€2.15

The average maturity used is less than the contractual life of the option in order to take account of exercises by grantees ahead of the contractual expiry date. The volatility assumptions used are consistent with the implied volatility reflected in the price offered at the date of grant by leading banks for TF1 stock options with the same maturity.

The expense recognised for the TF1 performance share plan was determined on the basis of the reference TF1 share price as of the date of the award, i.e. €11.40.

Expense related to employee benefit plans awarded by the Bouygues group

The expense related to plans awarded by the Bouygues group to TF1 employees was not material for 2016.

7.4.6.4 Share buybacks

Under the new share buyback programme approved by the Annual General Meeting of 14 April 2016, TF1 repurchased 2,222,986 of its own shares during the second and third quarters of 2016 for a total amount of €21.4 million.

In 2015, TF1 repurchased 2,969,765 of its own shares during the third quarter for a total amount of €40.0 million.

7.4.6.5 Put options granted to non-controlling interests

The TF1 group had no commitments in place as of 31 December 2016 constituting a put option exercisable by non-controlling interests.

7.4.7 Cash flow hedge reserve

(€m)	2016	2015
Reserve as of 1 January	1.1	(3.6)
Cash flow hedges reclassified to profit or loss during the period*	(2.9)	(6.5)
Change in fair value of new cash flow hedges contracted during the period	3.7	2.2
Change in fair value of existing portfolio of cash flow hedges during the period	-	2.1
Reserve as of 31 December	1.9	1.1

* Amounts reclassified from equity to profit or loss are recognised as a component of operating profit.

7.5 NET DEBT AND FINANCIAL LIABILITIES

7.5.1 Net debt

Net debt as reported by the TF1 group comprises the following items:

(€m)	31/12/2015	Cash flows	Changes in scope of consolidation	Other movements	31/12/2016
Cash and cash equivalents	703.1	(355.6)	72.7		420.2
Financial assets used for treasury management purposes	-				-
Available cash	703.1	(355.6)	72.7	-	420.2
Interest rate derivatives - assets	-				-
Interest rate derivatives - liabilities	-				-
Fair value of interest rate derivatives	-				-
Non-current debt*	-	(17.5)	(207.4)		(224.9)
Current debt, excluding overdrafts & current accounts in credit*	-	9.7	(17.5)	-	(7.8)
Overdrafts & current accounts in credit	(2.3)	2.1	(0.6)		(0.8)
Total debt	(2.3)	(5.7)	(225.5)	-	(233.5)
Net surplus cash (+) / Net debt (-)	700.8	(361.3)	(152.8)	-	186.7

* Non-current debt and current debt as of 31 December 2016 include the fair value of the commitments made by TF1 to buy out minority shareholders, primarily in Newen Studios and its subsidiaries (see Note 1, "Significant events").

7.5.1.1 Cash and cash equivalents

Accounting policy

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, joint ventures or associates, and current accounts with other Bouygues group entities.

Cash and treasury current accounts are financial assets classified in the “Loans and receivables” category, and carried at amortised cost.

Cash and cash equivalents consists of the following items:

(€m)	2016	2015
Cash	52.4	11.3
Money-market funds	0.2	-
Treasury current accounts*	367.6	691.8
Cash and cash equivalents of continuing operations	420.2	703.1

* Includes €367.6 million with Bouygues Relais.

7.5.2 Financial liabilities

Accounting policy

Financial liabilities are classified in one of two categories: financial liabilities at fair value through profit or loss, or 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 their redemption in the near term,
- liabilities designated by the Group on initial recognition as financial instruments at fair value through profit or loss.

■ Non-derivative financial liabilities at amortised cost mainly comprise borrowings (including credit facilities contracted with banks or with the Group), treasury current accounts with credit balances, bank overdrafts, and finance lease obligations.

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 8.2.2).

■ Commitments to buy out non-controlling interests

Commitments to buy out non-controlling interests are recognised as a financial liability, in accordance with IAS 32.

Since 1 January 2010, the effective date of the amended IAS 27, TF1 has elected to recognise such financial liabilities by debiting equity, with no impact on the recognition of non-controlling interests. Apart from discounting effects (recognised in “Expenses associated with net debt”), the effects of subsequent changes in the liability are also recognised in equity.

For commitments to buy out non-controlling interests relating to a business combination completed prior to 1 January 2010, TF1 recognised the excess of the amount of the liability over the carrying amount of the related non-controlling interests, and subsequent changes in the fair value of the liability (other than discounting effects), as goodwill.

Use of estimates and judgment

the fair value of financial instruments is determined by reference to market prices. In the case of derivatives, market prices are determined and supplied to the TF1 group by its bank counterparties. Where no quoted market price is available, fair value is estimated using other valuation methods such as the discounted cash flow method.

The table below shows financial liabilities by category:

2016 (€m)	Financial liabilities at fair value through profit or loss			Commitments to buy out non-controlling interests measured at fair value	Level*	Financial liabilities at amortised cost	Total
	Designated at fair value on initial recognition	Held for trading	Level*				
Non-current debt	-	-		133.2	III	91.7	224.9
Current debt	-	-		2.9	III	5.7	8.6
Trade and other creditors	-	-		-		1,368.0	1,368.0
Other current financial liabilities	-	-		-		-	-

* See "Use of estimates and judgment" section of Note 7.3.5.

2015 (€m)	Financial liabilities at fair value through profit or loss			Commitments to buy out non-controlling interests	Financial liabilities at amortised cost	Total
	Designated at fair value on initial recognition	Held for trading	Level*			
Non-current debt	-	-		-	-	-
Current debt	-	-		-	2.3	2.3
Trade and other creditors	-	-		-	1,339.7	1,339.7
Other current financial liabilities	-	-		-	-	-

* See "Use of estimates and judgment" section of Note 7.3.5.

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 by the Group as an approximation of their fair value.

The fair value of derivatives is estimated using valuations obtained from bank counterparties or from financial models generally used in the financial markets on the basis of market data at the end of the reporting period (level II method), except for the transactions described below which are measured using Level III criteria as defined in the "Use of estimates and judgment" section of Note 7.3.5.

NOTE 8

RISK MANAGEMENT

8.1 CAPITAL MANAGEMENT POLICY

The TF1 group has a policy of maintaining a stable capital base, apart from share buybacks (see the present Annual Financial Report and registration document).

In terms of equity capital, the Group 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 7.5.1 and of shareholders' equity, including reserves used to recognise changes in the fair value of cash flow hedges and of available-for-sale financial assets.

As of 31 December 2016 and 2015, the Group had net surplus cash of €186.7 million and €700.8 million respectively, so gearing was zero.

8.2 FINANCIAL RISK MANAGEMENT POLICY

Liquidity risk and market risk (interest rate risk, foreign exchange risk and own equity risk) are managed centrally by the Treasury unit within the Accounting, Tax, Treasury and Financing department.

8.2.1 Liquidity risk

The Treasury unit is responsible for ensuring that the Group has access to adequate, sustainable and appropriate 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 credit facilities with phased maturities, and ensuring that such facilities are in place at all times.

The Group assesses liquidity risk by reference to the global drawdown on its confirmed credit facilities, net of available cash.

2016 (€m)	Authorised facilities			Drawdowns			Available facilities
	Less than 1 year	1 to 5 years	Total	Less than 1 year	1 to 5 years	Total	
Confirmed bilateral facilities	115.0	870.0	985.0	90.7	-	90.7	894.3
Finance leases	(0.0)	0.4	0.4	(0.0)	0.4	0.4	-
Bouygues cash pooling agreement	-	-	-	-	-	-	-
TOTAL	115.0	870.4	985.4	90.7	0.4	91.1	894.3

2015 (€m)	Authorised facilities			Drawdowns			Available facilities
	Less than 1 year	1 to 5 years	Total	Less than 1 year	1 to 5 years	Total	
Confirmed bilateral facilities	245.0	660.0	905.0	-	-	-	905.0
Finance leases	-	-	-	-	-	-	-
Bouygues cash pooling agreement	-	-	-	-	-	-	-
TOTAL	245.0	660.0	905.0	-	-	-	905.0

Credit rating

The TF1 group has a credit rating from Standard & Poor's, which currently stands at BBB+/stable/A-2.

Maturity of non-derivative financial liabilities

The tables below provide a schedule of undiscounted future repayments (principal and interest) of financial liabilities, based on residual contractual maturities:

2016 (€m)	Carrying amount	Residual contractual amount		
		Less than 1 year	1 to 5 years	Total
Finance leases	-	-	-	-
Trade and other creditors	1,368.0	1,368.0	-	1,368.0
Other financial liabilities	233.5	8.6	224.9	233.5
TOTAL	1,601.5	1,376.6	224.9	1,601.5

2015 (€m)	Carrying amount	Residual contractual amount		
		Less than 1 year	1 to 5 years	Total
Finance leases	-	-	-	-
Trade and other creditors	1,339.7	1,339.7	-	1,339.7
Other financial liabilities	2.3	2.3	-	2.3
TOTAL	1,342.0	1,342.0	-	1,342.0

Investment of surplus cash

The Group exercises great care in choosing the vehicles in which it invests temporary or structural cash surpluses, which must:

- be liquid, i.e. immediately accessible (current accounts, interest-bearing instant access accounts, etc), with a maturity of no more than 3 months;

- pay interest on the basis of money-market indices, with no capital risk other than counterparty risk, and have a minimum rate of interest of 0%;
- be contracted with high-grade counterparties.

As of 31 December 2016, €367.6 million out of the €420.2 million of net surplus cash was invested with Bouygues Relais under the terms of the cash pooling arrangement between the two entities.

(€m)	2016	2015
Interest-bearing bank account	14.0	4.2
Bouygues Relais cash pooling agreement	367.6	691.0
Other treasury current accounts	38.6	7.9
TOTAL	420.2	703.1

8.2.2 Market risk

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

The Treasury unit monitors the financial markets on a daily basis, and periodically updates the positions to be hedged after netting similar types of exposures between Group entities. The unit submits hedging scenarios to the Accounting, Tax, Treasury and Financing department for approval; once they have been approved, it executes and administers the relevant market transactions.

Accounting policy

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 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.

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 of 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, the Group 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.

Derivative financial instruments not designated as hedges

Gains and losses arising from changes in the fair value of derivatives not designated as hedges within the meaning of IAS 39 are recognised in the income statement.

8.2.2.1 Interest rate risk

The objective of the Group's 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 schedules below analyse financial assets and financial liabilities, and the net exposure, by interest rate type and maturity.

2016 (€m)	Financial assets		Financial liabilities		Net pre-hedging exposure		Hedging instruments		Net post-hedging exposure	
	Fixed rate	Floating rate	Fixed rate*	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate
Less than 1 year	14.0	406.2	(8.5)	(0.1)	5.3	406.2	-	-	5.3	406.2
1 to 5 years	-	-	(224.9)	-	(224.9)	-	-	-	(224.9)	-
TOTAL	14.0	406.2	(233.4)	(0.1)	(219.6)	406.2	-	-	(219.6)	406.2

* Includes commitments to buy out non-controlling interests

2015 (€m)	Financial assets		Financial liabilities		Net pre-hedging exposure		Hedging instruments		Net post-hedging exposure	
	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate
Less than 1 year	4.2	698.9	-	(2.3)	4.2	696.6	-	-	4.2	696.6
1 to 5 years	-	-	-	-	-	-	-	-	-	-
TOTAL	4.2	698.9	-	(2.3)	4.2	696.6	-	-	4.2	696.6

The sensitivity analysis shown below measures the theoretical impact on cost of net debt of an immediate and constant movement of 1% across the entire yield curve for 2015 and 2016.

It is defined as the impact of applying this 1% movement to the net floating-rate exposure (this exposure being assumed to be constant over one year).

(€m)	2016		2015	
	Pre-tax impact on profit or loss	Pre-tax impact on equity	Pre-tax impact on profit or loss	Pre-tax impact on equity
Impact of a movement of +1% in interest rates	4.1	-	7.0	-
Impact of a movement of -1% in interest rates	ns*	-	ns*	-

* As of 31 December 2016, the level of short-term interest rates is such that TF1 has no material exposure to a fall in interest rates.

Interest rate derivatives:

The TF1 group has not held any interest rate derivatives since 2011.

8.2.2.2 Foreign exchange risk

Risk of significant fluctuations in the euro/dollar exchange rate, and techniques used to manage that risk

The Group is exposed to the risk of fluctuations in the exchange rate between the euro and the U.S. dollar because it acquires American programmes and consumer products and pays for them in U.S. dollars.

Consequently, any significant appreciation in the U.S. dollar could have a negative effect on the Group's results.

Over an eighteen-month time horizon, the risk is managed using appropriate hedging instruments that provide protection against a deterioration in the exchange rate position and eliminate the cash effect over the duration of the hedge.

At the same time, the Group is committed to reducing its exposure to the U.S. dollar by increasing the extent to which it uses the euro as the currency of payment in programme acquisition contracts.

Multi-currency foreign exchange risk**Accounting policy**

Foreign currency translation: transactions denominated in foreign currencies carried out by subsidiaries are initially translated into the functional currency of the subsidiary or entity using the exchange rate at the transaction date. At the end of the reporting period, 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.

The Group's exposure to foreign exchange risk is of an operational nature. It derives from recurring cash flows under long-term broadcasting and sports transmission rights acquisition contracts denominated in U.S. dollars and Swiss francs.

During 2016, over 99% of the Group's cash inflows were in euros, 0.6% were in Swiss francs, and 0.4% in U.S. dollars.

As regards cash outflows, 96.1% (including acquisitions of audiovisual rights) were in euros, 3.8% in U.S. dollars, and 0.1% in sterling, Canadian dollars and Swiss francs.

The objective of the Group's foreign exchange risk management policy is to lock in or guarantee a maximum exchange rate on its net long position and a minimum exchange rate on its net short position in each of the currencies used, over a rolling 12-to-18-month period.

Exposure and sensitivity to foreign exchange risk

The table below shows the Group's exposure to foreign exchange risk as of 31 December 2016:

Equivalent value in euros at 2016 closing exchange rates (€m)	USD ⁽¹⁾	GBP	CHF ⁽²⁾	Other currencies	Total
Assets	15.6	0.4	4.0	0.1	20.2
Liabilities	(52.9)	-	(0.5)	-	(53.5)
Off balance sheet commitments	(108.7)	-	-	-	(108.7)
Pre-hedging position	(146.0)	0.4	3.5	0.1	(142.0)
Forwards and futures	121.1	-	(10.7)	-	110.3
Currency swaps	-	-	-	-	-
Net post-hedging position	(24.9)	0.4	(7.2)	0.1	(31.7)

(1) Net exposure in USD: some Group entities (TF1, GIE AD, TF1 Droits Audiovisuels) enter into long-term rights acquisition contracts in the course of their ordinary activities that give rise to off balance sheet commitments. Most of the inventories purchased by Dujardin and the Home Shopping business are paid for in U.S. dollars.

(2) Net exposure in CHF: this mainly relates to the ordinary activities of TF1; forward contracts in CHF are contracted solely to hedge future cash flows.

The table below shows the Group's exposure to foreign exchange risk at 31 December 2015:

Equivalent value in euros at 2015 closing exchange rates (€m)	USD	GBP	CHF	Other currencies	Total
Assets	5.2	0.5	2.8	0.1	8.6
Liabilities	(71.8)	-	(0.9)	(0.0)	(72.7)
Off balance sheet commitments	(64.5)	-	-	-	(64.5)
Pre-hedging position	(131.1)	0.5	1.9	0.1	(128.6)
Forwards and futures	121.3	-	-	-	121.3
Currency swaps	0.9	2.7	2.8	-	6.4
Net post-hedging position	(8.9)	3.2	4.7	0.1	(0.9)

The sensitivity analysis shown below measures the impact on profit or loss and equity of an immediate unfavourable uniform movement of 1% in the rate of the euro against all the other currencies involved, and represents the sum total of:

- the impact of applying this 1% movement to the net pre-hedging positions presented above;

- the change in the fair value of the portfolio of foreign exchange instruments in place at the end of the reporting period, applying the accounting treatments specified in IAS 39.

(€m)	2016				2015			
	Pre-tax impact on profit or loss		Pre-tax impact on equity		Pre-tax impact on profit or loss		Pre-tax impact on equity	
	+1%	-1%	+1%	-1%	+1%	-1%	+1%	-1%
USD	0.2	(0.3)	(1.2)	1.2	0.1	(0.1)	(1.2)	1.2
GBP	-	-	-	-	-	-	-	-
CHF	0.1	(0.1)	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-	-
TOTAL	0.3	(0.4)	(1.2)	1.2	0.1	(0.1)	(1.2)	1.2

As of 31 December 2016, the sensitivity of the TF1 group's equity (including net profit for the period) to changes in the net foreign-currency accounting position arising from a uniform unfavourable movement of 1% in the rate of the euro against all the currencies involved would be +€2.1 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 2015 was +€1.1 million.

Analysis of foreign exchange derivative instruments by currency

The tables below analyse foreign exchange hedging instruments by currency at the end of the reporting period:

31 December 2016 (€m)	Currency	Nominal amount of hedges				Fair value (€ million)	
		Total foreign-currency amount	Amount in euros			Total amount	Of which designated as cash flow hedges
			Total	Less than 1 year	1 to 5 years		
Currency swaps	USD	-	-	-	-	-	-
	GBP	-	-	-	-	-	-
	CHF	-	-	-	-	-	-
Forward purchases	USD	127.6	121.1	96.1	25.0	4.9	4.9
Forward sales	CHF	11.5	10.7	10.7	-	(0.0)	(0.0)
TOTAL			131.8	106.8	25.0	4.8	4.8

31 December 2015 (€m)	Currency	Nominal amount of hedges				Fair value (€ million)	
		Total foreign-currency amount	Amount in euros			Total amount	Of which designated as cash flow hedges
			Total	Less than 1 year	1 to 5 years		
Currency swaps	USD	1.0	0.9	0.9	-	-	-
	GBP	2.0	2.7	2.7	-	-	-
	CHF	3.0	2.8	2.8	-	-	-
Forward purchases	USD	132.1	121.3	121.3	-	4.5	4.5
Forward sales	Various	-	-	-	-	-	-
TOTAL			127.7	127.7	-	4.5	4.5

The nominal amount represents the amount sold or purchased forward in the currency.

Fair value is the difference between (i) the nominal amount translated into euros at a forward rate recalibrated to reflect closing exchange rates and (ii) the nominal amount translated into euros at closing exchange rates.

Accounting classification and treatment

All foreign exchange instruments used by the Group are contracted to hedge its exposure to financial risks. In accordance with IAS 39, they are classified as fair value hedges or cash flow hedges depending on

the strategy applied. However, some instruments are ineligible for hedge accounting because they do not meet the IAS 39 criteria, in particular where there has been a reversal of the initial strategy.

Transactions designated as cash flow hedges are used by TF1 SA to hedge sports transmission rights and audiovisual rights acquisition contracts, on which the amount and timing of payments are precisely agreed on a contractual basis.

(€m)	Ineligible for hedge accounting	Designated as fair value hedges	Designated as cash flow hedges	Total Fair value of financial instruments
2016				
Foreign exchange instruments – assets	-	-	4.9	4.9
Foreign exchange instruments – liabilities	-	-	-	-
TOTAL	-	-	4.9	4.9
2015				
Foreign exchange instruments – assets	-	-	4.5	4.5
Foreign exchange instruments – liabilities	-	-	-	-
TOTAL	-	-	4.5	4.5

Change in fair value of foreign exchange instruments

Changes in the fair value of foreign exchange instruments that qualify for hedge accounting consist of two elements:

- an effective portion (i.e. the portion closely correlated to changes in the fair value of the hedged items), which is recognised in remeasurement reserves as a component of equity);
- an ineffective portion.

The table below shows changes in the fair value of foreign exchange instruments during 2016 and 2015:

Change in fair value of foreign exchange instruments

(€m)	Ineligible for hedge accounting	Designated as fair value hedges	Designated as cash flow hedges	Total
2016	0.0	-	1.2	1.3
effective portion	-	-	(0.5)	
ineffective portion	0.0	-	1.7	
2015	(0.2)	-	(2.7)	(2.9)
effective portion	-	-	(3.0)	
ineffective portion	(0.2)	-	0.3	

Counterparty risks

The 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 Group believes that its exposure is limited, given that the cost of such risks has historically been immaterial both in overall terms and for each business segment.

In 2016, no single customer of the Group represented more than 3% of consolidated revenue.

The five largest customers represented no more than 10% of consolidated revenue.

The ten largest customers represented no more than 15% of consolidated revenue.

In 2016, no single supplier of the TF1 group represented more than 5% of consolidated revenue.

The five largest suppliers represented no more than 15% of consolidated revenue.

The ten largest suppliers represented no more than 25% of consolidated revenue; this figure reflects the specialised nature of some suppliers within the audiovisual industry, such as production studios.

Risk of non-recovery of debtors

2016 (€m)	Carrying amount	Not past due	Past due			
			Total	< 6 months	6-12 months	> 12 months
Trade debtors	584.7	504.8	79.9	63.7	5.0	11.2
Provisions for impairment of trade debtors	(10.0)	-	(10.0)	(0.7)	(3.2)	(6.1)
TOTAL TRADE DEBTORS, NET	574.7	504.8	69.9	63.0	1.8	5.1

2015 (€m)	Carrying amount	Not past due	Past due			
			Total	< 6 months	6-12 months	> 12 months
Trade debtors	552.0	475.8	76.2	59.7	3.4	13.1
Provisions for impairment of trade debtors	(12.2)	-	(12.2)	(2.0)	(2.3)	(7.9)
TOTAL TRADE DEBTORS, NET	539.8	475.8	64.0	57.7	1.1	5.2

In 2016, the TF1 group introduced a trade debtor management software program incorporating the following key functionalities:

- issuance of automatic reminders before and after the due date;
- collaborative management of disputed accounts;
- automatic reporting of performance indicators such as aged debtors' listing, days' sales outstanding, and weighted average time to collection;
- debtor risk control features such as credit ratings and balance limits.

This application streamlines the collection process and ensures invoiced revenue is converted into cash flows as soon as possible.

It has also led to the standardisation of reminder processes across the Group's vendors, and bolstered the resources dedicated to revenue collection.

Advertising airtime sales

TF1 Publicité sells advertising airtime on media for which it acts as agent (TV channels, radio stations and websites) to advertisers who over the years have often become regular airtime buyers, developing well-established partnerships. TF1 Publicité applies risk management policies adapted to the profile of its customer base.

The policy used to manage the underlying counterparty risk relies on the operating terms of TF1 Publicité, of which its customers are aware. Those terms include:

- upfront payment in full, in advance of broadcast, for airtime orders placed by a new advertiser;
- upfront payment for new advertising campaigns from any advertiser with a track record of payment incidents. If those payment terms are rejected, TF1 Publicité may refuse to sell airtime to the buyer;
- payment of annual rebates in the form of "end-of-order" credit notes issued at the start of the following year, the final amount of which is contingent on the buyer paying its invoices on time.

On top of these procedures, TF1 Publicité has a Credit Management department which performs regular financial health checks on advertisers, issues preventive payment reminders to agencies and advertisers, and (in the event of late payment) systematically issues graded reminders, charges late payment interest, and prepares legal recovery proceedings.

Those procedures have helped keep the risk of non-payment by advertisers to less than 0.15% of total annual billings (inclusive of VAT).

Subscriptions to Pay-TV channels

There is no significant risk of non-recovery as regards revenues payable by cable operators in France.

Consumer activities

The Home Shopping business is not exposed to major non-payment risks, given that payment is usually required prior to the delivery of goods or services.

There are no other significant exposures to individual customers in other Group subsidiaries that might have a lasting adverse impact on the Group's profitability.

Rights sales

Rights sales within France present little risk since the main customers are French broadcasters and ISP/video operators, who are relatively few in number and are high grade counterparties with no history of payment default.

Risks are also limited as regards rights sales outside France, because the media needed to exploit the audiovisual works are not supplied until after the majority of the contractual amounts due have been paid.

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 8.2.1 on liquidity risk).

NOTE
9

OTHER NOTES TO THE FINANCIAL STATEMENTS

9.1 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 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 7.1.2 "Programmes and broadcasting rights" for purchase contracts designed to secure future programming schedules, and Note 8.2.1 "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 Group.

The various types of commitments given and received by the Group are described below:

Guarantee commitments

This item comprises guarantees provided in connection with commercial contracts or leases.

9.1.1 Guarantee commitments

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total 2016	Total 2015
Guarantee commitments					
Pledges, mortgages and collateral	-	-	-	-	-
Guarantees and endorsements given	4.4	-	11.1	15.5	3.8
Guarantee commitments given	4.4	-	11.1	15.5	3.8
Pledges, mortgages and collateral	-	-	-	-	-
Guarantees and endorsements received	1.7	-	-	1.7	-
Guarantee commitments received	1.7	-	-	1.7	-
Guarantee commitments, net	2.7	-	11.1	13.8	3.8

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 transmission 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.

Other reciprocal contractual commitments

This comprises commitments given or received under various contracts not associated with the recurring operations of Group companies.

Operating leases

This item shows (in both commitments given and commitments received) the minimum future lease payments under non-cancellable operating leases in place at the end of the reporting period. Only leases that are material to the Group are included. Most of the leases included relate to property, in particular the premises occupied by TF1 subsidiaries.

Finance leases

This item shows the minimum future lease payments under finance leases outstanding at the end of the reporting period.

No material off balance sheet commitments, as defined in the applicable accounting standards, are omitted from the disclosures below.

9.1.2 Reciprocal contractual commitments

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total 2016	Total 2015
Miscellaneous contractual commitments					
Image transmission	24.7	65.3	1.2	91.2	149.9
Commitments relating to equity interests*	7.3	-	-	7.3	176.8
Other items	43.1	8.6	-	51.7	9.2
Miscellaneous contractual commitments given	75.1	73.9	1.2	150.2	335.9
Image transmission	24.7	65.3	1.2	91.2	149.9
Commitments relating to equity interests*	7.3	-	-	7.3	176.8
Other items	41.4	8.6	-	50.0	9.2
Miscellaneous contractual commitments received	73.4	73.9	1.2	148.5	335.9
MISCELLANEOUS CONTRACTUAL COMMITMENTS, NET	1.7	-	-	1.7	-

* In 2015, commitments relating to equity interests included commitments relating to the acquisition of an equity interest in Newen Studios (see Note 1, "Significant events of the year"), and commitments vis-à-vis the ITAS group associated with the share warrants held by TF1 (see Note 7.3.5, "Other non-current financial assets") since the fourth quarter of 2014.

9.1.3 Operating leases

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total 2016	Total 2015
Operating leases					
Operating lease commitments given	12.8	38.2	17.6	68.6	23.3
Operating lease commitments received	12.8	38.2	17.6	68.6	23.3
OPERATING LEASE COMMITMENTS, NET	-	-	-	-	-

9.1.4 Finance leases

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total 2016	Total 2015
FINANCE LEASES (ALREADY RECOGNISED IN THE BALANCE SHEET)	-	-	-	-	-

9.2 RELATED PARTY INFORMATION

9.2.1 Executive remuneration

Total remuneration paid during 2016 to key executives of the Group (i.e. the ten members of the TF1 Executive Committee mentioned in the registration document) was €6.1 million, comprising:

(€m)	2016	2015
Fixed remuneration	5.1	5.8
Variable remuneration and benefits in kind	1.0	3.5

Additional information:

- the portion of expenses for the period relating to stock options and performance shares awarded to these key executives was €0.2 million;
- the portion of the total obligation in respect of retirement and other post-employment benefits relating to those key executives was €1.5 million.

The Bouygues group offers the members of its Executive Committee, who include Nonce Paolini and Gilles Pélisson, a supplementary pension of up to 0.92% of the reference salary for each year's membership of the scheme, which represents a post-employment benefit. The expense (invoiced to TF1 by Bouygues) relating to the contribution paid in 2016 to the investment fund of the insurance company which manages the scheme was €1.0 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.

Excluding corporate officers, remuneration paid to key executives of the TF1 group fell by 34% in 2016, with the fixed portion decreasing by 12% and the variable portion by 71%.

9.2.2 Transactions with other related parties

Transactions with other related parties are summarised in the table below:

(€m)	Income		Expenses		Debtors		Creditors	
	2016	2015	2016	2015	2016	2015	2016	2015
Parties with an ownership interest	42.8	41.2	(16.3)	(13.2)	381.0*	703.7*	8.6	6.7
Joint ventures	0.2	0.5	-	-	1.6	0.6	-	2.3
Associates	7.6	7.0	(6.0)	(12.2)	5.5	8.1	6.7	11.3
Other related parties	-	-	-	-	-	-	-	-
TOTAL	50.6	48.7	(22.3)	(25.4)	388.1	712.4	15.3	20.3

* Primarily the Bouygues Relais cash pooling agreement (see Note 8.2.1).

Agreements entered into with joint ventures and associates relate primarily to operational transactions in the ordinary course of business in the audiovisual sector, recharges of head office administrative expenses, and income and expenses arising from short-term cash pooling transactions.

Agreements entered into with parties with an ownership interest comprise agreements with Bouygues SA and with other Bouygues group

companies that are subsidiaries of Bouygues SA. Those agreements are of an ordinary commercial nature, except in the case of transactions with Bouygues Relais under the short-term cash pooling agreement.

The off balance sheet commitments reported in Note 9.1 do not include any material commitments to related parties.

9.3 AUDITORS' FEES

The table below shows fees paid by the Group to its auditors:

(€ '000)	Mazars				KPMG				EY				Other audit firms			
	Amount		%		Amount		%		Amount		%		Amount		%	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Audit of consolidated and individual company financial statements	(781)	(735)	98%	100%	(460)	(512)	92%	96%	(152)	-	70%	0%	(399)	(60)	88%	60%
- TF1 SA	(111)	(210)			(206)	(212)			(105)				-	-		
- Subsidiaries	(670)	(525)			(254)	(300)			(47)				(399)	(60)		
Other procedures and services related directly to the audit engagement	(15)	-	2%	0%	(38)	(15)	8%	3%	(65)	-	30%	0%	(52)	(40)	12%	40%
- TF1 SA	-	-			(35)	(15)			(65)				(52)	(40)		
- Subsidiaries	(15)	-			(3)	-			-				-	-		
Audit-related fees	(796)	(735)	100%	100%	(498)	(527)	100%	99%	(217)	-	100%	0%	(451)	(100)	100%	100%
Other services provided by audit firms to fully consolidated subsidiaries																
Company law, tax and employment law	(1)	(1)	-	-	-	(2)	0%	0%	-	-	0%	0%	-	-	0%	0%
Other (if > 10% of audit-related fees)	-	-	-	-	-	(2)	0%	0%	-	-	0%	0%	-	-	0%	0%
Other fees	(1)	(1)	-	-	-	(4)	0%	1%	-	-	0%	0%	-	-	0%	0%
TOTAL AUDITORS' FEES	(797)	(736)	100%	100%	(498)	(531)	100%	100%	(217)	-	100%	0%	(451)	(100)	100%	100%

9.4 DEPENDENCE ON LICENCES

TF1 is an audiovisual communications service that requires a licence.

The law of 30 September 1986, as amended by Law 2007-309 of 5 March 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.

In addition, the following subsidiaries were awarded a digital terrestrial broadcasting licence for a 10-year period on 10 June 2003: LCI, TMC and NT1. That period was extended for a further five years following an undertaking by the channels to extend their DTT coverage to more than 95% of the population, in accordance with Article 97 of the law of 30 September 1986.

9.5 DETAILED LIST OF COMPANIES INCLUDED IN THE CONSOLIDATION

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.

The Group accounts for investees over which it exercises exclusive control using the full consolidation method. Under this method, all assets, liabilities, equity, income and expenses of each subsidiary are combined on a line-by-line basis in the consolidated financial statements. Non-controlling interests in equity and in net profit are identified separately under "Non-controlling interests" in the consolidated balance sheet and the consolidated income statement.

Joint arrangements

Joint arrangements, which may be either joint operations or joint ventures, arise where the power to govern the financial and operating policies of an investee is contractually shared by TF1 with one or more other parties, none of which exercises control.

- In the case of joint operations, which give each of the parties direct rights to the assets and obligations for the liabilities, the assets and liabilities (and income and expenses) are recognised in proportion to the interests held by TF1 in the joint operation.
- Joint ventures, which give the parties rights to the net assets, are accounted for by the equity method.

Associates

An associate is an entity over which the Group exercises significant influence, which means that it 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.

The Group 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.

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.

Company	Country	Activity	31 December 2016		31 December 2015	
			% Interest	Method	% Interest	Method
Broadcasting						
TF1 SA	France	Broadcasting	Parent company		Parent company	
TELE MONTE CARLO	Monaco	Theme channel	100.00%	Full	80.00%	Full
NT1	France	Theme channel	100.00%	Full	100.00%	Full
HD1	France	Theme channel	100.00%	Full	100.00%	Full
LA CHAINE INFO	France	Theme channel	100.00%	Full	100.00%	Full
METRO FRANCE PUBLICATIONS	France	Digital news platform	-	-	100.00%	Full
TMC REGIE	France	TMC advertising airtime sales	100.00%	Full	100.00%	Full
TF1 PUBLICITE	France	TF1 advertising airtime sales	100.00%	Full	100.00%	Full
LA PLACE MEDIA	France	Advertising airtime sales	24.70%	Equity	24.70%	Equity
OUEST INFO	France	TV news images agency	100.00%	Full	100.00%	Full
TF1 FILMS PRODUCTION	France	Movie co-production	100.00%	Full	100.00%	Full
TF1 PRODUCTION	France	Programme production	100.00%	Full	100.00%	Full
APHELIE	France	Real estate company	100.00%	Full	100.00%	Full
FIRELIE	France	Real estate company	100.00%	Full	100.00%	Full
PERELIE	France	Real estate company	100.00%	Full	100.00%	Full
E-TF1	France	Content/broadcasting: internet and TV services	100.00%	Full	100.00%	Full
BONZAI DIGITAL	France	Digital marketing consultancy	100.00%	Full	-	-
GIE TF1 Acquisitions de droits	France	Acquisition/sale of audiovisual rights	100.00%	Full	100.00%	Full
TF1 DS	France	Acquisition/sale of audiovisual rights	100.00%	Full	100.00%	Full
TV BREIZH	France	Theme channel	100.00%	Full	100.00%	Full
TF6	France	Theme channel	-	-	50.00%	Equity
TF6 GESTION	France	TF6 management company	-	-	50.00%	Equity
SERIE CLUB	France	Theme channel	50.00%	Equity	50.01%	Equity
HISTOIRE	France	Theme channel	100.00%	Full	100.00%	Full
USHUAIA TV	France	Theme channel	100.00%	Full	100.00%	Full
TF1 DISTRIBUTION	France	Distribution of TV channels	100.00%	Full	100.00%	Full
TF1 THEMATIQUES	France	Theme channels holding company	100.00%	Full	100.00%	Full
MONTE CARLO PARTICIPATIONS	France	TMC holding company	100.00%	Full	100.00%	Full
TF1 DIGITAL CONTENT	France	Content/broadcasting: internet and TV services	100.00%	Full	-	-
PREFAS 18	France	Holding company	100.00%	Full	100.00%	Full
TF1 EXPANSION	France	Holding company	100.00%	Full	100.00%	Full
GROUPE AB	France	Audiovisual production, scheduling & broadcasting	33.50%	Equity	33.50%	Equity
Studios & Entertainment						
CIBY 2000	France	Exploitation of audiovisual rights	100.00%	Full	100.00%	Full
TF1 DROITS AUDIOVISUELS	France	Exploitation of audiovisual rights	100.00%	Full	100.00%	Full
TF1 INTERNATIONAL	France	Exploitation of audiovisual rights	100.00%	Full	66.00%	Full
UGC DISTRIBUTION	France	Exploitation of audiovisual rights	-	-	34.00%	Equity
TELESHOPPING	France	Home shopping	100.00%	Full	100.00%	Full

Company	Country	Activity	31 December 2016		31 December 2015	
			% Interest	Method	% Interest	Method
TOP SHOPPING	France	Retail distribution	100.00%	Full	100.00%	Full
OPTIQUAL (formerly DIRECT OPTIC PARTICIPATIONS)	France	e-commerce	47.85%	Equity	47.85%	Equity
TF1 VIDEO	France	Exploitation of video rights	100.00%	Full	100.00%	Full
TF1 Entertainment	France	Telematics, spin-off rights	100.00%	Full	100.00%	Full
DUJARDIN	France	Producer of Board/card games	100.00%	Full	100.00%	Full
UNE MUSIQUE	France	Publisher of music & sound recordings	100.00%	Full	100.00%	Full
STS EVENEMENTS	France	Commercial operation of live show venues	55.00%	Full	55.00%	Full
TF1 EVENTS	France	Event management	100.00%	Full	100.00%	Full
NEWEN STUDIOS	France	Holding company	100.00%	Full	-	-
FLCP DEVELOPPEMENT	France	Holding company	100.00%	Full	-	-
NEWEB	France	Holding company	100.00%	Full	-	-
NEWEB FACTORY	France	Audiovisual production	78.52%	Full	-	-
NEWEB DEVELOPPEMENT	France	Audiovisual production	78.52%	Full	-	-
FACTORY ELEVEN	France	Audiovisual production	78.52%	Full	-	-
NEWEB REGIE	France	Audiovisual production	78.52%	Full	-	-
Studios & Entertainment						
CUP HOLDING	France	Audiovisual production	78.36%	Full	-	-
CUP INTERACTIVE SAS	France	Audiovisual production	78.36%	Full	-	-
NEWEN	France	Audiovisual production	100.00%	Full	-	-
CAPA DEVELOPPEMENT	France	Holding company	88.09%	Full	-	-
CAPA PRESSE	France	Audiovisual production	88.09%	Full	-	-
CAPA ENTREPRISE	France	Audiovisual production	88.09%	Full	-	-
CAPA PROD	France	Audiovisual production	88.09%	Full	-	-
CAPA DRAMA	France	Audiovisual production	88.09%	Full	-	-
EXPLORER	France	Audiovisual production	88.09%	Full	-	-
CAPA PICTURES	France	Audiovisual production	79.28%	Full	-	-
TF ET ASSOCIES	France	Holding company	100.00%	Full	-	-
TELFRENCE	France	Audiovisual production	100.00%	Full	-	-
NERIA PRODUCTIONS	France	Audiovisual production	100.00%	Full	-	-
SNC EDITIONS MUSICALES BOXEUR DE LUNE	France	Audiovisual production	100.00%	Full	-	-
NEWEN DISTRIBUTION	France	Audiovisual production	100.00%	Full	-	-
TELFRENCE SERIE	France	Audiovisual production	100.00%	Full	-	-
MIMA PRODUCTION	France	Audiovisual production	100.00%	Full	-	-
BLUE SPIRIT HOLDING	France	Audiovisual production	100.00%	Full	-	-
BLUE SPIRIT PRODUCTION	France	Audiovisual production	100.00%	Full	-	-
BLUE SPIRIT STUDIO	France	Audiovisual production	100.00%	Full	-	-
SINEMATIK	Belgium	Audiovisual production	100.00%	Full	-	-
STUDIO BLUE SPIRIT CANADA	Canada	Audiovisual production	100.00%	Full	-	-
STUDIOS DE MARSEILLE	France	Audiovisual production	100.00%	Full	-	-
BOXEUR DE LUNE	France	Audiovisual production	100.00%	Full	-	-
NERIA PRESSE	France	Audiovisual production	100.00%	Full	-	-
PROD 360	France	Audiovisual production	100.00%	Full	-	-

Company	Country	Activity	31 December 2016		31 December 2015	
			% Interest	Method	% Interest	Method
TELECIP	France	Audiovisual production	100.00%	Full	-	-
BARJAC PRODUCTION	France	Audiovisual production	100.00%	Full	-	-
COSTUMES ET DECO	France	Audiovisual production	100.00%	Full	-	-
SEENOVA	France	Audiovisual production	100.00%	Full	-	-
ROYAL ME UP PRODUCTIONS	France	Audiovisual production	80.00%	Full	-	-
AND SO ON	France	Audiovisual production	100.00%	Full	-	-
YELLOW THING	France	Audiovisual production	33.33%	Equity	-	-
ABRAFILMS	France	Audiovisual production	80.00%	Full	-	-
LVPB	France	Audiovisual production	100.00%	Full	-	-
STUDIOS POST & PROD	France	Audiovisual production	100.00%	Full	-	-
17 JUIN DEVELOPPEMENT ET PARTICIPATIONS	France	Holding company	69.63%	Full	-	-
17 JUIN DEVELOPPEMENT	France	Holding company	69.06%	Full	-	-
17 JUIN MEDIA	France	Audiovisual production	69.06%	Full	-	-
17 JUIN FICTION	France	Audiovisual production	69.06%	Full	-	-
17 JUIN PROD	France	Audiovisual production	69.06%	Full	-	-
PULSATIONS	France	Audiovisual production	69.06%	Full	-	-
PULSATIONS MULTIMEDIA	France	Audiovisual production	69.06%	Full	-	-
BOXEUR 7	France	Audiovisual production	100.00%	Full	-	-
CAPA SERIES	France	Audiovisual production	88.09%	Full	-	-
PRODUCTION VALLEY	France	Audiovisual production	100.00%	Full	-	-
TARONJA PROD	France	Audiovisual production	100.00%	Full	-	-
TELFRENCE A	France	Audiovisual production	100.00%	Full	-	-
TOOCO	France	Audiovisual production	66.00%	Full	-	-
RENDEZ-VOUS PRODUCTION SERIES	France	Audiovisual production	100.00%	Full	-	-
BLUE SPIRIT LAB	France	Audiovisual production	100.00%	Full	-	-
BEAUTY HOLDING	France	Audiovisual production	78.52%	Full	-	-
DEVTRIBU	France	Audiovisual production	78.52%	Full	-	-
CAPA PARTICIPATION	France	Holding company	100.00%	Full	-	-

9.6 EVENTS AFTER THE REPORTING PERIOD

Acquisition of a majority equity interest in MinuteBuzz

In accordance with the commitment announced on 1 December 2016, the TF1 group acquired a majority equity interest in MinuteBuzz, French millennials' favourite social platform, on 23 January 2017.

Taking of an equity stake in Studio71

On 12 January 2017 the TF1 group took a 6.1% equity stake in Studio71, the no. 4 MCN worldwide with over 6 billion video views per month and 1,100 channels (more channels than any other European rival). Studio71 has a presence in Germany, the USA and the UK and is a subsidiary of the major German media group ProSiebenSat.1, which simultaneously struck a similar deal with Mediaset, Italy's leading private-sector media group.

In parallel with this transaction, the TF1 group will also become the operator of Studio71 in France and francophone territories via Finder Studios, in which Studio71 is to take a minority stake.

Divestment of the equity interest in Groupe AB

On 30 January 2017, TF1 confirmed that it had accepted an offer from Mediawan SA to buy the TF1 group's 33.5% equity interest in Groupe AB. That equity interest had a carrying amount of €76.7 million as of 31 December 2016 (see Note 7.3.4), based on financial statements as of 30 September 2016 (the most recent available). This agreement has no impact on the consolidated financial statements of the TF1 group as of 31 December 2016.

Acquisition of a majority equity interest in Tuvalu Media Group by Newen Studios

On 6 February 2017, Newen Studios acquired a majority equity interest in Tuvalu Media Group (the leading independent producer in the Netherlands, specialising in single-use programmes and drama) from the founding shareholders, who will continue to manage the company.

4.3 PARENT COMPANY FINANCIAL STATEMENTS

4.3.1 PARENT COMPANY INCOME STATEMENT (FRENCH GAAP)

(€m)	Note	2016	2015
Operating income		1,326.3	1,373.0
TF1 channel advertising revenue	2.12 & 4.1	1188.5	1218.8
Revenue from other services		6.2	4.2
Income from ancillary activities		6.2	7.2
Revenue		1,200.9	1,230.2
Inventorised production		0.1	(0.2)
Capitalised production		2.2	1.4
Operating grants		0.0	0.1
Reversals of depreciation, amortisation, provisions and impairment		32.4	52.2
Cost transfers	4.2	85.8	84.8
Other income		4.9	4.5
Operating expenses		(1,295.5)	(1,294.9)
Purchases of raw materials and other supplies	4.3	(550.4)	(606.4)
Change in inventory	4.3	(36.0)	(48.6)
Other purchases and external charges	4.4	(265.0)	(268.6)
Taxes other than income taxes	4.5	(90.0)	(89.8)
Wages and salaries	4.6	(146.1)	(127.6)
Social security charges	4.6	(61.2)	(56.8)
Depreciation, amortisation, provisions and impairment			
- amortisation of co-productions already transmitted		(4.4)	(7.6)
- amortisation and depreciation of other non-current assets		(16.3)	(13.1)
- impairment of non-current and current assets		(62.9)	(16.5)
- provisions for liabilities and charges		(11.9)	(7.3)
Other expenses	4.7	(51.3)	(52.6)
Operating profit		30.8	78.1
Share of profits/losses of joint operations		0.0	0.0
Financial income		457.1	183.2
Financial expenses		(165.3)	(166.5)
Net financial income/(expense)	4.8	291.8	16.7
Profit before tax and exceptional items		322.6	94.8
Exceptional income		147.9	499.7
Exceptional income from operating transactions		0.1	0.1
Exceptional income from capital transactions		138.5	492.2
Reversals of provisions and impairment		9.3	7.4
Exceptional expenses		(361.8)	(155.6)
Exceptional expenses on operating transactions		0.0	0.0
Exceptional expenses on capital transactions		(356.2)	(139.3)
Depreciation, amortisation, provisions and impairment		(5.6)	(16.3)
Exceptional items	4.9	(213.9)	344.1
Employee profit-sharing		0.0	(5.6)
Income taxes	4.10 & 4.11	22.8	(31.1)
NET PROFIT		131.5	402.2

4.3.2 PARENT COMPANY BALANCE SHEET (FRENCH GAAP)

Assets (€m)	Note	31/12/2016 Net	31/12/2015 Net
Intangible assets	2.2 & 3.1	36.8	38.6
Audiovisual rights		24.4	25.3
Other intangible assets		12.4	13.3
Property, plant and equipment	2.3 & 3.2	25.2	26.2
Technical facilities		7.7	8.0
Other property, plant and equipment		17.5	17.0
Property, plant and equipment under construction		0.0	1.2
Non-current financial assets	2.4 & 3.3	868.9	844.8
Investments in subsidiaries and affiliates		868.7	829.0
Other long-term investment securities		0.0	15.6
Loans receivable		0.0	0.0
Other non-current financial assets		0.2	0.2
Non-current assets		930.9	909.6
Inventories and work in progress	2.5 & 3.4	179.0	205.1
Broadcasting rights available for initial transmission		121.1	130.0
Broadcasting rights available for retransmission		56.0	73.2
Broadcasting rights in progress		1.9	1.9
Advance payments	2.6 & 3.5.1	112.9	139.9
Trade debtors	2.7 & 3.5.2	255.3	277.9
Other debtors	3.5.3	329.8	258.5
Short-term investments and cash	2.8 & 3.6	602.6	799.2
Prepayments	3.7	2.5	3.8
Current assets		1,482.1	1,684.4
Unrealised foreign exchange losses		0.0	0.1
TOTAL ASSETS		2,413.0	2,594.1

Liabilities and shareholders' equity (€m)	Note	31/12/2016	31/12/2015
Share capital		41.8	42.1
Share premium		13.6	11.7
Legal reserve		4.3	4.3
Other reserves		774.8	787.6
Retained earnings		412.1	177.1
Net profit for the year		131.5	402.2
Restricted provisions	2.10	19.9	20.3
Shareholders' equity	3.8	1,398.0	1,445.3
Provisions for liabilities and charges	2.11 & 3.9	122.8	70.4
Bank borrowings ⁽¹⁾		0.0	0.0
Other borrowings ⁽²⁾		308.8	494.1
Trade creditors		216.5	213.9
Tax and employee-related liabilities		139.2	144.7
Amounts payable in respect of non-current assets		2.5	3.9
Other liabilities		219.8	213.3
Deferred income		3.2	6.0
Liabilities	3.10	890.0	1,074.9
Unrealised foreign exchange gains		2.2	3.5
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,413.0	2,594.1
(1) of which bank overdrafts and bank accounts in credit		0.0	0.0
(2) of which intra-group current accounts		308.8	494.1

4.3.3 PARENT COMPANY CASH FLOW STATEMENT (FRENCH GAAP)

Cash flow statement (€m)	2016	2015
1 – Operating activities		
■ Net profit for the year	131.5	402.2
■ Depreciation, amortisation, provisions and impairment ^{(1) (2)}	(46.8)	22.4
■ Investment grants released to the income statement	0.0	0.0
■ Net (gain)/loss on disposals of non-current assets	214.3	(360.4)
Operating cash flow before changes in working capital	299.0	64.2
■ Acquisitions of television programmes ⁽²⁾	(3.1)	(4.0)
■ Amortisation and impairment of television programmes ⁽²⁾	4.3	6.0
■ Inventories	26.0	28.8
■ Trade and other operating debtors	(47.2)	(159.2)
■ Trade and other operating creditors	0.6	(85.7)
■ Advance payments received from third parties, net	27.0	25.7
Change in operating working capital needs	7.6	(188.4)
Net cash generated by/(used in) operating activities	306.6	(124.2)
2 – Investing activities		
■ Acquisitions of property, plant & equipment and intangible assets ^{(1) (2)}	(62.0)	(25.8)
■ Disposals of property, plant & equipment and intangible assets ^{(1) (2)}	0.2	0.1
■ Acquisitions of investments in subsidiaries and affiliates and own shares	(227.5)	(95.1)
■ Disposals/reductions of investments in subsidiaries and affiliates	138.1	574.0
■ Net change in amounts payable in respect of non-current assets	(1.3)	38.6
■ Net change in other non-current financial assets	0.0	0.0
Net cash generated by/(used in) investing activities	(152.5)	491.8
3 – Financing activities		
■ Change in shareholders' equity	1.9	4.4
■ Net change in debt	(185.4)	21.3
■ Dividends paid	(167.2)	(317.3)
Net cash generated by/(used in) financing activities	(350.7)	(291.6)
TOTAL CHANGE IN CASH POSITION	(196.6)	76.0
Cash position at beginning of period	799.2	723.2
Change in cash position	(196.6)	76.0
Cash position at end of period	602.6	799.2

(1) Excludes television programmes recognised as non-current assets.

(2) Acquisitions, consumption, disposals and retirements of television programmes, which are accounted for as non-current assets in the parent company financial statements, are included in "Changes in operating working capital needs" in this cash flow statement in order to provide a fair representation of cash flows comparable with that presented in the consolidated financial statements.

4.4 NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

The parent company financial statements for the year ended 31 December 2016 have been prepared in accordance with legal and regulatory requirements as currently applicable in France.

They were closed off by the Board of Directors on 15 February 2017, and will be submitted for approval by the shareholders at the forthcoming Annual General Meeting to be held on 13 April 2017.

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NOTE
1

SIGNIFICANT EVENTS

Acquisition of 70% of Newen Studios

On 26 January 2016, having obtained the necessary clearances from the regulatory authorities, TF1 and the shareholders of Newen Studios finalised the implementation of the sale agreement of 9 November 2015 under which TF1 was to acquire a 70% equity interest in Newen Studios, the parent company of the Newen Studios group.

The vendors and TF1 entered into a shareholder agreement which specifies the terms of exercise of the reciprocal undertakings whereby the vendors have an option to sell to TF1, and TF1 has an option to acquire, the residual 30% equity interest during a five-year period starting in 2018.

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 31 December 2016.

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
1 st transmission	80%	50%	100%
2 nd transmission	20%	50%	

"Other programmes" in the table above refers to children's programmes (other than cartoons), light entertainment, plays, factual and documentary programmes, news, and dramas with a running time of less than 52 minutes.

2.2 INTANGIBLE ASSETS

2.2.1 Audiovisual rights

Audiovisual rights comprise:

- television programmes intended for broadcast on the TF1 channel;
- other user rights.

2.2.1.1 Television programmes

In order to secure programming schedules for future years, TF1 SA enters into binding contracts under which it acquires programme production shares and the other party agrees to deliver the programme in question.

Television programmes are recognised as intangible assets at the time of technical acceptance and opening of rights, and are measured at the contractual acquisition price.

Payments made before the conditions for recognition are met are recognised in the balance sheet under "Advance payments".

Programmes acquired for a single transmission are fully amortised on transmission.

A provision for impairment is recorded once it becomes probable that a programme with a co-production share will not be transmitted. Probability of transmission is assessed on the basis of the most recent programming schedules approved by management.

Tax depreciation is charged against television programmes not yet transmitted in accordance with the policies described in note 2.10, "Restricted provisions".

Television programmes break down as follows:

Programmes available for initial transmission

This line records programmes available for initial transmission on the TF1 channel.

Programmes available for retransmission

Programmes that are still available for repeat broadcasts are recorded on this line.

Programmes 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 end of the reporting period. The treatment of future contractual payments is described in the section on intangible assets arising from payments made to secure programming schedules for future years.

This line also includes programmes where shooting has been completed but technical acceptance and/or opening of rights has yet to occur.

2.2.1.2 Other user rights

In addition to broadcasting rights to certain programmes, TF1 SA also invests in producer shares, so that it can secure ownership of related tangible and intangible assets, in particular user rights to programmes.

Payments for producer shares are definitively recognised as intangible assets when (i) technical acceptance has occurred and (ii) the rights period has opened for the broadcasting rights acquired in parallel with the producer shares.

Payments made for producer shares before the conditions for recognition are met are recognised in the balance sheet as intangible assets in progress.

Producer shares are amortised over their expected useful lives.

A provision for impairment is recognised if expected future revenues are lower than the carrying amount of the asset.

Tax depreciation is charged against production shares in accordance with the policies described in note 2.10, "Restricted provisions".

2.2.2 Other intangible assets

Other intangible assets are measured at acquisition cost (or production cost), net of accumulated amortisation and impairment.

Software and licences are amortised on a straight line basis over their estimated useful lives.

2.3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is carried at acquisition cost net of accumulated depreciation and impairment losses.

Depreciation periods and methods are summarised below:

Technical facilities	Straight line	3 to 7 years
Other property, plant and equipment	Straight line	3 to 10 years

2.4 NON-CURRENT FINANCIAL ASSETS

Equity investments are measured at acquisition cost, comprising the purchase price and transaction costs.

Annual impairment tests are performed on the basis of revenue and profit projections, primarily derived from business plans, using the discounted cash flow (DCF) method. If the value in use of an investment falls significantly below acquisition cost other than on a temporary basis, a provision for impairment is recorded. If necessary, this provision may be supplemented by a provision for impairment of the current account with the subsidiary or affiliate and a provision for liabilities and charges.

Tax depreciation is charged against transaction costs relating to acquisitions of equity interests in accordance with the policies described in note 2.10, "Restricted provisions".

2.5 INVENTORIES AND WORK IN PROGRESS

2.5.1 General principles

In order to secure programming schedules for future years, TF1 SA enters into binding contracts (in addition to production share acquisition contracts) under which it acquires (and the other party agrees to deliver) programme rights and sports transmission rights.

A programme is recognised in inventory once technical acceptance and opening of rights have occurred. Programme inventory is measured at acquisition cost or total production cost (direct costs plus indirect costs attributable to the production, but excluding borrowing costs which are recognised as an expense).

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 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, cartoons	Other programmes
1 st transmission	80%	50%	100%
2 nd 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), light entertainment, 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);
- 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 end of the reporting period are priced at the contractual amount (or the estimated future cash outflow in the case of output deal contracts) less any advance payments made in respect of the contract, which are recognised as an asset in the balance sheet in “Advance payments”; these contracts are discussed in the section on inventories.

2.5.2 Broadcasting rights available for initial transmission

Broadcasting rights are recorded on this line once they are opened for initial transmission on the TF1 channel.

2.5.3 Broadcasting rights available for retransmission

Rights relating to possible repeat broadcasts are recorded on this line.

2.6 ADVANCE PAYMENTS

This line also includes (i) sums paid to acquire rights to broadcast programmes for which technical acceptance and/or opening of rights has yet to occur and (ii) sums paid for co-production shares in programmes where shooting has not been completed at the end of the reporting period. A provision for impairment may be taken against advance payments where necessary.

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 receivables that are the subject of ongoing legal recovery proceedings are written down in full (excluding VAT).

2.8 SHORT-TERM INVESTMENTS AND CASH

TF1 SA provides centralised treasury management for the Group. Treasury current account debit balances 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 and issued in foreign currencies are translated into euros at the rate prevailing on the date of initial recognition, and foreign-currency payables/receivables at the end of the financial year are translated using the exchange rate prevailing as of 31 December. Unrealised foreign exchange losses and gains are recorded on the relevant lines on the assets and liabilities sides of the balance sheet.

The company also recognizes unrealised gains and losses arising on currency hedges associated with payables and receivables carried in its own balance sheet or in the balance sheets of subsidiaries to which it has provided guarantees (see Note 5.2.1).

Any unrealised foreign exchange losses arising as a result are covered by a provision included in “Provisions for liabilities and charges”.

2.10 RESTRICTED PROVISIONS

This item comprises:

- tax depreciation on production shares for television programmes not yet transmitted and other user rights, 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 3 July 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

Provisions are recorded when there is a legal or constructive obligation to a third party arising from a past event; the obligation will certainly or probably result in an outflow of resources with no corresponding inflow of resources; and the amount of the outflow can be measured reliably. Provisions are reviewed at the end of each reporting period, and adjusted where necessary to reflect the best estimate of the obligation as of that date.

Contingent liabilities are obligations whose existence will be confirmed only by the occurrence of future events or for which the outflow of resources cannot be measured reliably. No provision is recorded for contingent liabilities.

2.11.1 Retirement benefits

The company’s employees are entitled to retirement benefits under defined-contribution and defined-benefit plans, which may be partially managed by pension funds.

TF1 SA employees belong to general and top-up French pension schemes. These are defined-contribution plans, under which the company's obligation is limited to the payment of a periodic contribution based on a specified percentage of staff costs. Those contributions are expensed in profit or loss for the period under "Staff costs".

The pension cost recognised for defined-benefit plans is determined using the projected unit credit method at the expected retirement date, based on final salary, and taking account of:

- vested benefit entitlements under collective agreements for each category of employee based on length of service;
- staff turnover rate, calculated using historical average data for employees leaving the company;
- salaries and wages, including a coefficient for employer's social security charges as currently payable;
- an annual salary inflation rate;
- life expectancy of employees, determined using statistical tables;
- a discount rate, applied to the obligation and reviewed annually.

The 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. These actuarial gains and losses are recognised in the income statement, as charges to or reversals of provisions for liabilities and charges.

2.11.2 Other provisions for liabilities and charges

These mainly comprise provisions for litigation and claims. The provision is measured as the probable outflow of resources resulting from ongoing litigation or claims arising from an event prior to the end of the reporting period. They include provisions for tax and social security disputes. The amount shown on reassessment notices issued by the authorities is

provided for unless the company regards it as highly probable that it will successfully defend its position against the authorities. The undisputed portion of reassessment notices is recognised as a liability as soon as the amount is known.

2.12 ADVERTISING REVENUE

Sales of advertising airtime are recognised as revenue on transmission of the advertisement or commercial. The revenue recognised is the amount invoiced by advertising sales agencies (primarily TF1 Publicité) to the advertiser for the airtime, less the agency commission.

TF1 makes marginal use of barter transactions involving advertising with media other than television, such as radio or print media. Such transactions are reported on a non-netted basis in "Revenue" and in "External charges".

2.13 OFF BALANCE SHEET COMMITMENTS

Image transmission commitments represent fees payable to transmission service operators until the expiry date of their contracts.

Caution money and guarantees paid under commercial contracts are disclosed as off balance sheet commitments.

2.14. FINANCIAL INSTRUMENTS

TF1 uses financial instruments to hedge its exposure to fluctuations in interest rates and exchange rates. That exposure arises from transactions carried out by TF1 SA itself, and from foreign exchange guarantees provided to subsidiaries as part of the Group's centralised foreign exchange risk management policy.

Group policy is to trade on the financial markets solely for hedging purposes related to its business activities, and not to trade for speculative purposes.

Gains and losses on financial instruments used for hedging purposes are measured and recognised symmetrically with the recognition of gains and losses on the hedged item.

NOTE
3

NOTES TO THE BALANCE SHEET

3.1 INTANGIBLE ASSETS

3.1.1 Audiovisual rights

Audiovisual rights break down as follows:

Gross value (€m)	01/01/2016	Increases	Decreases	Transfers	31/12/2016
Television programmes	11.6	6.7	(8.0)		10.3
Other user rights*	2.5	39.2		14.3	56.0
Other user rights in progress*	14.3	12.0		(14.3)	12.0
TOTAL	28.4	57.9	(8.0)	0.0	78.3
Amortisation & impairment	01/01/2016	Increases	Decreases		31/12/2016
Television programmes	0.7	0.4	(0.6)		0.5
Other user rights*	2.4	54.7	(3.7)		53.4
TOTAL	3.1	55.1	(4.3)	0.0	53.9
Net value	25.3				24.4

* Since the introduction in 2016 of new regulations on producer shares in French drama, movements relating to such shares are now presented on these lines.

Commitments relating to user rights for future years break down as follows:

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total 2016	Total 2015
Other user rights	25.1	0.0	0.0	25.1	0.0

Television programmes break down as follows:

(€m)	2016	2015
Programmes in progress	2.4	2.1
Programmes available for initial transmission	3.4	4.9
Programmes available for retransmission	5.8	8.1
Value of programmes at 1 January 2016	11.6	15.1
Acquisitions	6.7	12.9
Consumption on initial transmission	(4.1)	(6.9)
Consumption on retransmission	(0.3)	(0.7)
Total consumption on transmission	(4.4)	(7.6)
Rights expired	0.0	(4.0)
Retired or abandoned	(3.3)	(3.4)
Resold (net book value)	(0.3)	(1.4)
Decreases	(8.0)	(16.4)
Value of programmes at 31 December 2016	10.3	11.6
<i>Breakdown of programmes:</i>		
Programmes in progress	2.0	2.4
Programmes available for initial transmission	2.8	3.4
Programmes available for retransmission	5.5	5.8
TOTAL	10.3	11.6
Provisions for impairment		
1 January	0.7	0.6
Charges	0.4	0.3
Reversals	(0.7)	(0.2)
31 December	0.4	0.7

As of 31 December 2016, the risk of non-transmission for co-produced programmes was €6.9 million, of which:

- €0.4 million was covered by provisions for impairment;
- €6.5 million was covered by restricted provisions previously established in accordance with the policy described in note 2.10.

The table below shows the maturity of television programme 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 2016	Total 2015
Television programmes	6.6	23.4	0.1	30.1	15.8

3.1.2 Other intangible assets

Movements in other intangible assets are shown below:

Gross value (€m)	01/01/2016	Increases	Decreases	Transfers	31/12/2016
Software	22.7	1.6	(0.3)	0.5	24.5
Other intangible assets	1.6				1.6
Intangible assets in progress	0.8	0.6		(0.5)	0.9
TOTAL	25.1	2.2	0.0	0.0	27.0
Amortisation & impairment	01/01/2016	Increases	Decreases		31/12/2016
Software	10.8	2.9	(0.2)		13.5
Other intangible assets	1.0	0.1			1.1
TOTAL	11.8	3.0			14.6
Net value	13.3				12.4

3.2 PROPERTY, PLANT AND EQUIPMENT

The table below shows movements in property, plant and equipment during the year:

Gross value (€m)	01/01/2016	Increases	Decreases	Transfers	31/12/2016
Technical facilities	79.7	2.6	(2.7)	0.7	80.3
Other property, plant and equipment	88.4	5.9	(1.8)	0.5	93.0
Property, plant & equipment under construction	1.2			(1.2)	0.0
TOTAL	169.3	8.5	(4.5)	0.0	173.3
Depreciation & impairment	01/01/2016	Increases*	Decreases		31/12/2016
Technical facilities	71.7	3.5	(2.7)		72.5
Other property, plant and equipment	71.4	5.8	(1.6)		75.6
TOTAL	143.1	9.3	(4.3)		148.1
Net value	26.2				25.2

* included in "Amortisation and depreciation of other non-current assets" in the income statement.

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 1 JANUARY 2016	1,064.9	20.1	0.0	0.2	1,085.2
Increases					
Ouest Info - capital increase	0.5				0.5
HD1 - capital increase	60.0				60.0
Newen Studios - acquisition	145.6				145.6
TMC - exchange of securities for own shares*	25.7	(28.3)			(2.6)
Share buybacks		21.3			21.3
Decreases					
TF1 Thématiques - intragroup transfer	(125.5)				(125.5)
Publications Metro France - intragroup transfer	(65.6)				(65.6)
TMC - intragroup transfer	(25.7)				(25.7)
HD1 - intragroup transfer	(60.0)				(60.0)
Prefas 18 - intragroup transfer	(73.0)				(73.0)
Capital reduction through cancellation of repurchased shares		(13.1)			(13.1)
GROSS VALUE AT 31 DECEMBER 2016	946.9	0.0	0.0	0.2	947.1
Provisions for impairment					
1 January 2016	235.9	4.5			240.4
Charges	23.3				23.3
Reversals	(181.0)	(4.5)			(185.5)
31 December 2016	78.2	0.0	0.0	0.0	78.2
NET VALUE AT 31 DECEMBER 2016	868.7	0.0	0.0	0.2	868.9

* The loss of €2.6 million arising on the share exchange transaction is recognised as an exceptional item (see Note 4.9).

TF1 has carried out a number of intragroup transfers to streamline the legal structure of the Group (gains/losses on disposal, provisions for impairment of equity holdings, dividends distributed).

The effects of these financial transactions are presented in financial income and expenses (see Note 4.8) and exceptional items (see Note 4.9): dividend payments, disposals, and adjustments to provisions for impairment of equity holdings.

The €23.3 million of impairment losses recognised during the period relate to the equity holdings in TF1 Vidéo (€8.1 million) and TF1 Production (€15.2 million).

The reversals of impairment losses, amounting to €185.5 million, relate to the disposals of the equity holdings in Prefas 18, Metro and TF1 Thématiques (€181 million, following intragroup transactions carried out in 2016) and to treasury shares (€4.5 million).

3.4 INVENTORIES AND WORK IN PROGRESS

This item mainly comprises broadcasting rights yet to be consumed, and breaks down as follows:

(€m)	Acquired rights	In-house production	Total 2016	Total 2015
Broadcasting rights available for initial transmission	138.9		138.9	155.0
Broadcasting rights available for retransmission	98.3		98.3	130.9
Broadcasting rights in progress	0.0	1.9	1.9	2.1
Inventory at 1 January	237.2	1.9	239.1	288.0
Purchases during the year	550.4	183.6	734.0	776.0
Consumption on initial transmission	(511.1)	(183.9)	(695.0)	(722.8)
Consumption on retransmission	(36.8)	0.0	(36.8)	(32.8)
Total consumption on transmission	(547.9)	(183.9)	(731.8)	(755.6)
Rights expired	(29.1)		(29.1)	(44.3)
Retired or abandoned	(1.5)	0.3	(1.2)	(3.8)
Resold	(7.9)		(7.9)	(21.1)
Total consumption	(586.4)	(183.6)	(770.0)	(824.8)
Inventory at 31 December	201.2	1.9	203.1	239.2
Change in inventory	(36.0)	0.0	(36.0)	(48.8)
Closing inventory breaks down as follows:				
Broadcasting rights available for initial transmission	127.3	0.0	127.3	139.0
Broadcasting rights available for retransmission	73.9	0.0	73.9	98.3
Broadcasting rights in progress	0.0	1.9	1.9	1.9
TOTAL	201.2	1.9	203.1	239.2
Provisions for impairment				
1 January	34.1	0.0	34.1	54.1
Transfers	0.0		0.0	0.0
Charges	11.5		11.5	15.2
Reversals	(21.5)		(21.5)	(35.2)
31 December	24.1	0.0	24.1	34.1

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 2016	Total 2015
Programmes and broadcasting rights ⁽¹⁾	951.0	597.0	71.0	1,619.0	1,697.4
Sports transmission rights ⁽²⁾	74.5	66.4	39.0	179.9	86.4
TOTAL	1,025.5	663.4	110.0	1,798.9	1,783.8

(1) Includes contracts entered into by GIE TF1 Acquisitions de Droits on behalf of TF1 SA and shown in that entity's assets or off balance sheet commitments.

(2) Includes contracts entered into by TF1 DS (the company that acquires rights to sporting events broadcast on TF1), and shown in that entity's assets or off balance sheet commitments.

The portion of these contracts expressed in foreign currencies is €137.8 million (all in U.S. dollars).

3.5 ADVANCE PAYMENTS AND DEBTORS

3.5.1 Advance payments

This mainly comprises advance payments for programme broadcasting rights and sports transmission rights, amounting to €110.9 million.

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 €228.6 million as of 31 December 2016, compared with €251.9 million as of 31 December 2015.

3.5.3 Other debtors

This item mainly comprises VAT recoverable, and balances on current accounts with subsidiaries.

3.5.4 Provisions for impairment of advance payments and debtors

(€m)	01/01/2016	Charges	Reversals	31/12/2016
Advance payments	0.0			0.0
Trade debtors	0.0	0.1		0.1
Other debtors	0.3			0.3
TOTAL	0.3	0.1	0.0	0.4

3.5.5 Loans receivable and debtors by due date

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total
Non-current assets		0.2		0.2
Current assets*	584.8	0.3		585.1
TOTAL	584.8	0.5	0.0	585.3

* Includes trade and other debtors, net of impairment provisions.

3.6 SHORT-TERM INVESTMENTS AND CASH

This item breaks down as follows:

Gross value (€m)	2016	2015
Short-term investments	0.0	0.0
Bank deposits (instant access)	6.7	4.7
Treasury current accounts with debit balances*	608.0	827.3
Cash in hand	0.4	0.4
Cash	615.1	832.4
TOTAL	615.1	832.4
Provisions for impairment of current accounts and short-term investments		
1 January	33.2	16.6
Charges	12.5	33.2
Reversals	(33.2)	(16.6)
31 December	12.5	33.2
Net value	602.6	799.2

* As of 31 December 31 2016, €367.5 million was placed with Bouygues Relais (31 December 2015: €691.0 million), and intragroup current account balances amounted to €240.5 million (31 December 2015: €136.3 million). The impairment charge of €12.5 million relates to the current accounts with the subsidiaries Top Shopping, TF1 Vidéo and TFM Distribution, and the €33.2 million reversal of impairment losses relates to the current account with the subsidiary HD1.

3.7 PREPAID EXPENSES

Prepaid expenses amounted to €2.5 million as of 31 December 2016, compared with €3.8 million as of 31 December 2015.

3.8 SHAREHOLDERS' EQUITY

The share capital is divided into 209,417,542 ordinary shares with a par value of €0.20, all fully paid.

(€m)	01/01/2016	Appropriation of profit (2016 AGM) ⁽¹⁾	Increases	Decreases ⁽²⁾	31/12/2016
Share capital	42.1		0.1	(0.3)	41.9
Share premium	11.7		1.9		13.6
Legal reserve	4.3				4.3
Retained earnings	177.1	234.9			412.0
Other reserves	787.6			(12.8)	774.8
Net profit for the year	402.2	(402.2)	131.5		131.5
Sub-total	1,425.0	(167.3)	133.5	(13.1)	1,378.1
Restricted provisions	20.3		4.5	(4.9)	19.9
TOTAL	1,445.3	(167.3)	138.0	(18.0)	1,398.0
Number of shares	210,521,567		316,693	(1,420,718)	209,417,542

(1) Dividends paid from 28 April 2016.

(2) Reduction of capital by cancellation of treasury shares (€13.1 million).

Restricted provisions comprise the following items:

(€m)	01/01/2016	Charges	Reversals	31/12/2016
Audiovisual rights	10.6	2.9	(2.7)	10.8
Transaction costs on acquisitions of equity interests	0.1	0.2		0.3
Software and licences	9.6	1.4	(2.2)	8.8
TOTAL	20.3	4.5	(4.9)	19.9

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)	01/01/2016	Charges	Reversals (used)	Reversals (unused)	31/12/2016
Provisions for litigation and claims	9.9	1.5	(3.2)		8.2
Provisions for related entities	34.9	81.1	(34.9)		81.1
Provisions for retirement benefit obligations	25.5	6.3	(2.1)	(1.3)	28.4
Provisions for miscellaneous liabilities & charges	0.1	5.1	(0.1)		5.1
TOTAL	70.4	94.0	(40.3)	(1.3)	122.8

Provisions for litigation and claims cover risks relating to tax risks, legal risks and employee claims.

Provisions for related entities consist of TF1 SA's share of the losses of subsidiaries, including those established in the form of partnerships, plus provisions for risks relating to subsidiaries.

The €28.4 million provision for retirement benefit obligations represents the present value of the obligation (€33.2 million) minus the fair value of

plan assets (€4.8 million). The main assumptions used in calculating the present value of the obligation are:

- discount rate: 1.7136%;
- salary inflation rate: 2.00%;
- age on retirement: 62 years.

No material contingent liabilities (claims liable to result in an outflow of resources) were identified as of the balance sheet date.

3.10 LIABILITIES

3.10.1 Bank borrowings

TF1 SA had confirmed credit facilities of €875.0 million with various banks as of 31 December 2016, none of which was drawn down at that date; of that amount, €115.0 million was due to expire within less than one year and €760.0 million after more than one year.

3.10.4 Liabilities by maturity

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total
Bank borrowings	0.0			0.0
Other borrowings	308.8			308.8
Trade creditors	216.5			216.5
Tax and employee-related liabilities	139.2			139.2
Amounts payable in respect of non-current assets	2.5			2.5
Other liabilities	219.2	0.6		219.8
TOTAL	886.2	0.6	0.0	886.8

3.10.5 Accrued income and expenses

(€m)			
Accrued income included in:		Accrued expenses included in:	
Trade debtors	4.8	Trade creditors	57.5
Other debtors	40.7	Tax and employee-related liabilities	69.5
		Amounts payable in respect of non-current assets	1.3
		Other liabilities	208.2

3.11 DEFERRED INCOME

Deferred income (€3.2 million) relates to the subsidiary TF1 Publicité, and represents commitments to provide advertising slots to clients free of charge. The corresponding amount as of 31 December 2015 was €6.0 million.

3.10.2 Other borrowings

This item comprises surplus cash invested on behalf of subsidiaries under cash pooling agreements totalling €308.8 million as of 31 December 2016, compared with €494.1 million as of 31 December 2015.

3.10.3 Other liabilities

This item mainly comprises credit notes and accrued discounts in favour of TF1 Publicité amounting to €207.9 million (€203.8 million as of 31 December 2015).

NOTE
4

NOTES TO THE INCOME STATEMENT

4.1 REVENUE

Advertising revenue of €1,188.5 million was recognised in 2016, compared with €1,218.8 million in 2015.

4.2 COST TRANSFERS

This item (€85.8 million in 2016, versus €84.8 million in 2015) mainly comprises reimbursements of costs incurred by TF1 SA on behalf of its subsidiaries.

4.3 PURCHASES OF RAW MATERIALS AND OTHER SUPPLIES AND CHANGES IN INVENTORY

These items relate to broadcasting rights consumed during the period, amounting to €586.4 million (2015: €655.0 million). See Note 3.4.

4.4 OTHER PURCHASES AND EXTERNAL CHARGES

This item includes costs of €78.5 million relating to sports transmission rights in 2016, compared with €69.6 million in 2015.

4.8 NET FINANCIAL INCOME/EXPENSE

The components of net financial income/expense are as follows:

(€m)	2016	2015
Dividends and transfers of profits/losses from partnerships	191.2	55.5
Net interest paid or received	1.5	2.4
Provisions for impairment of equity investments*	157.8	8.9
Provisions for impairment of current accounts	20.7	(16.6)
Provisions for risks relating to shares of partnership losses	(80.9)	(34.9)
Foreign exchange differences	1.5	1.4
NET	291.8	16.7

* See Note 3.3.

Interest received from related companies in 2016 was €1.1 million, compared with €1.9 million in 2015.

It also includes transmission costs of €14.8 million (including occasional provision of circuits), of which €1.4 million were recharged to other entities within the TF1 group. The net amount was therefore €13.4 million in 2016, compared with €23.2 million in 2015.

4.5 TAXES OTHER THAN INCOME TAXES

The main item included on this line is the contribution to the French cinematographic industry support fund, which amounted to €68.2 million in 2016 compared with €69.9 million in 2015. In 2016, this line also included €5.3 million in respect of the tax on broadcast advertising (versus €5.5 million in 2015).

4.6 WAGES, SALARIES AND SOCIAL SECURITY CHARGES

The year-on-year change is mainly due to actual and committed staff departures during the year.

4.7 OTHER EXPENSES

This item includes payments to copyright-holders and holders of related rights, amounting to €50.7 million in 2016 (versus €51.9 million in 2015).

4.9 EXCEPTIONAL ITEMS

Exceptional items break down as follows:

(€m)	2016	2015
Retirements and losses on disposals of production shares	(3.3)	(7.4)
Net change in provisions (including tax depreciation)	3.8	(8.9)
Gains/(losses) on disposals of non-current financial assets	(211.7)	360.5
Loss on exchange of own shares for shares in TMC	(2.6)	0.0
Various	(0.1)	(0.1)
NET	(213.9)	344.1

The net change in provisions during 2016 related to reversals of provisions for impairment of treasury shares of €4.4 million; a charge to provisions for litigation and claims of €1.1 million; and a net reversal of tax depreciation of €0.4 million. In 2015, the net change in provisions related to charges to provisions for litigation and claims; provisions for impairment of treasury shares; and a net reversal of tax depreciation.

The net loss on disposal of non-current financial assets in 2016 (€211.7 million) comprised €9.5 million of gains on disposals of equity

holdings, and €221.2 million of losses on disposals of equity holdings (Publications Metro France, HD1 and TF1 Thématiques).

In 2015, the net gain on disposals of non-current financial assets (€360.5 million) consisted of the gain on the disposals of equity holdings in Eurosport (€372.5 million) and the loss on the disposal of the equity holdings in WAT (€12.0 million).

4.10 INCOME TAXES

This item breaks down as follows:

(€m)	2016	2015
Income tax expense incurred by the tax group	(1.5)	(49.4)
Income tax credit receivable from companies entitled to tax credits	28.7	26.2
Prior-year income tax expense	0.6	1.6
Tax on dividends	(5.0)	(9.5)
INCOME TAXES	22.8	(31.1)
Profit before tax and profit-sharing	108.7	438.9
Effective tax rate	-21.0%	7.1%

Exceptional items generated a net tax gain of €0.2 million.

TF1 made a group tax election on 1 January 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 29 companies as of 31 December 2016.

There were no tax losses available for carry-forward within the tax group as of 31 December 2016.

The difference between the standard French tax rate and the effective tax rate, in both 2016 and 2015, is due to deductions relating to income not taxed at the full rate (dividends, long-term capital gains) and adjustments related to the tax group (tax savings arising from the losses of tax group member companies, and eliminations/reinstatements of intragroup transactions).

The total amount of tax losses of subsidiaries that generated savings for the tax group in 2016 and may generate a tax liability in the future is €67.0 million.

4.11 DEFERRED TAX POSITION

The table below shows future tax effects that have not yet been recognised by TF1 SA but will be recognised when the underlying transactions are recognised in the income statement, calculated using a tax rate of 34.43%.

(€m)	Future increases in tax liability	Future reductions in tax liability
Restricted provisions	6.8	-
Accrued employee profit-sharing, holiday pay entitlement and social solidarity contributions, unrealised foreign exchange gains and losses, and other non-deductible expenses	-	9.2

4.12 UTILISATION OF COMPETITIVENESS AND EMPLOYMENT TAX CREDIT

For the year ended 31 December 2016, TF1 SA recognised a competitiveness and employment tax credit (*crédit d'impôt compétitivité et emploi – CICE*) of €0.6 million, as a deduction from staff costs. In addition, a tax gain of €0.3 million relating to the CICE of the tax-

transparent entity LCI (including the CICE of Publications Metro France, which was merged into LCI) was also recognised in 2016.

The CICE enabled TF1 SA to incur various expenditures in 2016 that helped improve the company's competitiveness. In particular, the company invested €8.5 million in property, plant and equipment, mainly technical video equipment.

NOTE 5

OTHER INFORMATION

5.1 OFF BALANCE SHEET COMMITMENTS

The tables below show off balance sheet commitments by type and maturity:

Commitments given (€m)	Less than 1 year	1 to 5 years	More than 5 years	Total 2016	Total 2015
Operating leases	25.5	50.4	17.6	93.5	73.5
Image transmission contracts	5.5	17.6	0.3	23.4	67.1
Guarantees ⁽¹⁾	4.6		11.1	15.7	8.4
Commitments relating to equity interests ⁽²⁾		118.0		118.0	142.0
Other commitments ⁽³⁾	0.0			0.0	0.0
TOTAL	35.6	186.0	29.0	250.6	291.0

Commitments received (€m)	Less than 1 year	1 to 5 years	More than 5 years	Total 2016	Total 2015
Operating leases	25.5	50.4	17.6	93.5	73.5
Image transmission contracts	5.5	17.6	0.3	23.4	67.1
Commitments relating to equity interests ⁽²⁾		118.0		118.0	142.0
Other commitments ⁽³⁾	4.9			4.9	4.4
TOTAL	35.9	186.0	17.9	239.8	287.0

(1) This item relates to guarantees provided by TF1 SA against default by its subsidiaries.

(2) This item comprises firm or optional commitments to deliver or receive securities.

(3) Other commitments given and received mainly comprise the fair value of currency instruments (see Note 5.2.1).

Other reciprocal commitments relating to the operating cycle are reported in the notes relating to the relevant balance sheet item (in particular, commitments to secure future programming schedules) and to the financing of those items (see note 3.10.1).

TF1 SA had not contracted any complex commitments as of 31 December 2016.

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.

At the end of each reporting period, TF1 recognises:

- the foreign exchange loss or gain arising from the application of the foreign exchange guarantees described above;
- unrealised foreign exchange gains and losses arising on payables and receivables carried in its own balance sheet or in the balance sheets of subsidiaries to which it has provided guarantees.

Periodically, TF1 updates its consolidated net exposure and reassesses its foreign exchange risk. The strategy applied is to lock in or guarantee a maximum exchange rate on its net long position and a minimum exchange rate on its net short position in each of the currencies used, over a rolling 12-to-18-month period depending on market opportunities.

TF1 buys and sells currency forward and contracts swaps to protect itself against exchange rate fluctuations.

As of 31 December 2016, the equivalent value of such hedging instruments contracted with banks was €131.8 million:

- €121.1 million of forward purchases (all in U.S. dollars, valued at the closing exchange rate);

- €10.7 million of forward sales (all in Swiss francs, valued at the closing exchange rate).

5.3 EMPLOYEES

The average headcount of TF1 SA is as follows:

	2016	2015
Clerical and administrative	74	77
Supervisory	296	306
Managerial	983	940
Journalists	242	238
Intermittent employees	87	54
TOTAL	1,682	1,615

5.4 EXECUTIVE REMUNERATION

Total remuneration paid during 2016 to key executives of the TF1 Group (i.e. the 10 members of the TF1 Management Committee mentioned in the Annual Report) was €6.1 million.

The portion of the total obligation in respect of retirement and other post-employment benefits relating to those key executives was €1.5 million.

The Bouygues group offers the members of its Executive Committee, who include Nonce Paolini and Gilles Pélisson, a supplementary pension of up to 0.92% of the reference salary for each year's membership of the scheme, which represents a post-employment benefit. An expense of €1.0 million (invoiced to TF1 by Bouygues) was booked in 2016 for the contribution paid in the year to the investment fund of the insurance company which manages the scheme.

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 STOCK OPTION PLANS AND PERFORMANCE SHARE PLANS

Information about awards of stock options and performance shares is given in the relevant section of the Directors' report ("Stock option plans and performance share plans").

5.6 DIRECTORS' FEES

Directors' fees paid in 2016 amounted to €0.3 million.

5.7 AMOUNTS INVOLVING RELATED COMPANIES

(€m)			
Assets		Accrued expenses included in:	
		Debt	308.7
Advance payments/trade debtors	342.0	Trade creditors	65.3
Other debtors	244.1	Other liabilities	217.5
Cash and current accounts	595.6	Deferred income	3.2
Expenses		Income	
Operating expenses	349.2	Operating income	1,260.7
Financial expenses	3.0	Financial income	193.6

5.8 CONSOLIDATION

TF1 SA is consolidated in the financial statements of the Bouygues group, using the full consolidation method.

5.9 LIST OF SUBSIDIARIES, AFFILIATES AND OTHER EQUITY INVESTMENTS

Company/ Group	Currency	Share capital	Equity other than share capital and profit/loss	Share of capital held	Gross book value of investment ⁽¹⁾	Net book value of investment ⁽¹⁾	Outstanding loans and advances	Guarantees provided ⁽²⁾	Revenues for most recent financial year	Profit/(loss) for most recent financial year	Dividends received during the year
I. Subsidiaries (at least 50% of the capital held by TF1 SA)											
■ TF1 PUBLICITE		2,400	3,502	100.00%	3,038	3,038	-	-	1,604,631	14,003	21,519
■ TF1 FILMS PRODUCTION		2,550	29,880	100.00%	1,768	1,768	16,752	-	45,005	(14)	3,400
■ TÉLÉ- SHOPPING		5,127	4,723	100.00%	5,130	5,130	-	-	71,930	687	2,632
■ TF1 ENTERTAINMENT		3,000	250	100.00%	3,049	3,049	-	-	39,780	4,672	16,000
■ E-TF1		1,000	(9,733)	100.00%	1,000	1,000	-	-	102,023	20,853	24,050
■ TF1 VIDEO		3,000	(64)	100.00%	8,100	0	12,261	-	43,292	(5,063)	-
■ TF1 EXPANSION		269	194,456	100.00%	291,291	291,291	-	-	0	7,642	118,366
■ TF1 DROITS AUDIOVISUELS		15,000	1,571	100.00%	138,431	119,286	-	1,785	51,881	4,901	2,250
■ LA CHAINE INFO		4,500	1,384	100.00%	2,059	59	23,899	-	13,665	(38,605)	-
■ QUEST INFO		40	383	100.00%	2,617	517	-	-	1,919	(198)	-
■ TF1 PRODUCTION		10,080	3,982	100.00%	39,052	5,142	3,287	-	80,878	(660)	2,520
■ TF1 EVENTS		40	(223)	100.00%	590	590	-	-	3,735	305	-
■ TF1 MANAGEMENT		40	(36)	100.00%	40	40	-	-	0	(5)	-
■ PREFAS 20		40	(10)	100.00%	40	40	-	-	0	(4)	-
■ PREFAS 23		40	0	100.00%	40	40	-	-	0	0	-
■ PREFAS 24		40	0	100.00%	40	40	-	-	0	0	-
■ PREFAS 25		40	0	100.00%	40	40	-	-	0	0	-
■ TF1 DISTRIBUTION		40	26	100.00%	40	40	22	-	46,597	200	386
■ TF1 DS		100	0	100.00%	100	100	-	-	79,890	564	-
■ NEWEN STUDIOS		27,822	(2,065)	70.00%	145,565	145,565	-	-	1,656	(1,312)	-
■ MONTE CARLO PARTICIPATION		33,700	78,288	100.00%	213,827	213,827	161,050	-	435	(72,770)	-
■ GIE ACQUISITION DE DROITS		0	0	93.00%	0	0	236,588	-	281,426	(45,454)	-
II. Affiliates (10% to 50% of the capital held by TF1 SA)											
■ MEDIAMETRE*		930	29,983	10.80%	44	44	-	-	85,787	3,619	100
■ A1 INTERNATIONAL**		20	5,015	50.00%	12,809	0	-	-	0	(3,779)	-
■ S M R 6		75	5	20.00%	15	15	5	-	78	(32)	-
■ GROUPE AB*		222,691	62,820	33.50%	74,602	74,602	-	-	1,488	(81,833)	-
■ MR5*		38	(34)	33.33%	13	13	-	-	14	(9)	-



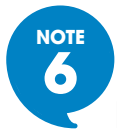
Company/ Group	Currency	Share capital	Equity other than share capital and profit/loss	Share of capital held	Gross book value of investment ⁽¹⁾	Net book value of investment ⁽¹⁾	Outstanding loans and advances	Guarantees provided ⁽²⁾	Revenues for most recent financial year	Profit/(loss) for most recent financial year	Dividends received during the year
III. Other equity investments (less than 10% of the capital held by TF1 SA)											
■ TEADS*		11,908	59,689	7.12%	3,504	3,504	-	-	2,938	(1,727)	-
■ MEDIAMETRIE EXPANSION*		1,829	(2,944)	5.00%	91	0	-	-	0	92	-
■ SERIE CLUB		50	1,635	0.004%	2	2	-	-	13,143	2,589	-
■ APHELIE		2	44,158	0.05%	0	0	40	-	15,107	12,849	-
■ DUJARDIN		463	4,938	0.01%	0	0	-	-	30,597	3,311	-
TOTAL SUBSIDIARIES, AFFILIATES & EQUITY INVESTMENTS					946,937	868,782	453,904	1,785	-	-	191,223

(1) Includes any transaction costs.

(2) "Guarantees provided" represent guarantees given by TF1 SA to cover possible default by a subsidiary and disclosed in off balance sheet commitments.

(*) "Share capital", "Equity other than share capital and profit/loss", revenues, and profit/loss all relate to the 2015 financial year.

(**) "Share capital", "Equity other than share capital and profit/loss", revenues, and profit/loss all relate to the 2009 financial year.



EVENTS AFTER THE REPORTING PERIOD

On 30 January 2017, TF1 confirmed that it had accepted an offer from Mediawan SA, subject to conditions, to buy TF1's 33.5% equity interest in Groupe AB. That equity interest had a carrying amount of €74.6 million as of 31 December 2016.



STATUTORY AUDITORS' REPORT

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5.1 STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking users. The Statutory Auditors' report includes information specifically required by French law in such reports. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information not derived from the financial statements.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to the shareholders.

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, 2016

To the Shareholders,

In compliance with the assignment entrusted to us at your Shareholders' Annual General Meetings, we hereby report to you, for the year ended December 31, 2016, on:

- the audit of the accompanying financial statements of Télévision Française 1 S.A., hereinafter referred to as "the Company";
- the justification of our assessments;
- the specific verifications and information required by law.

The financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

1 OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with the 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 the accounting policies used and the reasonableness of the 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, 2016 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 in joint ventures and associates 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 investments in joint ventures and associates and verified that notes to the financial statements provide appropriate disclosures thereon.
- Programmes and broadcasting rights are recognized and measured in accordance with the accounting policies described in note 2.5 to the financial statements, which specifies how the rights are initially recorded as inventory, consumed, and written down. We examined the approaches adopted by the Company and verified, using sampling techniques, that they had been applied. We also verified that notes to the financial statements provide appropriate disclosures thereon.

The assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion expressed in the first part of this report.

3 SPECIFIC VERIFICATIONS AND INFORMATION

We also performed the specific verifications required by French law, in accordance with professional standards applicable in France.

We have no matters to report as to the fair presentation and consistency with the financial statements of the information provided in the Board of Directors' management report, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

We verified that the information provided pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code on the remuneration and benefits paid to corporate officers and the commitments made for their benefit was consistent with the accounts or data used to prepare the financial statements and, where appropriate, with the information obtained by your Company from companies controlling it or controlled by it. Based on our work, we hereby certify the true and fair presentation of those disclosures.

As required by law, we verified that the information regarding investments and controlling interests and the identity of shareholders or holders of voting rights have been provided in the management report.

The Statutory Auditors

Paris-La Défense and Courbevoie, February 16, 2017

KPMG Audit IS
Stéphanie Ortega
Partner

Mazars
Guillaume Potel
Partner

ERNST & YOUNG Audit
Bruno Perrin
Partner

Laurent Vitse
Partner

5.2 STATUTORY AUDITORS' REPORT 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 also includes information relating to the specific verification of information given in the group's management report.

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 2016

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' Annual General Meetings, we hereby report to you, for the year ended December 31, 2016, on:

- the audit of the accompanying consolidated financial statements of Télévision Française 1 S.A., hereinafter referred to as "the Company";
- the justification of our assessments;
- the specific verifications required by law.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

1 OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform our work to obtain reasonable assurance about whether the consolidated financial statements are free from 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 the accounting policies used and the reasonableness of the 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 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, 2016 and of the results of its operations for the year then ended, in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union.

2 JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of Article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we draw your attention to the following matters:

- The Company performs annual impairment tests on goodwill and intangible assets with indefinite useful lives, in accordance with the methods described in note 7.3 to the consolidated financial statements. We examined the methods used for impairment testing as well as the cash flow forecasts and assumptions used and verified that the notes to the consolidated financial statements provide appropriate disclosures thereon.
- Programmes and broadcasting rights are recognized and measured in accordance with the accounting policies described in note 7.1.2 to the consolidated financial statements, which specifies how they are initially recorded as inventory, consumed and written down. We examined the approaches adopted by the Company and verified, using sampling techniques, that they had been applied. We also verified that the notes to the consolidated financial statements provide appropriate disclosures thereon.

These assessments were an integral part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion expressed in the first part of this report.

3 SPECIFIC VERIFICATION

We also verified the information provided in the Group's management report, as required by law, in accordance with professional standards applicable in France.

We have no matters to report regarding its fair presentation and consistency with the consolidated financial statements.

The Statutory Auditors

Paris-La Défense and Courbevoie, February 16, 2017

KPMG Audit IS
Stéphanie Ortega
Partner

Mazars
Guillaume Potel
Partner

ERNST & YOUNG Audit
Bruno Perrin
Partner

ERNST & YOUNG Audit
Laurent Vitse
Partner



5.3 STATUTORY AUDITORS' REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

This is a free translation into English of the auditors' special report dealing with regulated agreements and undertakings issued in French and it is provided solely for the convenience of English-speaking users.

The special report includes information specifically required by French law in such reports, whether modified or not.

This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

General Meeting held to approve the financial statements for the year ended December 31st, 2016

To the Shareholders,

As Statutory Auditors of your Company, we hereby present our report on related party agreements and commitments.

It is our responsibility to inform you, on the basis of the information provided to us, of the terms and conditions of the agreements and commitments of which we were informed or encountered during our assignment. It is not our role to determine whether they are beneficial or appropriate or to ascertain whether any other related party agreements or commitments exist. It is your responsibility, under the terms of Article R. 225-31 of the French Commercial Code, to assess the merit of these agreements and commitments with a view to approving them.

It is also our responsibility to provide you, to the extent necessary, with the information stipulated in Article R. 225-31 of the French Commercial Code regarding the execution during financial year 2016 of the agreements and commitments already approved by shareholders at their General Meetings.

We conducted the work we deemed necessary in accordance with the professional standards issued by the French institute of statutory auditors relating to this engagement. Those standards require that we plan and perform our work to verify that the information provided to us is consistent with the documents from which it was derived.

I. AGREEMENTS AND COMMITMENTS SUBMITTED FOR APPROVAL BY SHAREHOLDERS AT THE GENERAL MEETING HELD TO APPROVE THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31ST, 2016

AGREEMENTS AND COMMITMENTS AUTHORISED DURING THE FINANCIAL YEAR

In accordance with Article L. 225-40 of the French Commercial Code, we have been informed of the following related party agreements and commitments authorised by your Board of Directors.

A. SHARED SERVICES AGREEMENT WITH BOUYGUES

Authorised by the Board of Directors on February 17th, 2016 and October 27th, 2016

The Board of Directors authorised on February 17th, 2016 the signature of a new shared services agreement with Bouygues for the year 2016. This new agreement, signed on February 23rd, 2016, replaces retroactively for a one year period from January 1st, 2016, the previous shared services agreement authorised by the Board of Directors on October 28th, 2015 and approved by the General Meeting on April 14th, 2016.

The Board of Directors also authorised on October 27th, 2016 the renewal, for a one year period from January 1st, 2017, of the shared services agreement concluded on February 23rd, 2016 between Bouygues and TF1.

Benefits of this agreement

The purpose of the shared services agreement, a common arrangement in groups of companies, is to enable TF1 to benefit from services provided by its parent company, especially in the fields of management, human resources, information systems and finance.

The changes authorized by the Board of Directors on the February 17th, 2016 reflect the evolution of the relationship between Bouygues and TF1 and integrate the latest recommendations of OECD and European Union in terms of transfer price.

The main amendments tend to:

- precise and define exhaustively the shared services included in the agreement;
- update some definitions;
- specify the invoicing terms of the shared services;
- include an additional margin in order to bill proportionally the residual amount of shared services cost to TF1;
- update the allocation keys.

Financial terms

The agreement sets the general framework for allocating and invoicing the cost of the shared services provided by Bouygues to the users companies, including the specific services required by TF1. It also defines the coverages of the residual shared costs which is limited to a percentage of revenue.

For the financial year 2016, Bouygues charged € 3,021,364 (exclusive of value added tax) of which € 3,158,396 related to 2016 financial year and €137,032 due to a regularization of the financial year 2015.

The renewal of this agreement for 2017 had no financial impact on financial year 2016 and will affect financial year 2017.

Entities and individuals involved

- Bouygues as shareholder: Martin Bouygues, Olivier Bouygues and Olivier Roussat (Directors), M. Philippe Marien (Bouygues Permanent representative on the Board of Directors) and Nonce Paolini (Chief Executive Officer until February 18th, 2016).

B. OPEN INNOVATION SERVICES AGREEMENT

Authorised by the Board of Directors at its meetings on October 27, 2016

On October 27th, 2016, the Board of Directors authorised the renewal of the Open Innovation services agreement signed with Bouygues. The agreement under which Bouygues will provide services to TF1 will be effective for one year period starting from January 1st, 2017.

Benefits of the agreement for TF1

The agreement sets forth the terms and conditions governing the performance and payment of open innovation services provided by Bouygues, directly or through its wholly-owned subsidiary Bouygues Développement, to TF1.

Financial terms

Consulting services are an integral part of Bouygues' shared services. As such, the residual costs of shared services are invoiced directly under the shared services agreement. In return of the management services provided by Bouygues, TF1 pays a monthly fixed fee of €750 excluding tax, on a *pro rata temporis* basis, for each assignment to a company using the open innovation services.

The renewal of the agreement had no financial impact on financial year 2016. It will affect financial year 2017.

Entities and individuals involved

- Bouygues, as shareholder: Martin Bouygues, Olivier Bouygues and Olivier Roussat (Directors), and Philippe Marien (Bouygues permanent representative on the Board of Directors)

C. PROVISION BY THE ECONOMIC INTEREST GROUP OF "32 AVENUE HOCHÉ" SPACE OFFICE

Authorised by the Board of Directors on October 27th, 2016

The Board of Directors renewed, the agreement to provide office space on the first floor at 32 avenue Hoche, Paris. The agreement will be effective for one year period starting from January 1st, 2017.

Benefits of the agreement

Under the agreement, TF1 benefits from office space and meeting rooms in the center of Paris, as well as related reception, information systems and secretarial services.

Financial terms

The agreement is based on flat-rate fees.

The renewal of the agreement had no financial impact on financial year 2016. It will affect financial year 2017.

Entities and individuals involved

- Bouygues, as a member of the Economic Interest Group: Martin Bouygues, Olivier Bouygues and Olivier Roussat (Directors) and Philippe Marien (Bouygues permanent representative on the Board of Directors).

D. USE OF AIRCRAFT OWNED BY AIRBY

Authorised by the Board of Directors on October 27th, 2016

The Board of Directors renewed the agreement enabling TF1 to deal with Airby SNC which is a general partnership held indirectly by Bouygues and SCDM. Airby SNC operates a Global 5000 aircraft and other leased aircraft. The agreement will be effective January 1st, 2017 for a one-year-period.



STATUTORY AUDITORS' REPORT

STATUTORY AUDITORS' REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

Benefits of the agreement for TF1

This agreement covers the provision and use of aircrafts (leased or owned by Bouygues Group) as well as all associated flight services.

Financial terms

Under the agreement, Global 5000 aircraft services are still billed (no change) at a single flat-rate tariff of €7,000 (excluding taxes) per flight hour. The provision by Airby of leased aircraft is still billed at the market lease rate, plus €1000 excluding VAT for chartering services.

The renewal of the agreement had no financial impact on financial year 2016. It will affect financial year 2017.

Entities and individuals involved

- Bouygues as associate: Martin Bouygues, Olivier Bouygues and Olivier Roussat (Directors), and M. Philippe Marien (Bouygues permanent representative on the Board of Directors).

AGREEMENTS AND COMMITMENTS AUTHORISED SINCE THE END OF THE FINANCIAL YEAR

We have been informed of the following related party agreements and commitments that the Board of Directors authorised since the end of the last financial year.

A. TOP-UP PENSION PLAN FOR KEY EXECUTIVES

DEFINED BENEFIT PENSION PLAN

According to Article L. 225-42-1 of the French Commercial Code, the agreements and commitments in respect of defined-benefit pension plans that profit to Chariman, General Director and Deputy Managing Directors of listed companies shall be subject to the requirements of regulated agreements and commitments.

Moreover, since the law n° 2015-990 of August 6th 2015 (Loi Macron) went into force, in listed companies, the defined-benefit pensions provided to the key executives are contingent upon the beneficiary's performance, and are assessed in the light of the related companies' performance.

Authorizations of the Board of Directors on February 15th, 2017

On February 15th, 2017, the Board of Directors:

- has authorized a one-year-period renewal of the top-up pension plan granted to Gilles Pélisson as part of a Bouygues's collective agreement and correlated to performance contingencies. The renewal will be effective starting from January 1st, 2017. An external insurance company finances this additional pension as a counter part of an annual fee paid by Bouygues;
- has set the performance conditions governing the award of the top-up pension benefits granted to Gilles Pélisson according the article L. 225-42-1 of the French Commercial Code. The entitlement to the annual additional pension benefits are dependent on the fulfilment of performance criteria that include achieving average consolidated net income target set:
 - for financial year 2016, in the annual budget for 2016,
 - for financial year 2017, in the annual budgets for 2016 and 2017,
 - for financial year 2018, in the annual budgets for 2016, 2017 and 2018,
 - for subsequent financial years, in the annual budget for the particular financial year and annual budgets for the previous two financial years.

If the consolidated net income targets are met, Gilles Pélisson will be granted an additional pension benefits between 0% and a maximum of 0.92% of his reference wage.

The top-up benefits are capped at eight times the annual upper earnings limit for social security contributions.

Entitlement to the top-up pension is only vested after ten years of employment at Bouygues

Benefits of the agreement

The purpose of the agreement is to secure the loyalty members of the Executive Committee, which includes Gilles Pélisson.

Financial terms

Bouygues rebills to TF1 its share of the insurance premiums.

The renewal of this agreement had no financial impact on financial year 2016 and will affect financial year 2017.

Entities and individuals involved

- Bouygues as shareholder: Martin Bouygues, Olivier Bouygues and Olivier Roussat (Directors), and Philippe Marien (Bouygues permanent representative on the Board of Directors);
- Gilles Péliission (Chief Executive Officer).

REBILLING OF DEFINED BENEFIT PENSION PLAN GRANTED TO KEY EXECUTIVES**Authorised by the Board of Directors on February 15th, 2017**

On February 15th, 2017, the Board of Directors has approved the on-year-period renewal of the top-up pension agreement allowing Bouygues to recharge the insurance shared premium to TF1. The agreement will be effective starting from January 1st, 2017.

Benefits of the agreement

With this agreement, TF1 benefits from a mutual negotiation within Bouygues Group.

Financial terms

Bouygues charges TF1 its quota of insurance premiums.

The renewal of this agreement had no financial impact on financial year 2016 and will affect financial year 2017.

Entities and individuals involved

- Bouygues as shareholder: Martin Bouygues, Olivier Bouygues and Olivier Roussat (Directors), and Philippe Marien (Bouygues permanent representative on the Board of Directors);
- Gilles Péliission (Chief Executive Officer).

II. AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY SHAREHOLDERS AT ANNUAL GENERAL MEETINGS**AGREEMENTS AND COMMITMENTS APPROVED IN PREVIOUS FINANCIAL YEARS THAT CONTINUED TO APPLY DURING FINANCIAL YEAR 2016.**

Pursuant to Article R. 225-30 of the French Commercial Code, we have been informed that the following agreements and commitments, already approved by shareholders at their Annual General Meetings, continued to apply during financial year 2016.

A. TOP-UP PENSION PLAN FOR KEY EXECUTIVES (NONCE PAOLINI)**Authorised by the Board of Directors on October 28th, 2015**

On April 14, 2016, the General Meeting of shareholders approved the renewal, for one year from January 1st, 2016, of the top-up pension for Nonce Paolini under the collective defined-benefit pension plan set up by Bouygues for members of the Bouygues Executive Committee. Under the plan members are entitled to a top-up pension corresponding to 0.92% of their reference wage for each year's membership of the plan.

Entitlement to the top-up pension is only vested after ten years of employment at Bouygues.

The top-up benefits are capped at eight times the annual upper earnings limit for social security contributions.

The top-up pension plan is contracted out to an insurance company.

Benefits of the agreement

The purpose of the agreement is to secure the loyalty of members of the Executive Committee, which included Nonce Paolini.

Financial terms of the agreement

Bouygues charges TF1 its quota of insurance premiums.

The amount invoiced by Bouygues for financial year 2016 was €533,850 (excluding tax and including the 24% social security contribution paid to URSSAF).

Entities and individuals involved

- Bouygues, as shareholder: Martin Bouygues and Olivier Bouygues (Directors) and Nonce Paolini (Chief Executive Officer).



B. TOP-UP PENSION PLAN FOR KEY EXECUTIVES (GILLES PELISSON)

Authorised by the Board of Directors on February 26th, 2016

In the frame of the 12th resolution on regulated engagement referred to article L. 225-42-1 of the French Commercial Code, the General meeting of shareholders approved on April 14th, 2016, the 2016 top-up pension plan granted to Gilles Pélisson. The plan will be effective on February 19th, 2016, which is the effective date of Gilles Pélisson's appointment as Chief Executive Officer of TF1.

The entitlement to the annual additional pension benefits are dependent on the fulfilment of performance criteria that include achieving average consolidated net income target set:

- for financial year 2016, in the annual budget for 2016;
- for financial year 2017, in the annual budgets for 2016 and 2017;
- for financial year 2018, in the annual budgets for 2016, 2017 and 2018;
- for subsequent financial years, in the annual budget for the particular financial year and annual budgets for the previous two financial years.

If the consolidated net income targets are met, Gilles Pélisson will be granted an additional pension benefits between 0% and a maximum of 0.92% +0,46% of his reference wage.

Entitlement to the top-up pension is only vested after ten years of employment at Bouygues.

The top-up benefits are capped at eight times the annual upper earnings limit for social security contributions.

The top-up pension plan has been contracted out to an insurance company.

Benefits of the agreement

The purpose of the agreement is to secure the loyalty of members of the Executive Committee, which includes Gilles Pélisson.

Financial terms

Bouygues charges TF1 its quota of insurance premiums.

The amount invoiced by Bouygues for financial year 2016 was €512,496 (excluding tax and including the 24% social security contribution paid to URSSAF).

Entities and individuals involved

- Bouygues, as shareholder: Martin Bouygues and Olivier Bouygues (Directors);
- Gilles Pélisson (Chief Executive Officer).

C. PROVISION BY THE ECONOMIC INTEREST GROUP OF 31 AVENUE HOCHÉ SPACE OFFICE

Authorised by the Board of Directors on October 27th, 2014

At their General Meeting on April 16, 2015, shareholders approved the one-year-period renewal of the agreement regarding the provision of office space on the first floor at 32 avenue Hoche, Paris. The renewal will be effective starting from January 1st, 2015.

Benefits of the agreement

Under the agreement, TF1 benefits from office space and meeting rooms in the center of Paris, as well as related reception, information systems and secretarial services.

Financial terms

The agreement is based on flat-rate fees.

The amount paid to the Economic Interest Group 32 Avenue Hoche for the provision of office space and related services for financial year 2016 was €14 551 (excluding taxes).

Entities and individuals involved

- Bouygues as Economic Interest Group's member: Martin Bouygues and Olivier Bouygues (Directors) and Nonce Paolini (Chief Executive Officer until February 18th 2016).

D. SUPPORT FUNCTION AGREEMENTS WITH TF1 SUBSIDIARIES**Authorised by the Board of Directors on October 28th, 2015**

At their General Meeting on April 14th, 2016, shareholders approved the one-year-period renewal of the support function agreement signed with the partially owned subsidiary TMC. According to this agreement, TF1 will supply various services, including management and human resources services as well as consulting, finance and strategy services. The agreement will be effective starting from January 1st, 2016.

TMC was not a wholly-owned subsidiary until June 9th 2016.

Benefits of the agreement

This usual agreement for listed companies allows the subsidiaries to benefit from the mother company services. It also sets forth the principles for allocating and invoicing the shared services and residual shared costs.

Financial terms

The agreement sets the general framework for allocating and invoicing the cost of the shared services provided by TF1 to the users companies, including the specific services required by the subsidiaries. It also defines the coverages of the residual shared costs which is limited to a percentage of revenue.

In 2016, TF1 charges its subsidiaries for a total amount of €550 000 (tax excluded).

Entities and individuals involved

- TF1 as shareholder: M. Nonce Paoloni (previous Director of TMC).

E. COMMERCIAL LEASE WITH APHELIE SNC**Authorised by the Board of Directors on May 13rd, 2009**

At their General Meeting on April 15th, 2010, shareholders approved the commercial lease entered into with Aphélie S.N.C. on June 19th, 2009, covering the Tower, North Wing and Central buildings at the Point du Jour property complex.

The lease was signed for a term of nine years and nine days, with a firm commitment for six years and nine days.

Lease payments invoiced by Aphélie S.N.C. for financial year 2016 amounted to €13,940,591 (excluding taxes).

Entity involved

- TF1, as shareholder of Aphélie S.N.C. via its subsidiary TF1 Expansion.

F. COMMERCIAL LEASE WITH FIRELIE SAS**Authorised by the Board of Directors on November 10th, 2011**

At their General Meeting on April 19th, 2012, shareholders approved the commercial lease entered into with Firélie SAS on January 9th, 2012 for the South Wing building.

The lease was signed for a term of nine years and ten days from December 22nd, 2011, with a firm commitment for six years, six months and ten days.

Annual lease payments invoiced by Firélie SAS to TF1 for financial year 2016 amounted to €3,391,073 (excluding taxes).

Entity concerned

- TF1 as shareholder of Firélie SAS via its subsidiary TF1 Expansion.

III. AGREEMENTS AND COMMITMENTS APPROVED DURING PREVIOUS YEARS THAT WERE NOT APPLIED DURING FINANCIAL YEAR 2016

We have also been informed of the following agreements and commitments, which were approved by shareholders at previous Annual General Meetings and were not applied during financial year 2016.

A. USE OF AIRCRAFT OWNED BY AIRBY**Authorised by the Board of Directors on October 28th, 2015**

At their General Meeting on April 14th, 2016, shareholders renewed the agreement enabling TF1 to deal with Airby SNC which is a general partnership held indirectly by Bouygues and SCDM, for one year starting from January 1st 2015. Airby SNC operates a Global 5000 aircraft and other leased aircraft.



STATUTORY AUDITORS' REPORT

STATUTORY AUDITORS' REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

Benefits of the agreement

This agreement covers the provision and use of aircrafts (leased or owned by Bouygues Group) as well as all associated flight services.

Financial terms

Under the agreement, Global 5000 aircraft services are still billed (no change) at a single flat-rate tariff of €7,000 (excluding taxes) per flight hour. The provision by Airby of leased aircraft is still billed at the market lease rate, plus €1 000 excluding VAT for chartering services.

TF1 did not use the aircraft service during 2016, so no fees was invoiced by Airby.

Individuals and entities involved

- Bouygues as associate: Martin Bouygues, Olivier Bouygues and Olivier Roussat (Directors), and M. Nonce Paolini (TF1's Chief Executive Officer until February 18th, 2016).

B. OPEN INNOVATION SERVICES AGREEMENT

Autorised by the Board of Directors at its meetings on October 28th, 2015

On April 14th, 2016, the Board of Directors authorised the Open Innovation services agreement signed with Bouygues.

Benefits of the agreement for TF1

The agreement sets forth the terms and conditions governing the performance and payment of open innovation services provided by Bouygues, directly or through its wholly-owned subsidiary Bouygues Développement, to TF1.

Financial terms

Consulting services are an integral part of Bouygues' shared services. As such, the residual costs of shared services are invoiced directly under the shared services agreement. In return of the management services provided by Bouygues, TF1 pays a monthly fixed fee of €750 excluding tax, on a pro rata temporis basis, for each assignment to a company using the open innovation services.

The agreement had no financial impact on financial year 2016.

Entities and individuals involved

- BOUYGUES, as shareholder: Martin Bouygues and Olivier Bouygues (Directors), and Nonce Paolini (TF1's Chief Executive Officer until February 18th, 2016).

Paris La Défense et Courbevoie, February 28th 2017

KPMG Audit IS
Stéphanie Ortega
Partner

Mazars
Guillaume Potel
Partner

ERNST & YOUNG Audit
Bruno Perrin
Partner

Laurent Vitse
Partner

5.4 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 provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France.

Year ended December 31, 2016

To the Shareholders,

In our capacity as Statutory Auditors of Télévision Française 1 SA, and in accordance with Article L. 225-235 of the French Commercial Code (*Code de Commerce*), we hereby report on the report prepared by the Chairman of your company, in accordance with Article L. 225-37 of the French Commercial Code, for the year ended December 31, 2016.

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 other disclosures required by Article L. 225-37 of the French Commercial Code (*Code de Commerce*), particularly in terms of corporate governance measures.

It is our responsibility:

- to report to you on 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 accounting and financial information; and
- to attest that this report provides the other disclosures required by Article L. 225-37 of the French Commercial Code (*Code de Commerce*), it being specified that we are not responsible for verifying the fair presentation of the disclosures.

We conducted our work in accordance with the professional standards applicable in France.

INFORMATION ON THE INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF THE ACCOUNTING AND FINANCIAL INFORMATION

The professional 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. Our 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 of the existing documentation;
- determining whether any significant weaknesses in the internal control procedures relating to the preparation and processing of accounting and financial information, which we identified during our engagement, have been 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 the accounting and financial information contained in the report prepared by the Chairman of the Board of Directors, in accordance with Article L. 225-37 of the French Commercial Code (*Code de Commerce*).

OTHER DISCLOSURES

We hereby attest that the Board of Directors' Chairman's report includes the other disclosures required by Article L. 225-37 of the French Commercial Code (*Code de Commerce*).

The Statutory Auditors

Paris-La Défense and Courbevoie, February 16, 2017

KPMG Audit IS
Stéphanie Ortega
Partner

Mazars
Guillaume Potel
Partner

Bruno Perrin
Partner

ERNST & YOUNG Audit
Laurent Vitse
Partner



STATUTORY AUDITORS' REPORT

STATUTORY AUDITORS' REPORT ON THE REDUCTION IN CAPITAL

5.5 STATUTORY AUDITORS' REPORT ON THE REDUCTION IN CAPITAL

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In our capacity as statutory auditors of your Company and in compliance with Article L. 225-209 of the French Commercial Code (*Code de commerce*) in respect of the reduction in capital by the cancellation of repurchased shares, we hereby report on our assessment of the terms and conditions of the proposed reduction in capital.

Your Board of Directors requests that it be authorized, for a period of eighteen months starting on the date of the present Annual General Meeting, to proceed with the cancellation of shares the Company was authorized to repurchase, representing an amount not exceeding 10% of its total share capital, by periods of twenty-four months in compliance with the Article mentioned above.

We have performed those procedures which we considered necessary in accordance with professional guidance issued by the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) for this type of engagement. These procedures consisted in verifying that the terms and conditions for the proposed reduction in capital, which should not compromise equality among the shareholders, are fair.

We have no matters to report as to the terms and conditions of the proposed reduction in capital.

Courbevoie and Paris-La Défense, February 28, 2017

The Statutory Auditors
French original signed by

KPMG Audit IS
Stéphanie Ortega
Partner

Mazars
Guillaume Potel
Partner

ERNST & YOUNG Audit
Bruno Perrin
Partner

Laurent Vitse
Partner

5.6 STATUTORY AUDITORS' REPORT ON THE INCREASE IN CAPITAL RESERVED FOR EMPLOYEES WHO ARE MEMBERS OF A COMPANY SAVINGS SCHEME

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In our capacity as statutory auditors of your Company and in compliance with Articles L. 225-135 *et seq.* of the French Commercial Code (*Code de commerce*), we hereby report on the proposal to authorize your Board of Directors to decide whether to proceed with one or several increases in capital by an issue of ordinary shares with cancellation of preferential subscription rights reserved for employees who are members of a company savings scheme of Télévision Française – TF1 and affiliated French and foreign companies, for a maximum amount of 2% of share capital, operations upon which you are called to vote.

This increase in capital is submitted for your approval in accordance with Articles L. 225-129-6 of the French Commercial Code (*Code de commerce*) and L. 3332-18 *et seq.* of the French Labor Code (*Code du travail*).

Your Board of Directors proposes that, on the basis of its report, it be authorized for a period of twenty-six months as from the date of the present Annual General Meeting to decide on whether to proceed with an increase in capital and proposes to cancel your preferential subscription rights. If applicable, it shall determine the final conditions of this operation.

It is the responsibility of the Board of Directors to prepare a report in accordance with Articles R. 225-113 and R. 225-114 of the French Commercial Code (*Code de commerce*). Our role is to report on the fairness of the financial information taken from the financial statements, on the proposed cancellation of preferential subscription rights and on other information relating to the share issue provided in this report.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) for this type of engagement. These procedures consisted in verifying the information provided in the Board of Directors' report relating to this operation and the methods used to determine the issue price of the shares.

Subject to a subsequent examination of the conditions of the increase in capital that would be decided, we have no matters to report as to the methods used to determine the issue price of the ordinary shares to be issued provided in the Board of Directors' report.

As the final conditions for the increase in capital have not yet been determined, we cannot report on these conditions and, consequently, on the proposed cancellation of preferential subscription rights.

In accordance with Article R. 225-116 of the French Commercial Code (*Code de commerce*), we will issue a supplementary report, if necessary, when your Board of Directors has exercised this authorization.

Courbevoie and Paris-La Défense, February 28, 2017

The Statutory Auditors
French original signed by

KPMG Audit IS
Stéphanie Ortega
Partner

Mazars
Guillaume Potel
Partner

ERNST & YOUNG Audit
Bruno Perrin
Partner

ERNST & YOUNG Audit
Laurent Vitse
Partner



STATUTORY AUDITORS' REPORT

STATUTORY AUDITOR'S REPORT ON THE ISSUE OF SHARES AND SECURITIES WITH OR WITHOUT CANCELLATION OF PREFERENTIAL SUBSCRIPTION RIGHTS

5.7 STATUTORY AUDITOR'S REPORT ON THE ISSUE OF SHARES AND SECURITIES WITH OR WITHOUT CANCELLATION OF PREFERENTIAL SUBSCRIPTION RIGHTS

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In our capacity as statutory auditors of your Company and in compliance with Articles L. 228-92 and L. 225-135 *et seq.* of the French Commercial Code (*Code de commerce*), we hereby report on the proposal to authorize your Board of Directors to decide whether to proceed with various issues of shares and securities, operations upon which you are called to vote.

Your Board of Directors proposes that, on the basis of its report:

- to delegate, with the possibility to sub-delegate such authority in the conditions laid down by law, for a period of twenty-six months as from the present Annual General Meeting, to decide on whether to proceed with the following issues and to fix the final terms and conditions thereof, and proposes to cancel your preferential subscription rights if appropriate:
 - the issue of ordinary shares and of securities giving access to ordinary shares of your Company, without cancellation of preferential subscription rights (fourteenth resolution);
 - the issue of ordinary shares and of securities giving access to ordinary shares of your Company, with cancellation of preferential subscription rights, by way of public offerings (sixteenth resolution);
 - the issue of ordinary shares and of securities giving access to ordinary shares of your Company, with cancellation of preferential subscription rights, by way of offerings as set out in II of Article L. 411-2 of the French Financial and Monetary Code (*Code monétaire et financier*) (seventeenth resolution) up to the limit of 10% of the share capital per year;
 - the issue of ordinary shares and of securities giving access to ordinary shares of your Company, in the event of a public exchange initiated by *Télévision Française 1 - TF1* (twenty-first resolution);
- to authorize it, via the eighteenth resolution, within the scope of the implementation of the delegations referred to in the sixteenth and seventeenth resolutions, to determine the issue price up to the legal annual limit of 10% of the share capital;
- to delegate to it, for a period of twenty-six months as from the date of the present Annual General Meeting, the authority to decide on the conditions for an issue of ordinary shares and of securities giving access to ordinary shares, with the aim of repaying contributions in kind granted to the Company and comprising capital securities or securities that give access to the capital of another company (twentieth resolution) up to the limit of 10% of the share capital.

The total nominal amount of the increases in capital to be performed immediately or eventually under the Fourteenth, sixteenth, seventeenth, eighteenth, nineteenth, twentieth and twenty-first resolutions may not exceed € 8.4 million, it being specified that the maximum nominal amount of the increases in capital to be performed immediately or eventually in respect of the sixteenth, seventeenth, eighteenth, nineteenth, twentieth and twenty-first resolutions may not exceed € 4.2 million.

The total nominal amount of the debt securities to be issued may not exceed € 900m under the Fourteenth, sixteenth, seventeenth, eighteenth, nineteenth, twentieth and twenty-first resolutions.

These caps take into account the additional number of securities to be created within the framework of the implementation of the delegations referred to in the Fourteenth, sixteenth and seventeenth resolutions, under the conditions set out in Article L. 225-135-1 of the French Commercial Code (*Code de commerce*), if you adopt the nineteenth resolution.

It is the responsibility of the Board of Directors to prepare a report in accordance with Articles R. 225-113 *et seq.* of the French commercial code (*Code de commerce*). Our role is to report on the fairness of the financial information taken from the accounts, on the proposed cancellation of preferential subscription rights and on other information relating to the issue provided in the report.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) for this type of engagement. These procedures consisted in verifying the information provided in the Board of Directors' report relating to these operations and the methods used to determine the issue price of the capital securities to be issued.

Subject to a subsequent examination of the conditions for the issues that would be decided, we have no matters to report as to the methods used to determine the issue price of the capital securities to be issued provided in the Board of Directors' report in respect of the sixteenth, seventeenth and eighteenth resolutions.

Further, as this report does not specify the methods used to determine the issue price of the capital securities to be issued within the framework of the implementation of the Fourteenth, twentieth and twenty-first resolutions, we cannot report on the choice of the information used to determine this issue price.

As the final conditions for the issue have not yet been determined, we cannot report on these conditions and, consequently, on the cancellation of preferential subscription rights proposed in the sixteenth, seventeenth, eighteenth, nineteenth, twentieth and twenty-first resolutions.

In accordance with Article R. 225-116 of the French Commercial Code (*Code de commerce*), we will issue a supplementary report, if necessary, when your Board of Directors has exercised these authorizations in the event of the issue of securities giving access to the share capital and in the event of issues of shares with cancellation of preferential subscription rights.

Courbevoie and Paris-La Défense, February 28, 2017

The Statutory Auditors
French original signed by

KPMG Audit IS
Stéphanie Ortega
Partner

Mazars
Guillaume Potel
Partner

BRUNO PERRIN
Bruno Perrin
Partner

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Laurent Vitse
Partner



STATUTORY AUDITORS' REPORT

STATUTORY AUDITORS' REPORT ON THE AUTHORIZATION FOR ALLOCATION OF STOCK OPTIONS OR SHARE PURCHASE PLANS

5.8 STATUTORY AUDITORS' REPORT ON THE AUTHORIZATION FOR ALLOCATION OF STOCK OPTIONS OR SHARE PURCHASE PLANS

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In our capacity as statutory auditors of your company and in compliance with Articles L. 225-177 and R. 225-144 of the French Commercial Code (*Code de commerce*), we hereby report on the authorization for allocation of stock options or share purchase plans reserved for, on the one hand, employees or certain categories of personnel and, on the other hand, corporate officers (or some of them) as defined by law, of both Télévision Française 1 – TF1 and the companies or groups which are directly or indirectly affiliated with it under the conditions set out in Article L. 225-180 of the French Commercial Code (*Code de commerce*), an operation upon which you are called to vote.

The total number of options thus granted may not represent more than 3% of the share capital of the Company on the date of the allocation decision by the Board of Directors, it being specified that the number of shares which may be subscribed or acquired within the framework of the free share allocation pursuant to the seventeenth resolution of the Ordinary and Extraordinary Annual General Meeting held on April 14, 2016 (or of a later authorization) will be offset against this cap.

The total number of options which may be granted to corporate officers pursuant to this authorization may not give entitlement to a total number of shares representing more than 5% of the total allocations made by the Board of Directors over thirty-eight months.

Your Board of Directors proposes that, on the basis of its report, it be authorized for a period of thirty-eight months, as of the date of the present General Annual Meeting, to allocate stock options or share purchase plans.

It is the responsibility of the Board of Directors to prepare a report on the reasons for the stock options or share purchase plans and on the proposed methods used to determine the subscription or purchase price. Our role is to report on the proposed methods to determine the subscription or purchase price of the shares.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) for this type of engagement. These procedures consisted in verifying that the methods proposed to determine the subscription or purchase price are included in the Board of Directors' report, and are in accordance with French laws and regulations.

We have no matters to report as to the proposed methods for the determination of the subscription or purchase price.

Courbevoie and Paris-La Défense, February 28, 2017

The Statutory Auditors
French original signed by

KPMG Audit IS
Stéphanie Ortega
Partner

Mazars
Guillaume Potel
Partner

ERNST & YOUNG Audit
Bruno Perrin
Partner

ERNST & YOUNG Audit
Laurent Vitse
Partner

5.9 INDEPENDENT VERIFIER'S REPORT ON CONSOLIDATED SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION PRESENTED IN THE MANAGEMENT REPORT

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Year ended the 31st of December 2016

To the shareholders,

In our quality as an independent verifier of which the admissibility of the application for accreditation has been accepted by the COFRAC⁽¹⁾, under the number n° 3-1050, and as a member of the network of one of the statutory auditors of the company TF1, we present our report on the consolidated social, environmental and societal information established for the year ended on the 31st of December 2016, presented in the management report, hereafter referred to as the "CSR Information," pursuant to the provisions of the article L. 225-102-1 of the French Commercial Code (*Code de commerce*).

RESPONSIBILITY OF THE COMPANY

It is the responsibility of the Board of Directors to establish a management report including CSR Information referred to in the article R. 225-105-1 of the French Commercial Code (*Code de commerce*), in accordance with the protocols used by the company such as protocols for HR reporting and the Extra-financial guide of TF1 in their versions dated of November 2015 (hereafter referred to as the "Criteria") available on request at the company's headquarters.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by regulatory requirements, the Code of Ethics of our profession as well as the provisions in the article L. 822-11 of the French Commercial Code (*Code de commerce*). In addition, we have implemented a quality control system, including documented policies and procedures to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

RESPONSIBILITY OF THE INDEPENDENT VERIFIER

It is our role, based on our work:

- to attest whether the required CSR Information is present in the management report or, in the case of its omission, that an appropriate explanation has been provided, in accordance with the third paragraph of R. 225-105 of the French Commercial Code (*Code de commerce*) (Attestation of presence of CSR Information);
- to express a limited assurance conclusion, that the CSR Information, overall, is fairly presented, in all material aspects, in according with the Criteria (Opinion on fairness of CSR Information).

Our verification work mobilized the skills of five people between October 2016 and February 2017 for an estimated duration of 8 weeks.

We conducted the work described below in accordance with the professional standards applicable in France and the Order of 13 May 2013 determining the conditions under which an independent third-party verifier conducts its mission, and in relation to the opinion of fairness and the reasonable assurance report, in accordance with the international standard ISAE 3000⁽²⁾.

1. ATTESTATION OF PRESENCE OF CSR INFORMATION

NATURE AND SCOPE OF THE WORK

We obtained an understanding of the company's CSR issues, based on interviews with the management of relevant departments, a presentation of the company's strategy on sustainable development based on the social and environmental consequences linked to the activities of the company and its societal commitments, as well as, where appropriate, resulting actions or programmes.

We have compared the information presented in the management report with the list as provided for in the Article R. 225-105-1 of the French Commercial Code (*Code de commerce*).

In the absence of certain consolidated information, we have verified that the explanations were provided in accordance with the provisions in Article R. 225-105-1, paragraph 3, of the French Commercial Code (*Code de commerce*).

(1) Scope available at www.cofrac.fr

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical information.



STATUTORY AUDITORS' REPORT

INDEPENDENT VERIFIER'S REPORT ON CONSOLIDATED SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION
PRESENTED IN THE MANAGEMENT REPORT

We verified that the information covers the consolidated perimeter, namely the entity and its subsidiaries, as aligned with the meaning of the Article L. 233-1 of the French Commercial Code (*Code de commerce*) and the entities which it controls, as aligned with the meaning of the Article L. 233-3 of the same code within the limits specified in the introduction of Chapter 7.

CONCLUSION

Based on this work and given the limitations mentioned above, we confirm the presence in the management report of the required CSR information.

2. LIMITED ASSURANCE ON CSR INFORMATION

NATURE AND SCOPE OF THE WORK

We undertook around ten interviews with people responsible for the preparation of the CSR Information with the CSR department, the General Secretary, the competition and regulatory affairs department, the social affairs department, the purchasing department, management control of social data department, and the HR development department, in charge of the data collection process and, if applicable, the people responsible for internal control processes and risk management, in order to:

- assess the suitability of the Criteria for reporting, in relation to their relevance, completeness, reliability, neutrality, and understandability, taking into consideration, if relevant, industry standards;
- verify the implementation of the process for the collection, compilation, processing and control for completeness and consistency of the CSR Information and identify the procedures for internal control and risk management related to the preparation of the CSR Information.

We determined the nature and extent of our tests and inspections based on the nature and importance of the CSR Information, in relation to the characteristics of the Company, its social and environmental issues, its strategy in relation to sustainable development and industry best practices.

For the CSR Information which we considered the most important⁽¹⁾:

- at the level of the consolidated entity, we consulted documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions, etc.), we implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and the compilation of the information, and also verified their coherence and consistency with the other information presented in the management report;
- we undertook interviews to verify the correct application of the procedures and undertook detailed tests on the basis of samples, consisting in verifying the calculations made and linking them with supporting documentation.

At this level, supporting documents are available regarding French workforce, which represents almost the entire Group's consolidated workforce.

For the other consolidated CSR information, we assessed their consistency in relation to our knowledge of the company.

Finally, we assessed the relevance of the explanations provided, if appropriate, in the partial or total absence of certain information.

We consider that the sample methods and sizes of the samples that we considered by exercising our professional judgment allow us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work. Due to the necessary use of sampling techniques and other limitations inherent in the functioning of any information and internal control system, the risk of non-detection of a significant anomaly in the CSR Information cannot be entirely eliminated.

CONCLUSION

Based on our work, we have not identified any significant misstatement that causes us to believe that the CSR Information, taken together, has not been fairly presented, in compliance with the Criteria.

Paris-La Défense, the 15 February 2017

French original signed by:

Independent Verifier
ERNST & YOUNG et Associés

Éric Mugnier
Partner, Sustainable Development

Gilles Cohen
Partner

(1) Environmental and societal information:

- Selected KPIs (quantitative information): number of CSA interventions, consistency of the evolution of CSR criteria addressable and addressed expenditure, number of employees trained in equal opportunities and fighting discrimination, amount of in-kind donations and energy consumption.

- Qualitative information: anti-piracy actions, actions undertaken in favour of diversity in programs, information regulated by the CSA, protection of personal information.

Social information:

- Selected KPIs (quantitative information): total headcount by types of contracts, hiring and departures including dismissals, women managers, absenteeism rate, total hours of training, frequency and their severity rates, occupational diseases.

- Qualitative information: training policies, training and upskilling in the context of the evolution towards a digital world, social dialogue.



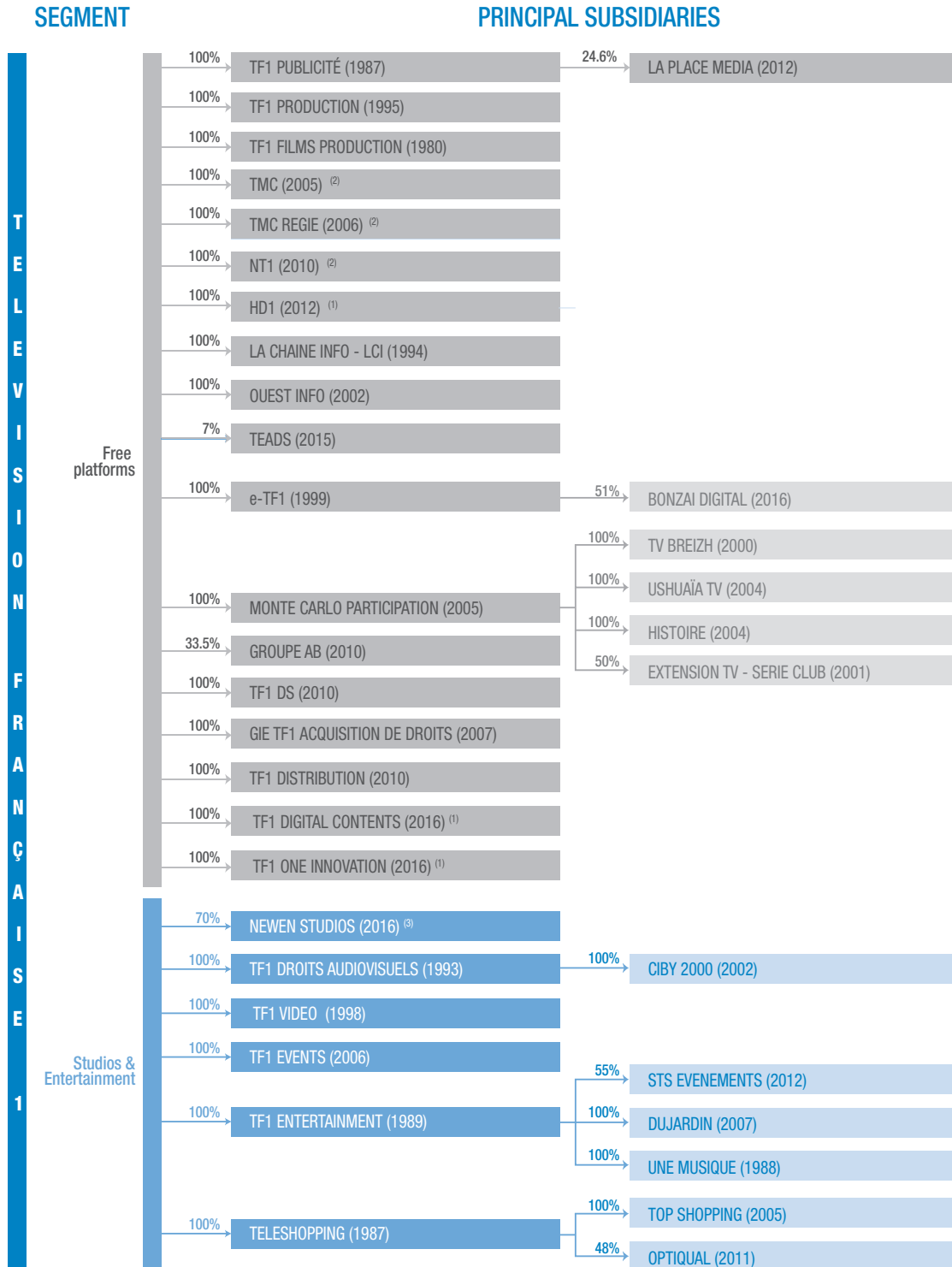
INFORMATION ON THE COMPANY AND ITS SHARE CAPITAL

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6.1 INFORMATION ABOUT TF1 **AFR**

6.1.1 SIMPLIFIED ORGANISATION CHART AS OF 31 DECEMBER 2016



The year of incorporation or acquisition is shown in parentheses.

⁽¹⁾ Held via TF1 Expansion.

⁽²⁾ Held via Monte Carlo Participation.

⁽³⁾ Group made up of about sixty entities.



6.1.2 GENERAL INFORMATION

Company name: TÉLÉVISION FRANÇAISE 1 – TF1

Registered office: 1, quai du Point du jour – 92100 Boulogne-Billancourt – France

Registration number: 326 300 159 - Nanterre Trade and Companies Register

APE code: 6020A

Legal form: French-law *société anonyme* (public limited company) with a Board of Directors

Date of incorporation: 17 September 1982

Date of expiration: 31 January 2082

Financial year: 1 January to 31 December

6.1.3 CORPORATE PURPOSE (ARTICLE 2 OF THE ARTICLES OF ASSOCIATION)

The purpose of the company shall be:

- to operate an audiovisual communication service as authorised by applicable laws and regulations including in particular the conception, production, scheduling and broadcasting of television programmes, including advertising messages and announcements;
- to carry out, in France or abroad, industrial, commercial, financial, movable property or real property operations or transactions relating directly or indirectly to that purpose or to purposes which are similar, related or complementary or which may facilitate the attainment or development thereof or to any company asset, including:
 - assessing, producing, acquiring, selling, renting and exploiting recordings of images and/or sound, news reports and films intended for television, cinema or radio broadcasting;

- undertaking advertising sales transactions;
 - providing services of all kinds for radio and television broadcasting;
- 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, capital contributions, limited partnerships, subscriptions, purchase of company shares or rights, mergers, alliances, joint ventures, inward or outward franchising of assets or rights, or by any other means.

The company shall act in accordance with its terms of reference and with applicable legislation.

6.1.4 DISTRIBUTION OF PROFITS (ARTICLE 26 OF THE ARTICLES OF ASSOCIATION)

Five per cent of the net profit for the financial year minus any prior-year losses shall be appropriated to constitute the legal reserve. Such appropriation shall cease to be mandatory once the legal reserve reaches an amount equal to one-tenth of the share capital. It shall become mandatory again when for any reason the reserve falls below one-tenth of the share capital.

Distributable earnings shall comprise net profit for the financial year minus (i) any prior-year losses and (ii) any amounts appropriated to reserves in compliance with the law and the Articles of Association, plus any retained earnings brought forward.

These earnings shall be distributed between all shareholders in proportion to the number of shares they own.

6.1.5 GENERAL MEETINGS (ARTICLES 19 TO 24 OF THE ARTICLES OF ASSOCIATION)

Shareholders' Meetings shall be convened in accordance with the rules stipulated by law. General Meetings shall be open to all shareholders irrespective of the number of shares they own.





6.1.6 RIGHTS ATTACHED TO SHARES (ARTICLES 7 TO 9 OF THE ARTICLES OF ASSOCIATION)

Each share shall give entitlement to a share in the corporate assets and in the distribution of profits proportionate to the interest in the capital that it represents. Each shareholder shall have as many voting rights and may cast as many votes at Meetings as he or she has shares. Pecuniary and non-pecuniary rights may be restricted by law or under the Articles of Association. Under Article 7 of the Articles of Association,

shareholders whose identity has not been declared to the company may be stripped of voting rights. Article 8 of the Articles of Association refers to Article 39 of law no. 86-1067 of 30 September 1986, as amended, which stipulates a mechanism for placing a cap on voting rights. For a description of that mechanism refer to section 6.2, "Legal Environment" and section 6.4, "Share Ownership" below.

6.1.7 IDENTIFIABLE BEARER SHARES (ARTICLE 7 OF THE ARTICLES OF ASSOCIATION)

The company may at any time, on the conditions stipulated by laws and regulations, ask the central depository in charge of the securities issue account to divulge the name or company name, nationality, year of birth or incorporation and address of holders of securities giving immediate or future entitlement to vote at its General Meetings, as well as the number

of securities held by each holder and any restrictions thereon. Failure to provide such information may result in the full or partial stripping or suspension of the voting rights attached to the shares, and of any corresponding dividends.

6.1.8 CROSSING OF OWNERSHIP THRESHOLDS SPECIFIED IN THE ARTICLES OF ASSOCIATION (ARTICLE 7 OF THE ARTICLES OF ASSOCIATION)

Any person acting alone or in concert who obtains at least 1%, 2%, 3% or 4% of the capital or voting rights shall within the five days following registration in their account of the shares that caused them to attain or exceed that threshold declare to the company, by sending a registered letter with acknowledgement of receipt to the registered office, the total number of shares and the number of voting rights they possess.

Such declaration must be made on the conditions stipulated above every time the threshold of 1%, 2%, 3% or 4% is crossed either upwards or downwards.

In the event of failure to make a declaration as stipulated above, those shares in excess of the thresholds that should have been declared shall be stripped of voting rights on the conditions stipulated by law if one or more shareholders holding at least 5% of the capital so request at a General Meeting.

6.1.9 SHAREHOLDER AGREEMENTS ENTERED INTO BY TF1

TF1 has entered into a number of shareholder agreements, the most significant of which are described below:

GROUPE AB SHAREHOLDER AGREEMENT

TF1, Port Noir Investment and Claude Berda are parties to a shareholder agreement covering their equity interests in Groupe AB (in which TF1 has a 33.5% equity interest). The principal terms of the agreement are as follows:

- TF1 is entitled to designate a number of members of Groupe AB's Board of Directors in proportion to its shareholding, i.e. one-third of the members.
- TF1 has a pre-emptive right if Groupe AB decides to dispose of any key assets, key components of the business or equity interests.
- TF1 has a joint right to sell, in particular if a controlling interest in Groupe AB is sold.
- Under certain circumstances, Claude Berda has a right to force TF1 to sell its shares.

Claude Berda having entered into exclusive negotiations with a view to the sale before 30 June 2017 of his shares in Groupe AB, at the end of January 2017 TF1 accepted the conditional offer by Mediawan SA to acquire TF1's 33.5% equity interest in Groupe AB.

NEWEN STUDIOS SHAREHOLDER AGREEMENT

On 26 January 2016, Fabrice Larue, FIFL (a company controlled by Fabrice Larue) and the other selling shareholders (the "Vendors") of the one part, and TF1 of the other, signed a shareholder agreement governing their relations within Newen Studios (the parent company of the Newen group, which includes Newen and Neweb). The main terms of the agreement, which was signed concomitantly with TF1's acquisition of an equity interest in Newen Studios, are as follows:

- The Vendors, including the management team, retain a 30% interest in Newen Studios.
- The Supervisory Board has six members, three designated by TF1 and three by FIFL. The Chairman of the Supervisory Board is drawn from among the members designated by TF1.



- FIFL is the company's first Chairman.
- Under the terms of reciprocal buy/sell undertakings, the Vendors have an option to sell, and TF1 has an option to acquire, the residual 30%

interest in the diluted share capital during a five-year period starting in 2018 subject to the terms stipulated in those undertakings.

- The shares of Newen Studios will be non-transferable until expiration of the exercise period of the above-mentioned options.

6.1.10 FACTORS LIABLE TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFER

Refer also to the explanations about the licensing regime and legal restrictions on ownership of the share capital of TF1 provided in section 6.2 below. Specifically, Article 42-3 of the French Audiovisual Communication Act of 30 September 1986 states that TF1's licence to operate a national terrestrial television service may be withdrawn by the CSA (the French broadcasting regulator) without notice in the event of a substantive change in the data on the basis of which the licence was issued, in particular changes in the share ownership structure.

Pursuant to Article L. 225-100-3 of the French Commercial Code, the factors liable to have an impact in the event of a public offer for the company's shares are as follows:

- capital structure: the relevant information is provided in section 6.3 below. The principal shareholders of TF1 as of 31 December 2016 were Bouygues (43.9% of the share capital) and TF1 group employees (7.2% of the share capital, via the "TF1 Actions" employee share ownership fund);
- restrictions on the exercise of voting rights under the Articles of Association: under Article 7 of the Articles of Association, there is a mechanism to strip voting rights from shareholders who fail to declare that they have crossed a share ownership threshold. Article 8 of the Articles of Association refers to Article 39 of law no. 86-1067 of 30 September 1986, as amended, which stipulates a mechanism for placing a cap on voting rights; that mechanism is described in sections 6.2 and section 6.4 below. Both these mechanisms could have an impact in the event of a public offer;
- direct or indirect holdings in the share capital of which TF1 is aware, pursuant to Articles L. 233-7 and L. 233-12 of the French Commercial Code. The relevant information is provided in section 6.3 below;
- list of holders of securities conferring special control rights: not applicable;
- control mechanisms stipulated in employee share ownership schemes: under the rules of the "TF1 Actions" employee share ownership fund, it is the fund's Supervisory Board (rather than the employees themselves) that exercises voting rights and decides whether to tender shares to a public offer. The fund, which held 7.2% of the voting rights as of 31 December 2016, could have an impact on the price of a public offer;
- agreements between shareholders of which the company is aware and which could place restrictions on the transfer of shares and the exercise of voting rights: not applicable;
- rules applicable to the appointment and replacement of members of the Board of Directors: the company is administered by a Board of Directors with between three and eighteen members subject to the dispensations stipulated by law. Pursuant to Article 66 of Law no. 86-1067 of 30 September 1986, at least one-sixth of the Board of

Directors consists of employee representatives, one of those two seats being reserved for engineers, managers and those in a similar category. The term of office of Directors other than employee representatives is three years. The term of office of Directors representing employees expires at the end of a two-year period starting from the date of their election. Directors other than employee representatives are appointed or reappointed by an Ordinary General Meeting of shareholders, which may also remove them from office at any time. Employee representative Directors are elected by the employees of TF1 and may only be removed from office by court order for misconduct in office. Directors may stand for re-election. Legal persons serving as Directors are required to appoint a standing representative on the conditions stipulated by law. Refer also to the information provided in the Chairman's report;

- rules applicable to amendments to the company's Articles of Association: under Article L. 225-96 of the French Commercial Code, only an Extraordinary General Meeting of the shareholders has authority to amend the Articles of Association, and any clause that stipulates otherwise is deemed null and void;
- powers of the Board of Directors to issue and buy back shares: refer to the tables summarising authorisations and delegations of powers presented in section 6.3 below. It should be noted that:
 - there is no current or pending resolution whereby the General Meeting of shareholders would delegate authority to the Board of Directors to issue share warrants during the period of a public offer for the company's shares,
 - there is no current or pending resolution whereby the General Meeting of shareholders would delegate authority to the Board of Directors to use, during the period of a public offer for the company's shares, the various authorisations and delegations of authority granted to the Board of Directors to increase the share capital,
 - the fifteenth resolution of the Annual General Meeting of 14 April 2016 authorised the Board of Directors to trade in the company's shares other than during the period of a public offer for the company's shares. The Annual General Meeting scheduled for 13 April 2017 will be asked to replace that authorisation with a new authorisation with the same purpose;
- agreements entered into by the company that would be amended or lapse in the event of a change of control: refer to the explanations about the licensing regime provided in section 6.2, "Legal Environment" below. Specifically, Article 42-3 of the French Audiovisual Communication Act of 30 September 1986 states that TF1's licence to operate a national terrestrial television service may be withdrawn by the CSA without notice in the event of a substantive change in the data on the basis of which the licence was issued, in particular changes in the share ownership structure;



■ agreements under which Directors or employees would be entitled to compensation if they resign or are dismissed without genuine and serious cause or if their employment is terminated as a result of a public offer: not applicable. Although this is not a severance benefit as such, a Director who is also an employee of the company is covered

by the relevant collective agreement and consequently is entitled to any compensation stipulated by that agreement on termination of an employment contract. Fanny Chabirand and Sophie Leveaux Talamoni would be entitled to receive such compensation.

6.1.11 AGREEMENTS ENTERED INTO BY CORPORATE OFFICERS OR SHAREHOLDERS WITH SUBSIDIARIES OR SUB-SUBSIDIARIES OF TF1

Pursuant to Article L. 225-102-1 of the French Commercial Code, any agreements entered into directly or via an intermediary between (i) the Chief Executive Officer, a Deputy Chief Executive Officer, a Director, or a shareholder holding more than 10% of the voting rights of TF1 SA and (ii) any other company of which TF1 directly or indirectly owns more

than half of the share capital, must be disclosed in the Management Report unless such agreements are entered into in the ordinary course of business on arm's length conditions. The company is not aware of the existence of any such agreements.

6.1.12 ARTICLES OF ASSOCIATION

The currently valid Articles of Association of TF1 SA can be consulted at the company's registered office, and are also available on the corporate website at: <http://www.groupe-tf1.fr/en/investors/governance>.



6.2 LEGAL ENVIRONMENT

6.2.1 SHARE OWNERSHIP

Under the terms of Article 39 of law no. 86-1067 of 30 September 1986 as amended, no single natural person or legal entity acting alone or in concert may directly or indirectly hold more than 49% of the capital or voting rights of a company that holds a licence to operate a national terrestrial television service and whose average annual audience (terrestrial, cable and satellite) exceeds 8% of the total television audience.

Under the terms of Article 39 of law no. 86-1067 of 30 September 1986 as amended, a natural person or legal entity that directly or indirectly holds more than 15% of the capital or voting rights of a company that holds a licence to operate a national terrestrial television service is not permitted to directly or indirectly hold more than 15% of the capital of another company that holds such a licence.

Under the terms of Article 40 of law no. 86-1067 of 30 September 1986 as amended, no natural person or legal entity of non-European nationality may make any acquisition that has the effect of directly or indirectly increasing to more than 20% the percentage interest held by foreigners in a company that holds a licence to operate a terrestrial television service.

Under the terms of Article 41 of the law of 30 September 1986 as amended by the law of 9 July 2004, no single natural person or legal entity may directly or indirectly hold more than seven individual licences to operate a national Digital Terrestrial Television service.

6.2.2 LICENSING REGIME

TF1 is an audiovisual communications service that requires a licence. Initially, TF1 was awarded a ten-year licence from 4 April 1987 (under the law of 30 September 1986); that licence expired in 1997.

The licence was renewed for a further five-year period (via decision No. 96-614 of 17 September 1996) from 16 April 1997, with no requirement to submit to a competitive tendering process.

In accordance with Article 28-1 of the law of 30 September 1986 as amended by the law of 1 August 2000, TF1's licence was renewed automatically for a second time, for the 2002-2007 period, via a decision by the CSA (the French broadcasting regulator) of 20 November 2001.

Under the terms of Article 82 of the law of 30 September 1986 as amended, that licence was automatically extended for a further five years to 2012, in return for a commitment to provide a Digital Terrestrial Television (DTT) simulcast. A further CSA decision of 10 June 2003 amended TF1's licence and contract terms to build in the DTT simulcast stipulations.

Under the terms of Article 99 of the law of 30 September 1986 as amended by law No. 2007-309 of 5 March 2007, that licence was automatically extended for five years on condition that the channel joined a public interest consortium tasked with implementing the specific measures required to switch off the analogue signal and ensure continuity of reception for viewers of the channels. On 26 April 2007, TF1 signed the agreement that established the consortium.

Under the terms of Article 96-2 of the law of 30 September 1986 as amended by law No. 2007-309 of 5 March 2007, that licence was automatically extended for a further five years with effect from the analogue switch-off on condition that the channel committed to ensure its programmes are broadcast in DTT to 95% of the French population. TF1 made this commitment to the CSA.

Consequently, the standard definition (SD) licence awarded to TF1 under the law of 5 March 2007 can be summarised as follows:

- original expiry date of TF1's licence: 2012;
- five-year licence extension under Article 99, expiry date: 2017;
- five-year licence extension under Article 96-2, expiry date: 2022.

The TF1 core channel also has a supplementary licence to use the electromagnetic spectrum for high definition (HD) broadcasting, awarded in CSA decision No. 2008-424 of 6 May 2008. This licence was awarded for a ten-year period ending 5 May 2018.

In 2016, as part of the process of freeing up the 700 MHz spectrum for telecom operators and the resulting shutdown of two DTT multiplexes, TF1 (at the request of the CSA) surrendered its licence to broadcast in SD DTT, retaining only its licence to broadcast in HD DTT.

The streamlined renewal procedure, under which TF1 would obtain a five-year DTT licence, is ongoing. This would mean that TF1's licence will expire in May 2023.





6.2.3 PRINCIPAL LEGAL TEXTS AND OBLIGATIONS

LEGAL TEXTS

- Terms of reference established by Decree no. 87-43 of 30 January 1987 and by the decision of 20 November 2001 renewing the licence granted to Télévision Française 1, as supplemented by the decision of 10 June 2003 and extended by the decision of 20 February 2007;
- Law No. 86-1067 of 30 September 1986, as amended by the following laws: no. 94-88 of 1 February 1994; No. 2000-719 of 1 August 2000; No. 2005-102 of 11 February 2005; No. 2007-309 of 5 March 2007; and No. 2009-258 of 5 March 2009;
- European Television Without Frontiers Directive of 3 October 1989 as amended (latest amendment: 11 December 2007);
- Decree No. 2010-747 of 2 July 2010 as amended by decree No. 2015-483 of 27 April 2015 on the contribution of terrestrial television services to the production of made-for-cinema films and audiovisual works;
- Decree no. 90-66 of 17 January 1990, as amended by the following decrees: no. 92-279 of 27 March 1992; No. 2001-1330 of 28 December 2001; and No. 2009-1271 of 21 October 2009 (broadcasting obligations);
- Decree no. 92-280 of 27 March 1992 as amended by the following decrees: No. 2001-1331 of 28 December 2001; No. 2003-960 of 7 October 2003; No. 2008-1392 of 19 December 2008; and No. 2017-193 of 15 February 2017 (obligations relating to advertising and sponsorship).

The principal obligations currently in force relating to broadcasting and to investment in production are as follows:

- No more than 192 made-for-cinema films per year may be broadcast, of which no more than 144 may begin between 8.30pm and 10.30pm, and none may be broadcast on Wednesday or Friday evening, Saturday all day, or Sunday before 8.30pm;
- Quotas apply to made-for-cinema films and audiovisual works, across the entire output and in peak viewing hours, whereby at least 60% of broadcast material must be European and 40% must be original French works;
- At least two-thirds of annual broadcasting time on the TF1 channel must be devoted to French-language programmes;

- At least 900 hours of children's programmes must be broadcast annually, comprising 150 hours on the NT1 channel and 750 hours on the TF1 core channel (the latter to include at least 650 hours of animation);
- At least 800 hours of news programmes must be broadcast annually;
- There is an obligation to commission programmes, whereby 12.5% of net advertising revenue for the previous financial year must be spent on commissioning original French or European audiovisual works in the following categories: drama, documentaries, cartoons, live shows and music videos. At least 9.25% of that revenue must be spent on commissioning works from independent producers⁽¹⁾. There is a further obligation to broadcast at least 120 hours of first-run French-language or European audiovisual works (including 30 hours of repeats) in slots starting between 8pm and 9pm;
- There is an obligation to invest 0.6% of net advertising revenue for the previous financial year in commissioning European or French-language cartoons (this figure is included in the 12.5% general obligation mentioned above), with at least 0.45% of that revenue spent on commissioning from independent producers;
- There is a further obligation to invest 3.2% of net advertising revenue for the previous financial year in the co-production of European made-for-cinema films, with at least 2.5% of that revenue invested in French-language films and at least 75% of the orders placed with independent producers. Such investments must be made by a subsidiary of the broadcaster (TF1 Films Production, in the case of TF1) as a minority investor; the broadcaster and the co-producer should have broadly equivalent shares in the production;
- TF1 also has an obligation to make all the channel's programmes (other than adverts) accessible to the deaf or hard-of-hearing. The CSA may agree to exempt some programmes from this obligation due to their specific nature (this dispensation is written into the agreement with TF1).

Compliance with these obligations is monitored, and under Articles 42 to 42-11 of the law of 30 September 1986 the CSA has the power to impose financial penalties in the event of non-compliance.

To protect children and adolescents, TF1 has adopted a five-tier classification system giving an on-screen indication of the suitability of a programme for various age groups.

(1) A producer is regarded as independent if less than 15% of its capital is held by the channel that broadcasts the programme.



6.2.4 HIGH DEFINITION

As part of the process of freeing up the 700 MHz spectrum and the switchover of all DTT channels to the MPEG4 standard (which took place on 5 April 2016), in July 2015 the CSA launched a call for candidates to broadcast national terrestrial television services in high definition.

On 8 October 2015, the CSA announced the list of the successful candidates for transition to HD. Given the priority accorded by the French government and parliament to public service channels not yet

available in HD on DTT (France 3, France 4, France 5, France Ô, LCP) and the priority specified by the legislation for SD DTT channels wishing to move to HD, the CSA selected only channels already licensed to broadcast in SD that were requesting a transition, including TMC and NT1. Consequently, no new channels were licensed.

On 19 October 2015, the CSA announced the composition of the various multiplexes following the selection process.

R1	R2	R3	R4	R6	R7
France 2		Canal+			
France 3	BFM TV	Canal+ Cinéma	6Ter	LCP/Public Sénat	Chérie 25
Local TV/France 3	D8	Canal+ Sport	Arte	NT1	HD1
Regions	D17	LCI	France 5	NRJ 12	L'Équipe 21
France 4	Gulli	Paris Première	M6	TMC	Numéro 23
France Ô	iTÉLÉ	Planète+	W9	TF1	RMC Découverte

6.2.5 REGULATORY CHANGES IN 2016

Following the 2015 approval of the LCI freeview switchover, in February 2016 TF1 signed a rider to its terms of reference that formalised its undertaking not to carry cross-promotion of LCI on the TF1 channels and not to screen any advertising message intended to promote LCI programmes. TF1 also signed an undertaking not to create linkage between advertising slots on TF1 and on LCI. Those undertakings apply from the date of signature of the rider.

LCI switched to freeview on 6 April 2016, the switch-off date when the 700 MHz band was freed up for telecoms operators and the multiplex went live.

Law no. 2016-925 on creative freedom, architecture and national heritage was enacted on 7 July 2016.

Article 15 of the law amends Articles L. 311-4 and L. 311-9 of the French Intellectual Property Code, and allows television broadcasters and distributors of television services to offer users remote recording (in particular on the cloud) of private copies of television programmes as they are broadcast, and to schedule remote recording of such programmes before their scheduled linear broadcast using a network personal video recorder (NPVR).

Under the terms of the law:

- providers of services enabling remote recording for private use must pay a private copying fee;
- an upfront bilateral agreement must be signed between the broadcaster and the distributor that supplies the remote private copying service specifying the functionalities of the recording storage service, in particular storage capacity, recording functions and security measures;
- a broadcaster or distributor may refer any dispute about the signature or execution of such a bilateral agreement to the CSA.

In addition, during the passage of the law through parliament the Senate adopted an amendment to change the dependent/independent balance on the basis of a 40/60 split. Further to this amendment, and between the first and second readings, TF1 reached agreement with the producers' trade bodies; the amendment was dropped in the National Assembly.

On 8 November 2016 the National Assembly adopted the "Sapin 2" law on transparency, anti-corruption and the modernisation of the economy.

This law aims to bring French legislation into line with the highest European and international standards in terms of ethics and probity in public life and business. There are three planks to this legislation:

- to improve transparency in relationships between the public and private sectors by establishing a publicly accessible digital register of interests for individuals in public life;
- to reinforce anti-corruption legislation by establishing a French Anti-Corruption Agency;
- measures to modernise the economy, in particular by allowing a broader range of funding for the French economy while maintaining investor protection.

Following its adoption in parliament, the law was definitively validated by the Constitutional Council on 8 December 2016.

Some provisions of this new law are already included in our Code of Conduct. However, it will need to be amended to incorporate some new features of the law.

On 14 November 2016, Law No. 2016-1524 on media freedom, independence and pluralism was enacted. The main provisions of the new law include:

- the right of journalists to refuse to be associated with any broadcast that is contrary to their professional convictions;





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- the requirement for this right to be incorporated into the Codes of Conduct established between television companies and journalists, and into terms of reference agreed with the CSA;
- the establishment of Ethics and Standards Committees to rule on any infringement of journalists' professional ethics or of the ethical standards of news broadcasting.

The law also obliges distributors of television channels to give priority to the standard numbering of DTT channels, but with the option of offering their subscribers a fair, transparent and non-discriminatory alternative with a different numbering system.

These provisions must be transposed into the terms of reference of television channels, and into Codes of Conduct and Ethics Committees, before 1 July 2017.



6.3 SHARE CAPITAL **AFR**

Refer to Article 6 of the Articles of Association.

6.3.1 AMOUNT OF SHARE CAPITAL AND CATEGORY OF SHARES

As of 31 December 2015 the company had total share capital of €42,104,313.40, divided into 210,521,567 shares with a par value of €0.20 each. TF1 held 1,487,582 of its own shares, and the total number of voting rights – including shares stripped of voting rights, in accordance with the calculation method laid down in the AMF General Regulation – was 210,521,567 votes.

Between 1 January 2016 and 26 October 2016, 281,493 shares were created as a result of exercise of stock options.

On 27 October 2016, 1,420,718 shares repurchased during 2016 were cancelled.

Between 27 October 2016 and 31 December 2016, 35,200 shares were created as a result of exercise of stock options.

As of 31 December 2016 the company had total share capital of €41,883,508.40, divided into 209,417,542 shares with a par value of €0.20 each; the total number of voting rights – including shares stripped of voting rights, in accordance with the calculation method laid down in the AMF General Regulation – was 209,417,542 votes.

Between 1 January 2017 and 15 February 2017, 4,000 shares were created as a result of exercise of stock options in January 2017.

Consequently, as of 15 February 2017 there were 209,421,542 shares in issue with a par value of €0.20 each.

The shares in issue represent 100% of the existing capital and voting rights.

There are no founders' shares, profit certificates, convertible or exchangeable bonds, voting right certificates, investment certificates, double voting rights, or preference shares.

Shares are freely negotiable subject to the applicable legal and regulatory restrictions and specifically to the conditions stipulated by law no. 86-1067 of 30 September 1986, law no. 86-1210 of 27 November 1986, and law no. 89-25 of 17 January 1989. Shareholders are bound to comply with the specific requirements relating to ownership or acquisition of the company's shares as contained in the Articles of Association and the relevant laws and regulations.

The company is authorised to make use of legal provisions on the identification of holders of securities granting the right to vote in its Shareholder Meetings immediately or at a later date. To ascertain the profile of its share owners, TF1 periodically reviews its registered and bearer shareholder base, as identified through Euroclear.

6.3.2 SHARE BUYBACKS

USE DURING 2016 OF THE SHARE BUYBACK PROGRAMMES APPROVED BY ANNUAL GENERAL MEETINGS

The Annual General Meetings of 16 April 2015 and 14 April 2016 authorised the Board of Directors (as permitted under Articles L. 225-209 *et seq* of the French Commercial Code) 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 the buyback programme is used. Those authorisations permit the Board of Directors to buy shares in the company in order to cancel them or to tender them as consideration in corporate acquisitions.

The Annual General Meetings of 16 April 2015 and 14 April 2016 authorised the Board of Directors to reduce the share capital by cancelling repurchased shares, up to a limit of 10% of the share capital per 24-month period.





The table below, presented in accordance with Article L. 225-211 of the Commercial Code, provides a summary of transactions carried out during 2016 under the above authorisations.

TRANSACTIONS BY TF1 IN ITS OWN SHARES DURING 2016

	Number of shares	Nominal value	Percentage of share capital
Number of own shares held at 31 December 2015	1,487,582	€297,516	0.71%
Number of shares repurchased during the year	2,222,986	€444,597	1.06%
Number of shares cancelled during the year	1,420,718	€284,144	0.67%
Number of shares sold during the year	-	-	-
Number of shares transferred during the year ⁽¹⁾	2,289,850	€457,970	1.09%
Repurchases from shareholders owning more than 10% of the share capital or from Directors and key executives during the year	-	-	-
Number of own shares held at 31 December 2016	-	-	-
Carrying amount of own shares held at 31 December 2016	-	-	-
Value of own shares held at 31 December 2016 based on closing market price at that date	-	-	-

(1) In connection with a corporate acquisition.

ANALYSIS OF TRANSACTIONS BY PURPOSE

	Number of shares	Nominal value	Percentage of share capital
Cancellation of shares			
Number of shares cancelled during 2016 ⁽¹⁾	1,420,718	€284,144	0.67%
Number of shares cancelled during 2017 (as of 15 February 2017)	-	-	-
Corporate acquisitions			
Number of shares tendered as consideration in corporate acquisitions in 2016	2,289,850	€457,970	1.09%
Shares reallocated for other purposes			
Number of shares reallocated from corporate acquisitions to cancellation in 2016 ⁽²⁾	284,232	€56,846	0.13%
Liquidity contract			
	-	-	-

(1) Includes reallocated shares.

(2) These shares were subsequently cancelled during 2016.

TF1 did not acquire any of its own shares in the market between 1 January 2017 and 15 February 2017 under the authorisation granted by the Annual General Meeting of 14 April 2016. As of 15 February 2017, TF1 did not hold any of its own shares.

The authorisation to buy back the company's own shares, granted by the Annual General Meeting of 14 April 2016, expires on 14 October 2017. Accordingly, a proposal will be submitted to the next Annual General Meeting on 13 April 2017 to renew that authorisation on the basis described below.

TRADING IN TF1 SHARES IN 2016 BY DIRECTORS AND KEY EXECUTIVES OR BY PERSONS REFERRED TO IN ARTICLE L. 621-18-2 OF THE FRENCH MONETARY AND FINANCIAL CODE DURING 2016

Article 223-26 of the AMF General Regulation requires the company to disclose transactions in TF1 shares carried out in 2016 by Directors and key executives: there were no such transactions in 2016.



6.3.3 DESCRIPTION OF THE NEW SHARE BUYBACK PROGRAMME SUBMITTED FOR APPROVAL BY THE ANNUAL GENERAL MEETING ON 13 APRIL 2017

Pursuant to Articles 241-1 and 241-3 of the AMF General Regulation, the company hereby provides a description of the share buyback programme that will be submitted for approval by the Annual General Meeting on 13 April 2017. That programme will replace the programme authorised by the Annual General Meeting of 14 April 2016.

MAXIMUM PERCENTAGE OF SHARE CAPITAL – MAXIMUM NUMBER AND CHARACTERISTICS OF THE SHARES THAT THE COMPANY IS PROPOSING TO ACQUIRE – MAXIMUM PURCHASE PRICE

As at 15 February 2017, the company did not own any of its own shares. It has no open position in derivatives.

The Board of Directors is requesting authorisation to buy back 10% of the company's share capital with a view to making use of its delegated financial authority.

TF1 will have authority to acquire 10% of the total number of shares making up its share capital at the buyback date. As an illustration, based on the number of shares outstanding as of 15 February 2017, this would amount to 20,942,154 shares.

TF1 has set the maximum amount of funds allocated to the buyback programme at €300 million.

The purchase price may not exceed €20 per share, subject to adjustments relating to transactions involving the company's capital.

The total number of shares held at any given date may not exceed 10% of the share capital at that same date.

Shares may be acquired, sold, transferred or exchanged by any means allowed by the applicable regulations, on any market or off market, via multilateral trading facilities or systematic internalisers or over the counter, by means of derivative financial instruments, and at any time, except during the period of a public tender offer, public exchange offer or standing market offer. The portion of the programme that may be carried out through block trades is not restricted, and may extend to the entire programme.

Repurchased shares may be sold subject to compliance with the applicable regulations.

Repurchased shares retained by TF1 are stripped of voting rights and are not entitled to payments of dividend.

OBJECTIVES OF THE BUYBACK PROGRAMME

Shares bought back under the programme may be used for the following purposes:

- cancelling shares on the conditions provided for by law, subject to authorisation from the Extraordinary General Meeting;
- meeting obligations arising under stock option plans and other awards of shares to employees and to members of the administrative, management or supervisory bodies of the company or of an affiliate;
- ensuring liquidity and making 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;
- holding shares and as the case may be using them as a means of payment or exchange in the event of a corporate acquisition, merger, spin-off or transfer of assets, insofar as such transactions comply with the applicable regulations;
- meeting obligations arising from debt instruments exchangeable for equity instruments;
- implementing any market practice accepted by the AMF;
- and more generally, conducting any transaction that complies with the applicable regulations.

DURATION OF THE BUYBACK PROGRAMME

Eighteen months starting from the Annual General Meeting of 13 April 2017.



6.3.4 FINANCIAL AUTHORISATIONS AND DELEGATIONS

FINANCIAL DELEGATIONS AND AUTHORISATIONS STILL IN EFFECT

The following table summarises financial delegations and authorisations granted by the General Meeting to the Board of Directors and still in effect, and the use made of such delegations and authorisations in 2016.

The only authorisations used during 2016 were (i) purchase by the company of its own shares, (ii) grants of stock options to employees, and (iii) awards of performance shares to employees.

At the Annual General Meeting of 16 April 2015, the maximum nominal amount of immediate and/or deferred capital increases that can be made by virtue of the authorisations granted was set at €8.4 million with pre-emptive rights and €4.2 million without pre-emptive rights. The overall ceiling on financial delegations is €8.4 million, i.e. 20% of the company's capital.

Alongside this overall ceiling, a sub-ceiling of €4.2 million, or 10% of the share capital, is applicable and is common to other issues depending on the type of transactions planned. These possibilities are limited by the overall ceiling. The maximum nominal amount of debt securities that may be issued under the authorisations is €900 million.

The following amounts count towards the sub-ceiling:

- issues without pre-emptive rights (resolutions 20 and 21 of the Annual General Meeting of 16 April 2015 – capital increase without pre-emptive rights through the issuance of shares or securities via a public offering or private placement);
- additional issues by application of the over-allotment option, whether the issue is organised with or without pre-emptive rights (resolution 23 of the Annual General Meeting of 16 April 2015);
- issues as consideration for in-kind contributions (resolution 24 of the Annual General Meeting of 16 April 2015);
- issues as consideration for transfers of shares (resolution 25 of the Annual General Meeting of 16 April 2015).

The common aggregate limit applicable to stock subscription options (resolution 11 of the Annual General Meeting of 17 April 2014) and performance shares (resolution 17 of the Annual General Meeting of 14 April 2016) is 3% of the company's share capital. Resolutions 11 and 17 also stipulate that the Board of Directors shall determine the terms and conditions, including in particular the sub-limit applicable to options or shares awarded to executive officers, as well as the performance criteria applicable to all beneficiaries.

Capital increases reserved for employees and/or corporate officers participating in a company savings scheme (PEE) are subject to a separate limit of 2% of the company's share capital.

The authorisations relating to share buybacks and reductions in the share capital granted at the Annual General Meeting of 14 April 2016 (resolutions 15 and 16) expire in 2017. Similarly, the financial authorisations and delegations granted at the Annual General Meeting of 16 April 2015 also expire in 2017, as do the authorisations to make issues in favour of employees (except for the authorisation to award performance shares, which expires on 14 June 2019).



Authorisation	Maximum nominal amount of capital increases	Maximum nominal amount of debt securities	Validity of authorisation	Time remaining ⁽¹⁾	Annual General Meeting	Resolution no.	Use made of authorisation during the year
Share buybacks and capital reduction							
Purchase by the company of its own shares	10% of share capital		18 months	6 months	14/04/2016	15	2,222,986 shares repurchased
Capital reduction through cancellation of shares	10% of share capital per 24-month period		18 months	6 months	14/04/2016	16	1,420,718 shares cancelled
Issuance of securities							
Capital increase with PR ⁽²⁾ through issuance of shares or securities	€8.4 million	€900 million	26 months	2 months	16/04/2015	18	Not used
Capital increase through incorporation of share premium, reserves or profits	€400 million		26 months	2 months	16/04/2015	19	Not used
Capital increase without PR ⁽²⁾ through issuance of shares or securities by public offering	€4.2 million	€900 million	26 months	2 months	16/04/2015	20	Not used
Capital increase without PR ⁽²⁾ through issuance of shares or securities in connection with a private placement	€4.2 million	€900 million	26 months	2 months	16/04/2015	21	Not used
Setting of issue price, without PR ⁽²⁾ , of shares or securities	10% of share capital		26 months	2 months	16/04/2015	22	Not used
Increase in the number of securities to be issued in the event of a capital increase with or without PR ⁽²⁾	15% of initial issue		26 months	2 months	16/04/2015	23	Not used
Capital increase to remunerate in-kind contributions made up of shares (or securities giving access to capital) of another company	10% of share capital	€900 million	26 months	2 months	16/04/2015	24	Not used
Capital increase without PR ⁽²⁾ to remunerate securities tendered as part of a public exchange offer	€4.2 million	€900 million	26 months	2 months	16/04/2015	25	Not used
Issues reserved for employees and corporate officers							
Grants of stock options	3% of share capital		38 months	2 months	17/04/2014	11	642,000 stock subscription options awarded (0.3% of share capital) ⁽³⁾
Awards of performance shares, whether existing or to be issued	3% of share capital		38 months	26 months	14/04/2016	17	170,000 performance shares (to be issued) awarded (0.08% of share capital) ⁽³⁾
Capital increase reserved for employees and/or corporate officers participating in a company savings scheme (PEE)	2% of share capital		26 months	2 months	16/04/2015	27	Not used

(1) Starting from the Annual General Meeting of 13 April 2017.

(2) PR; pre-emptive rights.

(3) Awarded subject to performance conditions. No performance shares were awarded to the Chairman & Chief Executive Officer.



FINANCIAL DELEGATIONS AND AUTHORISATIONS PUT TO THE VOTE AT THE 2017 ANNUAL GENERAL MEETING

The financial authorisations and delegations granted at the 2014, 2015 and 2016 Annual General Meetings expire in 2017, except for the authorisation to award performance shares (resolution 17 of the Annual General Meeting of 14 April 2016) which expires on 14 June 2019.

The financial authorisations and delegations granted by the 2014, 2015 and 2016 Annual General Meetings are summarised above.

The table below sets out the financial authorisations to be granted to the Board of Directors at the Annual General Meeting of 13 April 2017.

From the day they are approved by the Annual General Meeting, the various financial delegations and authorisations will replace, for their uncommitted portion where such is the case, those granted at an earlier date for the same purpose.

These new delegations are in the same vein as similar ones authorised at previous Annual General Meetings and are consistent with usual practice and recommendations concerning the amount, ceiling and duration (26 months).

The aggregate authorisation limit for capital increases, with or without pre-emptive rights, remains at 20% of the share capital.

The delegations provided for in these resolutions cover the issuance of equity securities and of securities giving access to equity, with or without pre-emptive rights. The policy of the Board of Directors is in principle to favour capital increases that maintain shareholders' pre-emptive rights. However, those rights may have to be cancelled; in that case, the Board of Directors may nevertheless grant shareholders a fixed and/or scalable priority entitlement to subscribe for new shares.

The maximum amount of immediate and/or deferred capital increases that can be carried out under such authorisations would be €8.4 million (20% of the share capital, the "overall ceiling") with pre-emptive rights maintained (resolution 14) or €4.2 million (10% of the share capital, "sub-ceiling") with pre-emptive rights cancelled. The maximum amount of debt securities issuable under these authorisations would be €900 million.

Resolution 15 would authorise the Board of Directors to increase the share capital by incorporating reserves, profits, share premium or other

amounts permitted to be converted into capital, with a nominal limit of €400 million. This ceiling is independent and distinct from the overall limit set by resolution 14.

In resolution 24, the 2017 Annual General Meeting is asked to renew the authorisation to grant options to subscribe for or purchase shares. The common aggregate limit applicable to stock subscription options (resolution 24 of the Annual General Meeting of 13 April 2017) and performance shares (resolution 17 of the Annual General Meeting of 14 April 2016) is 3% of the company's share capital. Resolutions 24 and 17 also stipulate that the Board of Directors shall determine the terms and conditions, including in particular the sub-limit applicable to options or shares awarded to executive officers, as well as the performance criteria applicable to all beneficiaries.

The delegation provided for in resolution 23 concerns the issuance of new shares without pre-emptive rights, capped at 2% of the share capital. These shares would carry a maximum discount of 20% and be reserved for employees of the TF1 group who participate in a company savings scheme.

In addition, the company is not permitted to buy back its own shares during the period of a public tender offer, public exchange offer or standing market offer; share buybacks may be effected by the use of derivatives, since the Board felt that the terms offered by such use might be in the financial interest of the company and shareholders. The 10% limit and €300 million allocation have both been maintained to ensure that the Board of Directors still has ample room for manoeuvre.

TF1 had no debt as of 31 December 2016 and 15 February 2017, and consequently had a gearing ratio of zero.

For information, the resolutions relating to the share buyback programme and reductions in the share capital were passed at the Annual General Meeting of 14 April 2016, with an average vote in favour of 99%; the resolutions relating to the issuance of securities were passed at the Annual General Meeting of 16 April 2015 with an average vote in favour of 90%; the resolutions relating to employees were passed with an average vote in favour of 89% (88% for performance share awards at the Annual General Meeting of 14 April 2016, 98% for share issues reserved for employees who participate in a company savings scheme at the Annual General Meeting of 16 April 2015, and 79% for stock option awards at the Annual General Meeting of 17 April 2014).



Authorisation	Maximum nominal amount of capital increases	Maximum nominal amount of debt securities	Validity of authorisation	Time remaining ⁽¹⁾	Annual General Meeting	Resolution no.
Share buybacks and capital reduction						
Purchase by the company of its own shares	10% of share capital		18 months	18 months	13/04/2017	12
Capital reduction through cancellation of shares	10% of share capital per 24-month period		18 months	18 months	13/04/2017	13
Issuance of securities						
Capital increase with PR ⁽²⁾ through issuance of shares or securities	€8.4 million	€900 million	26 months	26 months	13/04/2017	14
Capital increase through incorporation of share premium, reserves or profits	€400 million		26 months	26 months	13/04/2017	15
Capital increase without PR ⁽²⁾ through issuance of shares or securities by public offering	€4.2 million	€900 million	26 months	26 months	13/04/2017	16
Capital increase without PR ⁽²⁾ through issuance of shares or securities in connection with a private placement	€4.2 million	€900 million	26 months	26 months	13/04/2017	17
Setting of issue price, without PR ⁽²⁾ , of shares or securities	10% of share capital		26 months	26 months	13/04/2017	18
Increase in the number of securities to be issued in the event of a capital increase with or without PR ⁽²⁾	15% of initial issue		26 months	26 months	13/04/2017	19
Capital increase to remunerate in-kind contributions made up of shares (or securities giving access to capital) of another company	10% of share capital	€900 million	26 months	26 months	13/04/2017	20
Capital increase without PR ⁽²⁾ to remunerate securities tendered as part of a public exchange offer	€4.2 million	€900 million	26 months	26 months	13/04/2017	21
Issues reserved for employees and corporate officers						
Capital increase reserved for employees and/or corporate officers participating in a company savings scheme (PEE)	2% of share capital		26 months	26 months	13/04/2017	23
Grants of stock options	3% of share capital		38 months	38 months	13/04/2017	24
Awards of performance shares, whether existing or to be issued	3% of share capital		38 months	26 months	14/04/2016	17

(1) Starting from the Annual General Meeting of 13 April 2017.

(2) PR: pre-emptive rights.

6.3.5 POTENTIAL SHARE CAPITAL

As of 31 December 2016, a total of 1,117,683 stock subscription options (0.53% of the share capital) were no longer in their lock-up period and had an exercise price lower than the market price at 30 December 2016 (the last quoted price in the financial year) of €9.45.

Information about options outstanding is provided in Note 7.4.6. to the consolidated financial statements, in section 4 of this registration document.



6.3.6 CHANGES IN SHARE CAPITAL DURING THE LAST FIVE YEARS

CHANGES IN SHARE CAPITAL TO 31 DECEMBER 2016

Date	Corporate action	Number of shares	Increase/decrease in share capital (€)		Amount of share capital after change (€)	Total number of shares after change
			Nominal	Share premium & incorporation of reserves		
15/02/2012	Cancellation of own shares	(100,000)	(20,000)	720,370	42,186,600	210,933,003
13/11/2012	Cancellation of own shares	(311,682)	(62,336)	2,240,328	42,124,264	210,621,321
19/12/2012	Exercise of stock options in plan no. 11 at €5.98	3,000	600	17,340	42,124,864	210,624,321
16/01/2013	Exercise of stock options in plan no. 11 at €5.98	1,946	389	11,248	42,125,253	210,626,267
19/02/2013	Cancellation of own shares	(338,684)	(67,737)	2,941,386	42,057,517	210,287,583
25/03/2013 to 01/11/2013	Exercise of stock options in plan no. 11 at €5.98	836,309	167,262	4,833,866	42,224,778	211,123,892
07/11/2013	Cancellation of own shares	(30,000)	(6,000)	248,637	42,218,778	211,093,892
08/11/2013 to 31/12/2013	Exercise of stock options in plan no. 11 at €5.98	166,121	33,224	960,179	42,252,002	211,260,013
01/01/2014 to 31/12/2014	Exercise of stock options in plan no. 11 at €5.98	268,751	53,750	1,553,380	42,305,752	211,528,764
	Exercise of stock options in plan no. 11 at €5.98	210,586	42,117	1,217,187	42,347,870	211,739,350
01/01/2015 to 27/10/2015	Exercise of stock options in plan no. 12 at €12.47	244,400	48,880	2,998,788	42,396,750	211,983,750
28/10/2015	Cancellation of own shares	(1,482,183)	(296,437)	19,703,564	42,100,313	210,501,567
29/10/2015 to 31/12/2015	Exercise of stock options in plan no. 11 at €5.98	20,000	4,000	115,600	42,104,313	210,521,567
	Exercise of stock options in plan no. 11 at €5.98	131,176	26,235	758,197	42,130,547	210,652,743
01/01/2016 to 26/10/2016	Exercise of stock options in plan no. 13 at €6.17	150,317	30,063	897,392	42,160,612	210,803,060
27/10/2016	Cancellation of own shares	(1,420,718)	(284,144)	12,814,113	41,876,468	209,382,342
27/10/2016 to 31/12/2016	Exercise of stock options in plan no. 13 at €6.17	35,200	7,040	210,144	41,883,508	209,417,542



6.4 SHARE OWNERSHIP **AFR**

6.4.1 MANAGEMENT OF TF1 SHARES

As issuing company, TF1 manages its own registrar and paying agent services.

6.4.2 SHAREHOLDER AGREEMENT RELATING TO THE CAPITAL OF TF1

As far as the company is aware there are at present no shareholder agreements or concert parties relating to the capital of TF1 the implementation of which could result in a change of control of the company at a future date.

6.4.3 SHAREHOLDERS AND OWNERSHIP STRUCTURE

NUMBER OF SHARES AND VOTING RIGHTS

Date	Number of shares	Total number of voting rights	
		Theoretical ⁽¹⁾	Exercisable ⁽²⁾
31 December 2016	209,417,542	209,417,542	209,417,542
31 December 2015	210,521,567	210,521,567	209,033,985
31 December 2014	211,528,764	211,528,764	211,528,764

(1) In compliance with Article 223-11 of the AMF General Regulation, the number is based on the total number of shares to which voting rights are attached, including shares from which voting rights have been stripped.

(2) For information, this number excludes shares from which voting rights have been stripped.

There are no double voting rights.

To the best of the company's knowledge, no TF1 shares have been pledged and TF1 has pledged none of its subsidiaries' shares.

The control structure of the company is described hereafter. However, the company considers that there is no risk of abuse of control, and the Board of Directors and Board committees include a significant

proportion of independent Directors. In addition, TF1 applies the recommendations of the AFEP/MEDEF Corporate Governance Code. These recommendations are included as an appendix to the Board's Rules of Procedure.

To the best of the company's knowledge, there has been no material change in the ownership structure since 31 December 2016.





CHANGES IN OWNERSHIP STRUCTURE

To the best of the knowledge of the Board of Directors, changes in the company's share ownership structure over the past three years are as indicated below:

	31 December 2016			31 December 2015			31 December 2014		
	Number of shares	% of share capital	% of voting rights	Number of shares	% of share capital	% of voting rights	Number of shares	% of share capital	% of voting rights
Bouygues	91,946,297	43.9%	43.9%	91,946,297	43.7%	44.0%	91,946,297	43.5%	43.5%
Free float – rest of world⁽¹⁾	60,290,960	28.8%	28.8%	61,922,457	29.4%	29.6%	73,704,536	34.8%	34.8%
Free float - France^{(1) (2)}	41,977,816	20.0%	20.0%	41,500,791	19.7%	19.9%	31,318,633	14.8%	14.8%
TF1 employees	15,202,469	7.3%	7.3%	13,664,440	6.5%	6.5%	14,559,298	6.9%	6.9%
<i>via "FCPE TF1 Actions"⁽³⁾</i>	15,043,947	7.2%	7.2%	13,490,890	6.4%	6.5%	14,386,411	6.8%	6.8%
<i>as registered shareholders</i>	158,522	0.1%	0.1%	173,550	0.1%	0.1%	172,887	0.1%	0.1%
Treasury shares	-	-	-	1,487,582	0.7%	0.0%	-	-	-
TOTAL	209,417,542	100.0%	100.0%	210,521,567	100.0%	100.0%	211,528,764	100.0%	100.0%

(1) Estimates based on Euroclear statements.

(2) Including unidentified holders.

(3) Shares held by employees under the employee share ownership scheme. FCPE TF1 Actions collects voluntary contributions from employees and the employer's contribution. It invests in TF1 shares by buying them directly on the market. The FCPE TF1 Actions Supervisory Board exercises the voting rights attached to the shares held in its portfolio and decides whether to tender the shares in the event of a public offer. As of 31 December 2016, 55% of the fund's assets were available.

The voting rights attached to the treasury shares held by TF1 are not exercisable. There are no other differences between the total number of theoretical voting rights and the total number of voting rights that may be exercised at a General Meeting.



DECLARATIONS OF CROSSING OF SHARE OWNERSHIP THRESHOLDS

Declarations of the crossing of share ownership thresholds by registered intermediaries or fund managers brought to the attention of TF1 in 2016, including statutory declarations brought to the attention of the AMF and declarations required under the TF1 Articles of Association brought to the attention of the company, were as follows.

Date of declaration	Date of transaction	Registered intermediary or fund manager	Threshold	Nature of change	Number of shares	% of share capital	% of voting rights
08/01/2016	06/01/2016	Lazard Asset Management	4%	Up	10,718,254	5.09%	5.09%
13/01/2016	31/12/2015	Franklin Resources	2%	Down	4,176,302	1.98%	1.98%
22/01/2016	19/01/2016	DNCA	5%	Up	10,916,000	5.19%	5.19%
31/01/2016	31/12/2015	Franklin Resources	1%	Down	2,024,569	0.96%	0.96%
17/02/2016	12/02/2016	Lazard Asset Management	5%	Up	10,855,688	5.16%	5.16%
14/03/2016	11/03/2016	Newton Investment Management	1%	Up	2,325,542	1.10%	1.10%
22/03/2016	22/03/2016	Newton Investment Management	2%	Up	4,486,681	2.13%	2.13%
29/03/2016	29/03/2016	Newton Investment Management	3%	Up	6,509,405	3.09%	3.09%
10/05/2016	09/05/2016	Newton Investment Management	4%	Up	8,577,953	4.07%	4.07%
18/05/2016	11/05/2016	DNCA	6%	Up	13,320,000	6.32%	6.32%
19/05/2016	18/05/2016	Norges Bank	1%	Up	2,155,456	1.02%	1.02%
31/05/2016	26/05/2016	Dimensional Fund Advisors LP	1%	Up	2,120,529	1.01%	1.01%
14/06/2016	09/06/2016	Principality of Monaco	1%	Exchange	2,289,850	1.09%	1.09%
20/07/2016	19/07/2016	Newton Investment Management	5%	Up	10,560,466	5.01%	5.01%
31/08/2016	30/08/2016	Newton Investment Management	5%	Down	10,393,030	4.94%	4.94%
22/09/2016	21/09/2016	Newton Investment Management	5%	Up	10,693,002	5.07%	5.07%
03/10/2016	26/09/2016	DNCA	7%	Up	14,779,000	7.01%	7.01%
14/11/2016	09/11/2016	Natixis Asset Management	1%	Up	2,183,595	1.04%	1.04%
21/11/2016	18/11/2016	Schroders	1%	Up	2,155,051	1.29%	1.29%
02/12/2016	30/11/2016	Lazard Asset Management	5%	Down	10,283,021	4.91%	4.91%
12/12/2016	12/12/2016	CNP assurances	2%	Up	4,193,048	2.00%	2.00%

Since 31 December 2016, Natixis Asset Management has declared that on 9 January 2017 it passed below the threshold of 1.0% of the share capital and voting rights of TF1. Based on a total number of shares in issue of 209,417,542 as of 31 December 2016, Natixis Asset Management's holding of 2,012,923 TF1 shares (and the same number of voting rights) represents 0.96% of the share capital and voting rights of TF1.

In addition, DNCA has declared that on 17 January 2017 it passed above the threshold of 8.0% of the share capital and voting rights of TF1.

Based on a total number of shares in issue of 209,417,542 as of 31 December 2016, DNCA's holding of 16,997,000 TF1 shares (and the same number of voting rights) represents 8.1% of the share capital and voting rights of TF1.

To the best of the company's knowledge, there are no shareholders other than Bouygues, FCPE TF1 Actions, Newton Investment Management and DNCA Finance holding more than 5% of the voting rights.

FCPE TF1 Actions, the vehicle for the TF1 group employee share ownership scheme, held 7.2% of the share capital as of 31 December 2016.



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 – Broadcasting and Entertainment; Ticker: TF1.

As of 31 December 2016, TF1 shares were listed in various stock market indices, including SBF 120, CAC Mid 60, CAC Mid & Small, Next 150 and Euro Stoxx® TMI Media.

There is currently no request pending for admission to another stock exchange.

6.5.2 SHARE PRICE AND VOLUMES

On 31 December 2016, TF1 shares closed at a price of €9.45; this represents a fall of 7.8% over 2016 as a whole, compared with a rise of 4.9% for the CAC 40 index and a rise of 4.7% for the SBF 120.

During 2016, the average share price was €9.65 and the average daily trading volume of TF1 shares was 439,915⁽²⁾, 18.3% less than in 2015. The highest volume of shares traded in a single day was on 18 March 2016, when 2,220,315 shares were traded⁽²⁾.

The market capitalisation of the TF1 group as of 31 December 2016 was €1.98 billion. The P/E (price/earnings) ratio as of that date (based on net profit attributable to the Group) was 47x, compared with a P/E of 21x as of 31 December 2015.

The table below shows trends in share prices and trading volumes in TF1 shares during 2016:

Month	High ⁽¹⁾ €	Low ⁽¹⁾ €	Closing €	Average volume of shares traded ⁽²⁾	Market capitalisation (€m) ⁽³⁾
January	10.35	9.20	10.34	649,568	2,178
February	10.68	8.91	10.62	645,330	2,236
March	11.59	10.41	11.38	483,445	2,397
April	11.99	10.42	10.50	444,968	2,212
May	11.51	9.90	11.35	363,116	2,391
June	11.55	9.00	9.56	459,418	2,015
July	9.76	8.37	8.65	518,114	1,824
August	9.04	8.36	8.75	295,183	1,845
September	9.14	8.54	8.63	409,119	1,819
October	8.59	7.80	8.40	533,191	1,759
November	9.13	8.14	8.65	324,374	1,811
December	9.66	8.30	9.45	298,428	1,979

NYSE Euronext.

(1) Highs and lows represent the outlying values recorded at close of trading.

(2) The volume of shares traded refers to daily average trading volumes on NYSE Euronext.

(3) Calculation based on the monthly closing price multiplied by the number of shares reported at the end of the month.



6.5.3 DIVIDENDS AND YIELD

No interim dividends were paid out of 2016 profits.

Dividends are remitted to shareholders from their date of payment, either by TF1 for registered shares or by financial institutions for managed registered shares and bearer shares.

Dividends that are not claimed within five years are remitted to the government.

Year	Total number of shares as of 31 December	Dividend paid out of profit for the year (net in €)	Payment date	Quoted market price (€) Closing price			Yield based on closing price
				High	Low	Closing	
2012	210,624,321	0.55	30 April 2013	9.6	5.3	8.9	6.2%
2013	211,260,013	0.55	29 April 2014	14.4	7.5	14.0	3.9%
2014	211,528,764	1.50	28 April 2015	14.8	10.1	12.7	11.8%
2015	210,521,567	0.80	26 April 2016	17.2	9.7	10.25	7.8%
2016	209,417,542	0.28 ⁽¹⁾	3 May 2017	11.99	7.8	9.45	3.0%

(1) Subject to approval by the Annual General Meeting of 13 April 2017.



CORPORATE SOCIAL RESPONSIBILITY **AFR**

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FOREWORD

ORGANISATION

All sectors of the company work together on all the social, environmental and societal aspects of the Group's Corporate Social Responsibility (CSR) policy, coordinated by the CSR Division (one person full time), who is also responsible for non-financial reporting.

Since 2016 the CSR Division, created in 2005, has reported to Arnaud Bosom, the Executive Committee member who also heads the Human Resources Division.

In 2014, the Board of Directors decided to set up an Ethics and Corporate Social Responsibility (CSR) Committee tasked with ensuring respect for the Code of Ethics, as well as enforcing the rules on ethics, conduct and compliance and overseeing the Group CSR policy.

An update on CSR activities is presented at each Meeting of the Board of Directors by the Chairman of the Board, Gilles Pélisson.

MEMBERSHIP IN THE PACTE MONDIAL (GLOBAL COMPACT)

In 2016, TF1 group renewed its commitment alongside French and international companies to respect and promote the ten principles of the Global Compact on human rights, labour rights, the environment, and the fight against corruption.

REFERENCE FRAMEWORKS GOVERNING GROUP CSR REPORTING AND IMPLEMENTATION OF THE "COMPLY OR EXPLAIN" PRINCIPLE

The Group's CSR report takes into account recommendations by the French Financial Markets Authority (AMF), as set out in the AMF guidance on CSR (DOC-2016-13) which summarises the guidance issued in 2010, 2013 and 2016.

The non-financial report covers employee-related, environmental and social aspects of TF1 group. It is included in this document in accordance with French regulatory requirements, such as Decree no. 2012-557 of 24 April 2012 relating to Article 225 of the Grenelle 2 Act, as well as the Decree of 19 August 2016 (which requires reporting on significant GHG emissions, including scope 3 emissions, the circular economy, tackling food waste and other ways in which natural resources are used).

A cross-reference table for the indicators required in Article 225 can be found in chapter 9.10.

The reporting requirement is linked to the need to obtain third-party verification of the information reported. The Group's CSR Information has been audited for the fifth consecutive year.

This report meets all the statutory criteria in accordance with the "comply or explain" principle. The definition and method of compilation of employee-related, environmental and social indicators is covered by two methodological guides shared with contributors, staff at Bouygues SA's sustainable development Division and the independent third party. To facilitate the consolidation of data and the verification of information, notably at Bouygues Group level, environmental and social indicators are presented for a deferred reporting period that runs from 1 October 2015 to 30 September 2016. Employee-related indicators cover the period from 1 January 2016 to 31 December 2016.

SCOPE AND GENERAL PRINCIPLE OF COMPANY CONSOLIDATION

TF1 group generates revenues mainly in France and in Europe. In 2016, the breakdown was as follows: 96.9% (97.0% in 2015) in France, 2.5% (2.6% in 2015) in Europe excluding France, and 0.6% (0.4% in 2015) for other countries.

Fully and partially consolidated companies are included in reporting except where TF1 group does not operate the entity (i.e. does not have management responsibility for it). A company has management responsibility for an entity when it has the power to make decisions on the operational procedures of that entity.

Modification made since the previous report:

- acquisition of Newen (almost 400 employees) and initial integration of the organisation into the report. Only some of the employee-related indicators could be included in the report on 2016 data. (see section 7.1.2). The report will be supplemented gradually. It is currently hampered by the large number of entities that make up the company.

MATERIALITY STUDY, METHODOLOGY AND KEY ISSUES

The details of the methodology implemented for the materiality study can be found in the report included in this document.

The list of issues, corporate players, stakeholders and action plan can be found in section 7.3.4.

VARIABLE COMPONENT OF EXECUTIVE REMUNERATION

Since January 2014, on a proposal by the Remuneration Committee, the Executive Director's variable remuneration has included a qualitative criterion on CSR performance: TF1's ongoing presence in at least four non-financial rating indices.

From 2017, a CSR criterion will apply to 5% of the variable pay of Executive Committee members. This criterion is different for each member of the comex since it depends on their position and the associated societal challenges.

RECOGNITION OF THE PERFORMANCE OF TF1 GROUP IN STOCK MARKET INDICES ON SUSTAINABLE DEVELOPMENT

TF1 group continued to feature in all of the following indices in 2016:

RobecoSam

- DJSI World and DJSI Europe Index. TF1 achieved "Gold" level in 2016.

Vigeo (Eiris)

- Ethibel Sustainability Europe, Ethibel Excellence, Ethibel Pioneer.

Ethifinance

- GAIA: TF1 group has featured in the GAIA Index since 2010. It came joint second in 2016 out of 85 companies analysed in the "Revenue > €500 million" category.

Oekom

- Prime status.

MSCI

- MSCI assessed TF1 for the first time and awarded it an A rating.

For the third consecutive year, TF1 was also awarded the *Grand Prix de la Transparence de l'information financière* in recognition of the transparency of its financial reporting.



7.1 SOCIAL INFORMATION

7.1.1 SOCIAL POLICY AND SOCIAL RISK FACTORS

TF1 group operates in a highly changing environment given the rapid evolution of technologies and the arrival of new players, including pure players in the digital sector. Global competition is strong amid a lacklustre economic context. This is why it is vital to foster the agility and creativity of employees and develop digital skills across all our businesses. In response to these developments, the Human Relations and CSR Division was reorganised at the start of 2016:

- the Human Relations Operational Division, which plays a major role in advising management and supporting the business day to day and covers all HR Departments at TF1 and its subsidiaries;
- the HR Shared Services Division (administration, payroll, information system), responsible for the quality and availability of HR data;
- the Social Affairs Division, which defines and implements the company's legal and social policy and manages the special relationship between management and labour;
- the Talent Development Division, in charge of anticipating skills requirements, formulating a structured career development policy and maintaining high standards of staff training through the TF1 University. It is also responsible for the employer brand and diversity;
- Corporate Communication Division.

The Group adapted to the economic environment by exercising wage restraint and scaling back recruitment in favour of internal mobility and without additional recourse to temporary staff or freelancers, who remain a marginal component of the workforce.

In terms of quality of working life, a number of company agreements establish a professional status that employees appreciate in terms of social protection, employee savings and access to training. This policy was not called into question in 2016.

Teleworking is currently being trialled. Thus far, teleworking has proved to be a win-win initiative and fosters buy-in of new technologies.

Since 2007, the year in which the TF1 Corporate Foundation and "Mission Handicap" were created, TF1 group has endeavoured to encourage job applications from those who would not otherwise apply. The Group has since stepped up its efforts to prevent discrimination, as attested by its securing the Diversity Label in 2010. Lastly, in 2015, TF1 publicly demonstrated its commitment to tackling all forms

of discrimination, signing the LGBT charter for the prevention of discrimination against lesbian, gay, bisexual and transgender people, sponsored by the organisation L'Autre Cercle.

Concerning promotion and compliance with the provisions of the fundamental agreements of the International Labour Organization (ILO), TF1, which is a French company and whose workforce is mainly French, applies French, European and international law. Child or forced labour is strictly prohibited.

HUMAN RESOURCES RISK

RISK IDENTIFICATION

- The openness, quality and commitment of TF1's employees are critical to the Group's success.

Should the Group find itself unable to attract and retain the required expertise and talent, this could affect TF1's ability to achieve its objectives and have an adverse effect on its results.
- Synergies between activities require managers to foster cross-cutting approaches and the independence of employees, this last serving to generate commitment.

HOW THE RISKS ARE MANAGED

The new organisation put in place and in particular the new Talent Development Division fully take into account the Group's need to attract and retain skilled employees.

The Group's subsidiaries and management closely monitor employee-related indicators, the results and the appeal of TF1 among the current and future working population.

To attract talented individuals, the Group leads initiatives with targeted universities and schools. The Group has strengthened its presence in social media. The employer brand is showcased in the spirit of the *Raison d'être* of TF1 as established in 2014 and communicated in external communication campaigns.

To develop and retain talented individuals, the Group also focuses its efforts on a targeted remuneration policy and implements training and career development programmes.

7.1.2 SOCIAL REPORTING PARAMETERS

Scope: all employees having an employment contract with TF1 group.

Changes in scope from the previous report: consolidation of Newen. The indicators provided for 2016, the first year of consolidation for Newen, are partial since only data on workforce, gender, type of employment contract, socio-professional categories and staff departures were available. The number of indicators will be increased in the 2017 report.

Consequently, the indicators in this chapter cover four different scopes, expressed as a percentage of the workforce:

- 100%: World;
- 98.7%: France;
- 88.2%: World excluding Newen;
- 86.9%: France excluding Newen.

Reference period: 1 January 2016 to 31 December 2016.

7.1.3 WORKFORCE

The workforce of TF1 group is broken down as follows:

OPEN-ENDED (OE) AND FIXED-TERM (FT) CONTRACTS

INDICATOR: GROUP OE AND FT WORKFORCE

At 31/12 (Scope: world, OE, FT)	% workforce	2016	2015	2014
Clerical, administration, technical and supervisory staff	100.0	706	673	684
Managers	100.0	1,849	1,759	1,792
Journalists	100.0	552	455	475
TOTAL	100.0	3,107	2,887	2,951

INDICATOR: OE AND FT WORKFORCE BY GEOGRAPHIC REGION

At 31/12 (Scope: world, OE, FT)	% workforce	2016	2015	2014
France	98.7	3,064	2,844	2,906
International	1.3	43	43	45
Europe (excluding France)	1.3	39	39	45
Africa and Middle East	0.1	2	2	0
North America	0.1	2	2	0
Central and South America	-	0	0	0
Asia-Pacific	0.0	0	0	0
TOTAL	100.0	3,107	2,887	2,951



INDICATOR: AGE PYRAMID AND AVERAGE LENGTH OF SERVICE

At 31/12 (Scope: world excluding Newen, OE, FT)	% workforce	2016	2015	2014
< 25 years	88.2	180	192	174
25-34 years	88.2	628	683	705
35-44 years	88.2	831	886	979
45-54 years	88.2	810	810	795
55 and over	88.2	290	273	253
Average age	88.2	41	41	41
Average length of service at TF1 group	88.2	12	12	12

INDICATOR: TYPE OF EMPLOYMENT CONTRACT

At 31/12 (Scope: world, OE, FT)	% workforce	2016	2015	2014
Number of employees on OE contract*	100.0	2,801	2,565	2,693
Number of employees on FT contract (including apprenticeship, work-study, professional development contract, etc.)	100.0	306	322	258
<i>o/w number of employees with a professional development contract</i>	<i>100.0</i>	<i>135</i>	<i>152</i>	<i>129</i>
<i>o/w number of employees with an apprenticeship contract</i>	<i>100.0</i>	<i>46</i>	<i>34</i>	<i>47</i>

* Newen's employees with open-ended contracts have been consolidated into the TF1 group's workforce since 2016.

SHORT-TERM CONTRACT WORKERS (EXCLUDING NEWEN)

TF1 GROUP POLICY ON THE USE OF TEMPORARY EMPLOYMENT

TF1 group endeavours to maintain an extremely low rate of temporary employment (technical temporary staff, freelance actors, and Directors). The rate for TF1 group in 2016 was 9% and 3.2% for the TF1 channel – the lowest for a company in the private television broadcasting sector according to the benchmark published by the STP (a private television syndicate comprising TF1, M6 and Canal+).

Today, temporary employment within the Group is mainly concentrated at TF1 Production (the production of drama is, by nature, not constant over time).

This is due to the proactive approach adopted by TF1, which for several years has preferred to bring non-permanent employees onto fixed-term contracts as soon as activity levels permit. It also stems from the application of the 2006 Broadcasting Sector National Agreement for

workers employed on very short or part-time fixed-term contracts. TF1 played an active role in these negotiations under the auspices of the STP. Since 2007, TF1 has also sought to apply this agreement with its trade unions in the form of a collective agreement on the use of very short or part-time contracts in order to monitor and control the use of these types of contracts, restricting it to only those cases where the specifics and requirements justify it within TF1.

STATUS OF TEMPORARY STAFF IN TF1 GROUP

In order to provide temporary staff with high-quality social security cover, in 2008, the STP signed the National Inter-Sector Collective Agreement establishing collective cover for death and disability insurance.

TF1 group also allows temporary staff fulfilling eligibility conditions to benefit from the social and cultural activities offered by the TF1 Works Councils.

Temporary staff working at TF1 are also eligible for the Group's incentive and profit-sharing schemes, which draw on the Bouygues group's leveraged employee savings schemes.

INDICATOR: RATE OF FULL-TIME EQUIVALENT WORKERS OVER 12 MONTHS REPRESENTED BY NON-PERMANENT EMPLOYEES

Jan-Dec (Scope: World excluding Newen, Σ temporary staff end of month/ $(\Sigma$ temporary staff end of month + Workforce on OE contracts at end of year N)	% workforce	2016	2015	2014
Share of full-time equivalent workers represented by non-permanent employees (temporary staff excl. freelancers)	88.2	9.0%	9.9%	9.1%

EMPLOYEES FROM OUTSIDE TF1

INDICATOR: FTE OVER 12 MONTHS OF TEMPORARY WORKERS

Jan-Dec (Scope: France excluding Newen (temporary workers) (Σ days of temporary employment x 7 hours/1,607 hours)	% workforce	2016	2015	2014
Number of temporary workers as FTEs	86.9	3.7	8.0	19.5

The employment of staff external to TF1 group (temporary workers) corresponds to a full-time equivalent of 3.7, representing just 0.1% of the Group's permanent workforce. In its service contracts, TF1 includes

clauses related to the promotion and respect of the fundamental ILO Conventions' provisions, notably on the prohibition of forced labour.

HIRING AND DEPARTURES

INDICATORS: HIRING AND DEPARTURES

HIRES

Jan-Dec (Scope: World excluding Newen, OE/FT)	% workforce	2016	2015	2014
Number of hires on open-ended, fixed-term, apprenticeship contracts, etc.	88.2	585	538	421
o/w open-ended recruitment, France	88.2	172	93	102

DEPARTURES BY REASON

Jan-Dec (Scope: France, OE)	% workforce	2016	2015	2014
Number of resignations	98.7	88	61	48
Number of compulsory retirements	98.7	0	0	0
Number of retirements	98.7	2	1	0
Number of redundancies	98.7	146	77	83
Number of mutually agreed terminations of contract	98.7	89	30	36

FT DEPARTURES

Jan-Dec (Scope: France, FT)	% workforce	2016	2015	2014
Number of OE departures	98.7	423	295	241

In 2016, TF1 group has seen its recruitment on open-ended contracts, and departures from fixed-term contracts increase over the year, mainly attributable to the LCI migration to freeview on 5 April 2016. Each hiring request is the subject of an electronic "recruitment authorisation request", duly completed and ultimately signed off by TF1 group's Human Relations Director, in order to make sure that it is absolutely necessary. This decision paved the way for synergies between departments, helped

by a proactive job mobility policy. It should be noted that the recruitment of disabled workers, which is covered by a three-yearly agreement, and recruitment under work-study contracts are not concerned by these restrictions, but rather are encouraged to reach the thresholds defined in our agreements.

INDICATOR: INSTABILITY RATE

Jan-Dec (Scope: France OE) (Σ resignation OE + Σ dismissal OE + Σ mutually agreed termination of contract)/average OE workforce	% workforce	2016	2015	2014
Instability rate	98.7	11.4%	6.6%	6.2%



TF1 endeavours to support employees who are led to leave the Group (other than through resignation). To this end, company-wide agreements in place within TF1 group companies provide for significantly higher levels of compensation for dismissed personnel than the minimum amounts required under the French Labour Code (between 35% and 100% of a month's salary per year of service, versus 20%).

The LCI's switchover to free-to-air DTT was accompanied by a merger with the digital arm of Metronews under the banner of LCI. This enabled employees on fixed-term contracts working for the channel to be moved onto permanent contracts.

7.1.4 ORGANISATION OF WORKING HOURS

ANNUAL WORKTIME: SUMMARY OF WORKTIME ADJUSTMENT AGREEMENTS

Agreements on adjusting and reducing working hours (Time Off In Lieu, or "TOIL", agreements) have been reached in all Group companies. They govern the different staff categories according to status, with agreements for permanent staff (production, technical and administrative staff and journalists) and for temporary workers.

Under the agreements applicable within TF1, non-managerial personnel work 37 hours per week and have 14 days of TOIL per year, and managerial staff, under a fixed number of working days (213 to 216 days), have 12 or 13 days of TOIL per year. The TOIL agreements negotiated therefore allow all staff to work on the basis of fewer annual hours than the statutory amount (1,607 hours and 218 days).

Regarding the monitoring of working hours, a precise count of worked and non-worked periods will be provided monthly to the employees concerned, who will be able to easily communicate any anomalies to their Human Relations Division. Concerning the monitoring of workloads, an additional interview will be organised at least once a year, on top of the interview envisaged as part of the annual performance appraisal. On the basis of this interview, line managers will, where required, propose an action plan aimed at rectifying any imbalance. Employees can also request the intervention of a Human Relations manager in the event of any contrasting appraisals of workload or when corrective measures are not applied.

Finally, a unanimous agreement on the reform of the working time account places an upper limit on the number of days that can be banked to encourage employees to take leave and thus improve work/life balance.

BONUSES RELATED TO WORKING TIME

The TOIL agreements established within the Group also provide for a set of bonuses to compensate for the constraints related to specific work

INDICATOR: ANNUAL WORKTIME OF PTAS⁽¹⁾

Status of PTAS ⁽¹⁾ (Scope: France, OE, FT)	Annual worktime of PTAS ⁽¹⁾ (contractual and not actual hours)
Non-management in constant hours and cycles (employees and supervisory staff)	From 1,569 to 1,576 hours
Managers working in cycles	From 1,584 to 1,591 hours
Managers with a fixed number of annual days	From 213 to 216 days
Senior executives	N/A

(1) Production, technical and administrative staff.

organisations, given the constraints of the audiovisual business. Working time is assessed for the categories of staff concerned on a continuous broadcasting basis. As a result, agreements take into account the issue of rotas, early-morning and late-night shifts, the number of days in the week worked in each rota, and weekends and/or public holidays worked, with "hardship" allowances to compensate for these.

POLICY ON TAKING REST DAYS AND LEAVE

All TF1 group companies are governed by worktime adjustment agreements that enable employees to manage their TOIL days, provided that each department continues to operate smoothly.

Likewise, to ensure that all employees have the opportunity to acquire new skills, for their own personal development and with no specific links to their jobs, the company allows TOIL days to be converted for personal development. TOIL days can thus be used by employees in order to finance all or part of the cost of the educational training chosen by the employee.

TELEWORKING

TF1 is currently experimenting with teleworking. One-third of the 240 employees potentially concerned are teleworking one day a week. The day is chosen in agreement with their manager.

Teleworking is an aspiration of an unquantified but non-negligible number of Group employees. Several trade unions representing a majority of employees are communicating that aspiration to Human Resources.

For employees, teleworking is aimed at improving professional well-being and the quality of life in general, through: reduced commute times, stress and fatigue.

For the company, teleworking leads to more motivated and efficient employees as they are subject to fewer constraints.

INDICATOR: ANNUAL WORKTIME OF JOURNALISTS

Status of journalists (Scope: France, OE, FT)	Journalists' annual worktime (contractual and not actual hours)
Journalists with a fixed number of annual days	From 208 to 215 days
Senior executives	N/A

ANNUAL WORKTIME: PART-TIME EMPLOYEES

On average 195 permanent/fixed term staff were employed part-time in 2016. The decision to work part-time is a personal choice in practically all cases in TF1 group.

INDICATOR: NUMBER OF PART-TIME EMPLOYEES

Average Jan-Dec (Scope: France excluding Newen, OE, FT)	% workforce	2016	2015	2014
Part-time employees	86.9	195	203	214
Percentage of part-time employees	86.9	7.0%	7.1%	7.9%

OVERTIME HOURS**INDICATOR: NUMBER AND AMOUNT PAID IN OVERTIME HOURS**

Jan-Dec (Scope: France excluding Newen, OE, FT, temporary staff)	% workforce	2016	2015	2014
Overtime hours	86.9	51,153	54,179	43,163
Amount (in euros)	86.9	1,597,331	1,695,148	1,361,460

7.1.5 COMPENSATION AND EMPLOYEE SAVINGS

Despite the challenging and uncertain economic environment and increased competition in the market for advertising space, the mandatory annual negotiations for 2016 resulted in a 1.2% increase in basic pay. Following the exemplary efforts of the management, a 1% increase was negotiated for members of the Management Committee, covering 150 key managers of the Group. To put these figures into perspective, inflation was zero.

COMPENSATION & BENEFITS FUNCTION

Salary increases, made entirely on an individual basis, take account of key competencies for the future of the Group, the results obtained and market values. In this context, the Human Relations Division has

appointed a "Compensation & Benefits" manager to define and evaluate overall employee remuneration, including all perquisites.

The creation of a Compensation & Benefits function within TF1 group reflects HR's determination to bring the remuneration strategy into line with company strategy and improve the correlation between performance and pay. With this in mind, salary surveys were commissioned from the firm Willis Towers Watson*. The aim was to position the remuneration packages offered by TF1 group in relation to the market and update its practices if required.

This enabled TF1 group to benchmark the pay of each of its employees and introduce payroll management tools (salary bands, hiring matrices, diversity targeting, etc.).

* Three surveys were carried out: a "cross-sector" survey for corporate and support functions; an audiovisual survey organised in conjunction with other major industry players for functions specific to the audiovisual sector; lastly, a survey focusing on managers.



GROSS COMPENSATION

INDICATOR: AVERAGE GROSS ANNUAL COMPENSATION BY PROFESSIONAL CATEGORY WITHIN THE GROUP

<i>Scope: France excluding Newen, OE excluding suspended contracts (in euros)</i>	% workforce	2016	2015	2014
Clerical, administrative, technical and supervisory staff	86.9	41,233	40,461	40,148
Managers	86.9	70,486	69,118	67,770
Journalists	86.9	81,544	78,620	77,515
All categories	86.9	67,789	65,699	64,553

INCENTIVE, PROFIT-SHARING AND EMPLOYEE SAVINGS SCHEMES

TF1 group employee savings scheme (PEG) was created on 15 December 1992.

In all, 77.2% of eligible employees were members of the PEG scheme at 31 December 2016 (up from 76.6% in 2015). The company's maximum matching contribution is €3,750 gross per employee per year, making a total gross contribution of €6.8 million. The matching contribution is 200% on the first €300 paid, which encourages the lowest-paid

employees to save. Thereafter it is 100%, capped at a maximum of €3,750 per year.

To help employees prepare to fund their retirement, the Bouygues group has set up a retirement savings plan (PERCO). At 31 December 2016, 16.5% of eligible employees were members of the plan. The company's matching contribution varies from 20% to 100% depending on the amount invested by the employee, with a maximum of €1,290 gross per employee per year. The total amount of employer's contributions was €324,700.

INDICATOR: RATES OF MEMBERSHIP OF THE GROUP EMPLOYEE SAVINGS SCHEME (PEG) AND RETIREMENT SAVINGS PLAN (PERCO)

<i>(Scope: OE, FT)</i>	% workforce	2016	2015	2014
Percentage of eligible employees who belong to the employee savings scheme (%) <i>(World excluding Newen)</i>	88.2	77.2%	76.6%	75.5%
Percentage of eligible employees who belong to the Group retirement savings plan (%) <i>(France excluding Newen)</i>	86.9	16.5%	16.5%	15.8%

INDICATOR: AVERAGE GROSS AMOUNT PAID PER EMPLOYEE (PROFIT-SHARING AND INCENTIVE SCHEMES)

Year of payment <i>(Scope: France excluding Newen, all contracts)</i>	% workforce	2016	2015	2014
Average gross amount paid per employee under profit-sharing scheme (€)	86.9	2,436	1,048	1,206
Average gross amount paid per employee under the incentive scheme (€)	86.9	0	502	0

Group employees own 7.2% of TF1's share capital (up from 6.4% in 2015) through the TF1 Actions group investment fund.

7.1.6 PROFESSIONAL RELATIONSHIPS AND REPORT ON COLLECTIVE AGREEMENTS

OVERVIEW OF PROFESSIONAL RELATIONSHIPS WITHIN TF1 GROUP

All Group companies have staff representative bodies: employee delegates, Works Councils, Combined Works Council and employee delegates, Health, Safety and Working-Conditions Committee and Trade Union Delegates, representing a total of 28 bodies and 193 elected representatives.

In application of the 2006 agreement on resources devoted to TF1's trade unions, it should be noted that the unions have full-time union officials (five in total within TF1 SA).

REPORT ON COLLECTIVE AGREEMENTS

Concerning compensation and employee savings, as it does every year, TF1 group signed Mandatory Annual Negotiations (MAN) agreements at all the companies concerned.

Several agreements were signed with the trade unions in 2016:

- agreement on gender equality;
- third amendment to the agreement in connection with the incentive scheme.

As part of the MAN, in January 2016 TF1 negotiated an agreement on:

- a 1.2% increase in the base salaries of employees outside the Management Committee (150 *key managers* of the Group);
- a 1.0% increase in the base salaries of members of the Management Committee;
- the application of the negotiated increase for employees who went on maternity leave in 2015;
- the payment of 80.0% of public transport expenses (Navigo travel card & Vélib' bike rental);
- the payment of company restaurant admission fees for the amount of €5.60;
- continuation of the full salary (100%) for employees taking partial or full paternity or childcare leave;

- the authorisation of four days' paid leave for employees with a commitment under a civil partnership contract (PACS).

AGREEMENT RELATIVE TO THE PRIVATE HEALTH INSURANCE SCHEME

An amendment to the health insurance scheme of TF1 group (applicable from 1 January 2013) was signed by the trade unions (CFTC, FO, CGC, CFDT) with a view to adapting contributions and cover while maintaining a high-quality social security coverage consistent with market rates. On 1 July 2014, following several Meetings of the Death and Disability Insurance Coordination Committee (five in 2014), the decision was made to increase the amount of contributions so as to finance the impact of the carry-over of benefits resulting from the ANI (national inter-professional agreement) of 11 January 2013 and to return the health insurance scheme to financial equilibrium. As of 1 January 2016, in consultation with the trade unions, TF1 decided – two years ahead of schedule – to implement the “responsible agreement”, which imposes strict rules on the reimbursement of certain medical, optical and dental expenses.

2016 STATISTICS FOR TF1 GROUP AS A WHOLE

(Scope: France excluding Newen)	Works Council	Employee delegates	Combined delegates	Board of Directors	Total
CFTC	13	17	17	12	59
FO	2	7	0	0	9
CGC	0	1	0	0	1
CGT	0	1	0	0	1
CFDT	4	7	0	0	11
Independent	0	0	0	0	0
TOTAL	19	33	17	12	81

INDICATOR: NUMBER OF MEETINGS AND COLLECTIVE AGREEMENTS (SCOPE: FRANCE EXCLUDING NEWEN)

Number of Meetings with employee representatives (Works Council + Employee delegates + Health, Safety and Working Conditions Committee + Board of Directors + combined delegates)	264
Number of collective bargaining Meetings with union delegates	25
Number of collective agreements signed during the year	11
Number of negotiations with employee representative bodies on organisational changes	7

INDICATOR: PARTICIPATION RATE IN WORKS COUNCIL ELECTIONS

(Scope: France excluding Newen)	% revenues	2016	2015	2014
Rate of participation in latest Works Council elections	86.9	79.8%	80.1%	79.6%



7.1.7 HEALTH, SAFETY AND SECURITY CONDITIONS

The policy on health and safety for employees has been a priority for TF1 group for many years and is applied across all its activities. The aim of this Group policy is to ensure the safety of employees, protect their health and improve their quality of life at work. The management seeks

to raise employee awareness about preventing occupational hazards and implementing safety measures. By implementing its action plan, it can tackle absenteeism.

ABSENTEEISM AND REASONS FOR ABSENCE IN TF1 GROUP

INDICATOR: ABSENTEEISM

Jan-Dec (Scope: France excluding Newen, OE)	% workforce	2016	2015	2014
Absenteeism rate	86.9	2.97%	2.90%	2.48%
Total days' absence	86.9	26,590	26,700	24,000
Days absent for sickness	86.9	23,850	25,373	22,650
Days absent for occupational accidents	86.9	1,982	905	781
Number of days of absence for travel-related accidents	86.9	621	396	358
Number of days of absence for occupational illness	86.9	137	26	211

The absenteeism rate was up slightly (+0.07%), despite a near-identical total number of days' absence to 2015, since adjusted for the lower headcount on the same scope. The sharp rise in the number of days

absent for occupational accidents and travel-related accidents is mainly due to three prolonged periods of absence (more than 200 days).

INDICATORS: WORK-RELATED ACCIDENTS

(Scope: World excluding Newen, all contracts)	% workforce	2016	2015	2014
Number of work-related accidents with time off	88.2	20	14	17
Number of fatal work-related accidents (work-related/commuting)	88.2	0	0	0
Employees trained in health and safety	88.2	505	448	744
Frequency rate of work-related accidents	88.2	4.0	2.7	3.2
Severity rate of work-related accidents	88.2	0.4	0.2	< 0.2
Number of occupational illnesses	88.2	1	0	2

The significantly higher frequency rate is due to the rise in the number of occupational accidents in 2016 compared with 2015.

CONTRIBUTORS TO THE HEALTH AND SAFETY POLICY

The Medical Department is central to this and is somewhere employees can turn to. Aside from day-to-day responsibilities for monitoring employee health and preventing occupational risks, the occupational physician, assisted by three nurses, defines and implements individual and collective measures, such as in the case of employees sent to report in countries affected by the Ebola virus.

Employees can also contact the on-site social worker if they need to. Their role is to assess the situation and assist employees by liaising with specialised organisations.

TF1 group considers the dialogue on health and safety at work to be of the utmost importance. This takes place both through agreements signed with the trade unions on employee health and safety, and through

bodies required by law (nine committees for health, safety and working conditions).

The Corporate and Security Services Division (DAGS) regularly gets involved in issues relating to health, safety and working conditions, for example by adapting premises or workstation ergonomics.

HEALTH AND SAFETY RISK PREVENTION

The Medical Department has run flu vaccination campaigns for many years. It also offers booster vaccinations and first aid kits to staff travelling on reporting assignments.

Occupational health physicians raise awareness of lifestyle issues among the workforce and alert HR if and when they identify psychosocial risks.

Employees regularly attend medical check-ups arranged by TF1's Medical Department.

The Group's management, the Health, Safety and Working Conditions Committee and the occupational health team regularly issue recommendations on driving while on professional assignment. All these players work together to ensure that regular training is provided in life saving and first aid.

The DAGS has also beefed up site security procedures in view of the continuing threats in France, particularly towards the media. Since January, new security procedures have resulted in increased security personnel at access points and the installation of special security perimeters, as well as a new entry control system.

HEALTH AND SAFETY TRAINING

A total of 402 different employees received health and safety training in 2016 (versus 367 in 2015), reflecting the Group's concern for its employees.

This training was mainly aimed at news teams, with training on scooter use, first aid, risk areas and osteopathy. Technical staff also attend mandatory courses on electrical accreditation.

MEASURING QUALITY OF LIFE AT WORK

To measure the quality of life at work, a health and well-being survey has been carried out every year since 2008. This voluntary questionnaire is offered to employees during their periodic medical check-ups. It is used to measure stress and anxiety levels and to implement action plans where necessary.

In the 2015 version of TF1 group opinion poll, 62% of employees expressed views on the 13 key issues covered by the questionnaire. The results of the third internal opinion poll indicate a positive team spirit, confidence in the management and a real sense of pride in belonging to the Group. No surveys were carried out in 2016.

TF1 group is mindful of the health benefits of sport and strives to create a pleasant working environment for its employees, offering them the use of a gym with discounted membership rates.

INDICATOR: PERCENTAGE OF EMPLOYEES WHO TOOK PART IN A SATISFACTION SURVEY

(Scope: France, OE)	% workforce	2016	2015	2014
% of employees who took part in a satisfaction survey	-	No survey	61.6%	No survey

7.1.8 EQUAL OPPORTUNITIES AND THE FIGHT AGAINST DISCRIMINATION

DIVERSITY: FROM CHARTER TO LABEL

As a mark of its commitment to openness to all, TF1 group signed the Diversity Charter on 11 January 2010 before applying for Diversity Label accreditation, which was secured on 14 December 2010.

The Group proactively deployed its diversity policy as part of an approach named "From charter to label" geared towards the transition from charter to accreditation. The requirements of the label set out a strict framework for leading the whole company through an overall process of continuous improvement.

All target populations (managers, employees involved in programme-making, viewer services staff and HR), totalling more than 2,007 people since 2010 (420 of them in 2016), have received training in issues relating to diversity and the prevention of discrimination. Example of titles:

- Diversity, a social dialogue issue
- Managing diversity, a performance issue
- Diversity in newscasts and magazine programmes
- Masterclass conference: Gender diversity, a performance issue
- Women in leadership

- Diversity and disability: awareness, integration and day-to-day actions
- Diversity workshop in our newscasts
- The key to reflecting the diversity of French society
- Compiling, archiving and documenting images of diversity
- Communication on TF1 group diversity policy

The in-house counselling service dedicated to the fight against discrimination, set up in late 2012, was replaced in 2014 by Allodiscrim', an external and anonymous counselling service that employees can use to contact a lawyer to receive a legal opinion on the situation experienced.

The AFNOR report, delivered in early 2013 following an intermediate audit scheduled for two years after obtaining the label, highlighted the dynamism and effectiveness of the process as a whole, thanks to the relevance of the actions affecting diversity and equality of opportunities within the Group.

TF1 group is a member of the AFMD (the French Association of Diversity Managers) and has a seat on its Board of Directors.





INDICATOR: NUMBER OF EMPLOYEES HAVING RECEIVED TRAINING ON DIVERSITY AT WORK

(Scope: France excluding Newen)	% workforce	2016	2015	2014
Number of employees* having received training on diversity at work	86.9	420	192	130
<i>Including programme contributors</i>		7	0	43
Cumulative total since 2010	86.9	2,007	1,587	1,395
<i>Including programme contributors</i>		670	663	663

* The indicator concerns the number of employees in training. Some employees may have attended several training courses.

DISABLED EMPLOYEES

A third three-year agreement (for 2014-2016) on hiring people with disabilities and keeping them in employment was signed on 30 April 2014 by all the trade unions and approved by DIRECCTE on 24 June 2014. The agreement notably provides for an ambitious recruitment plan of 24 people with disabilities on permanent or fixed-term contracts of over six months (including 18 on work-study programmes). Taking account of changes in scope (excluding Eurosport), these objectives make the new plan more ambitious than the previous plan, despite today's unfavourable employment context.

Work-study programmes are a favoured approach given the shortage of applicants for skilled positions. For the third time in a row, the Group worked with Cap Emploi and its disability-friendly education partners to run a recruitment campaign to integrate people with disabilities of all ages on work-study programmes. Subsidiaries of the Bouygues group joined the scheme in 2016.

For existing employees with disabilities, once again this year all requests for changes to the working environment (which affect more than 40% of such employees) were met through measures that included the co-financing of hearing aids, transport agreements, sign-language

equipment for the hearing-impaired, and modifications to the working environment.

To raise awareness of its open policy towards people with disabilities, TF1 is developing an increasing number of partnerships with organisations (including Osons l'égalité and Mozaic RH) and takes part in targeted campaigns such as Handichat and recruitment forums, including those by ESSEC and ADAPT.

TF1 group seeks to involve its target schools and universities, notably through the payment of its apprenticeship tax. TF1 group also responded to the invitation by the CSA and signed an agreement with several media and journalism schools aimed at fostering training and internships for students with disabilities.

One-day training courses on disabilities are coordinated by all employees seeking to find out more about the issue, and specific training courses are available for employees liable to welcome a person with disabilities as part of their team.

In addition, a masterclass on resilience with Boris Cyrulnik and Michael Jeremiasz, gold medal winners in the Paralympic Games, was given to 215 employees in TF1 group auditorium.

INDICATOR: NUMBER OF DISABLED WORKERS EMPLOYED BY THE COMPANY

(Scope: France excluding Newen)	% workforce	2016	2015	2014
Number of disabled employees in the company at 31/12 (all contract types)	86.9	67	68	70
Disabled employees hired during the year (fixed-term and open-ended contracts)	86.9	12	9	9

PROFESSIONAL EQUALITY BETWEEN MEN AND WOMEN

TF1 pursues an active policy of not discriminating between men and women, particularly in the areas of recruitment, career development and pay.

The professional gender equality agreement signed in 2012 and renegotiated in 2016 emphasises several indicators presented annually to elected representatives and incorporating these themes.

Gender diversity is a natural feature of TF1 group, 50% of whose staff and managers are women. However, this diversity varies in different parts of the business, with some divisions having a higher number of women and others a higher number of men. To tackle this, we are engaged in

several initiatives, including raising awareness of diversity issues (such as gender diversity) in our target schools and promoting internal mobility across the organisation. We are also mindful of this balance when recruiting, and ask recruitment agencies to refer both male and female candidates to us wherever possible.

Diversity in governance bodies has also increased throughout TF1 group. For example, women represent 35% of the Group Management Committee, a year-on-year increase of 7 points. In addition, 47% of junior managers (Deputy head of department level) are women.

To facilitate diversity at all levels of the company, HR has introduced career guidance and development initiatives for women. More than 50 women have received Women in Leadership training since 2012.

Alongside this, 38 women have been mentored as part of a mentoring scheme.

At the same time, concrete measures have been taken to foster a work/life balance. On 4 April 2016, the Group signed the parenthood charter.

In September 2015, TF1 set up a Fifty-Fifty network with almost 200 members, 20% of them men. Created at the instigation of Group employees with the help of the Human Relations Division, its aim is to

raise awareness of diversity and to spotlight the commitment of TF1 group towards this.

On 5 December 2016, TF1 group held an "Experts on the news" event designed to increase the number of women experts appearing on TV news. More than 180 experts participated in this one-day event, which consisted of two parts: a conference on the topic of "Expertise on TV news: what place for women?" and media training and public speaking workshops. It also featured a discussion workshop for TF1 and LCI experts and journalists.

Breakdown of the workforce by gender at 31/12 (Scope: World, OE and FT)			2016	2015	2014
	% workforce				
Women	100		50.2%	50.9%	50.9%
Men	100		49.8%	49.1%	49.1%

INDICATOR: PROPORTION OF WOMEN STAFF BY STATUS

At 31/12 (Scope: World, OE, FT)			2016	2015	2014
	% workforce				
% of women, clerical, administrative, technical and supervisory staff	100.0		55.1%	59.0%	59.9%
% of women, managers	100.0		51.5%	52.6%	50.6%
% of women, journalists	100.0		39.9%	46.0%	39.2%
% women, total	100.0		50.2%	50.9%	50.9%

INDICATOR: PROPORTION OF WOMEN STAFF BY HIERARCHICAL LEVEL

At 31/12 (Scope: France excluding Newen, OE, FT)			2016	2015*	2014*
	% workforce				
% of women in management as a whole (Deputy heads of department, C4 and higher)	86.9		40.7%	39.8%	39.9%
% women in junior management (Deputy heads of department, C4)	86.9		49.1%	47.5%	47.8%
% of women in senior management as a whole (Deputy heads of department, C5 and higher)	86.9		38.1%	37.4%	37.3%
% of women in top management (Management Committee level)	86.9		34.5%	30.6%	29.3%

* New indicators, recalculated for the two previous years at constant scope, i.e. excluding Eurosport.

INDICATOR: NUMBER OF NEW HIRES, WOMEN AND MEN

Hiring (Scope: World excluding Newen, OE/FT)			2016	2015	2014
	% workforce				
Women	88.2		332	310	241
Men	88.2		253	225	150
TOTAL	88.2		585	535	391



INDICATOR: SALARIES, WOMEN AND MEN

Average gross annual salary for young graduates (in euros) ⁽¹⁾ (Scope: France (excluding Newen), OE)	% workforce	Supervisory staff	Managers	Journalists
Women				
2016	86.9	24,301	33,937	36,075
2015	97.0	19,500	35,100	-
2014	96.9	19,058	33,300	-
Men				
2016	86.9	22,250	35,385	31,980
2015	97.0	21,125	37,440	30,745
2014	96.9	19,058	34,229	-

(1) Employees aged between 18 and 25 with less than one year of service. Female and male employees with the same education levels are hired on the same salary.

INDICATOR: PROPORTION OF WOMEN AND MEN PROMOTED

Promotion rate ⁽¹⁾ (Scope: France excluding Newen, OE)	% workforce	2016	2015	2014
Women	86.9	8.8%	9.2%	8.1%
Men	86.9	6.6%	7.9%	8.7%

(1) With a change in professional category.

MEASURES FOR SENIOR EMPLOYEES

TF1 group signed an agreement with the trade unions in 2009 whereby it committed to keeping 184 employees aged 55 and over in employment. Despite a decrease in the workforce, this commitment has been respected every year.

The Group has pursued its policy for older employees since 2014 by including this objective, adapted following the loss of control of Eurosport, in the "Generation Contract" agreement implemented on 1 January 2014.

Also, older employees may request an interview to discuss and prepare for the second part of their careers. Tutors and sponsors are chosen as a priority from among employees aged over 45.

In March 2016, 150 employees attended a masterclass on different generations and intergenerational relations which took place in TF1 group auditorium.

7.1.9 SKILLS DEVELOPMENT

NEW HR INFORMATION SYSTEM

In early 2016, the Group HR Division launched a new HR portal called "Positive Careers driven by Success Factors". Boasting a more efficient, agile and user-friendly interface, each stage of the employee's career is covered by new skills development modules:

■ New performance appraisal:

TF1 group has launched a new skills assessment module.

With this new tool, employees can perform a self-appraisal before meeting with their manager to review their job-related skills and assess the eight core competencies vital to meet the challenges of the Group's transformation:

- **Innovation:** Fostering entrepreneurship and creativity.
- **Business:** Understanding how actions impact on the business and factoring in company revenue and performance. Being proactive in

optimising costs and contributions to value added. Taking action to boost profitability.

- **Digital:** Learning how to use digital tools to do the job and boost team performance. Harnessing the digital transformation and anticipating business opportunities.
- **Adaptability:** Adapting behaviour to suit the environment. Adopting different methods depending on the circumstances. Being able to handle new situations, unforeseen events and emergencies.
- **Collaborative:** Being a good team player. Seeking and acting on the advice of others. Embracing team objectives. Facilitating teamwork through the use of collaborative tools.
- **Ability to learn:** Taking ownership of new subjects and being open and receptive to applying new knowledge.

- **Resilience:** Bouncing back quickly after a setback. Knowing how to turn a failure into an opportunity.
- **Ability to anticipate:** Planning ahead, envisioning the expected results and organising oneself accordingly.

■ **New career interview:**

A new module allows employees to define a career development plan with their manager.

■ **New training programme offered by the tf1 university on the themes of innovation, business and digital (see below)**

MENTORING

38 female employees passed through the mentoring programme in 2016.

In TF1 group, mentoring means confidential personal guidance given on a voluntary basis. Mentors address the specific professional development needs of their mentees in order to build their confidence, hone their skills and increase the chances of them successfully achieving their personal and career goals.

VOCATIONAL TRAINING

Continuing professional development (CPD) is offered by the TF1 University. All Group employees have access to innovative learning formats designed to progress the Group's transformation.

In 2015, the TF1 University overhauled its CPD courses to address the following strategic issues:

- identifying with the ecosystem and grasping the issues surrounding the Group's transformation;
- making Innovation, Digital and Business central to business practices;
- fostering team spirit and increasing our agility.

An integrated training course for all permanent staff has been designed around three key pillars: **Innovation, Business and Digital**.

Four learning formats will be rolled out in 2017-2018:

- a three-day immersive course to ensure employee buy-in of the Group's transformation.

For three consecutive days, employees take part in collaborative workshops, attend lectures given by experts in their ecosystem and meet entrepreneurs so that they can:

- understand the latest trends in a connected world,
- seize opportunities in technological changes,
- differentiate by reinventing economic models,
- increase organisational capacities for innovation and operations;

- a workshop on the features of the collaborative tools that the Group has shared with its employees;
- a monthly masterclass to analyse current issues affecting the Group's businesses;

Seven new masterclasses were held in 2016 for a total of 1,407 participants. The topics covered in 2016 were the following: "Feedback on the CES", "The alchemy of generations", "e-sport 360°", "Cannes Festival", "Group content strategy", "The news in 2016", "Resilience: how challenges make us stronger". These conferences are recorded and are available on demand from the University's digital platform.

The programme is accompanied by a digital platform where other inspirational tutorials and videos can be downloaded.

In addition, new performance indicators will be introduced to measure the efficiency of these programmes:

- **Innovation:** number of new business projects supported by the Group (see number of incubated start-ups and internal projects involving the secondment of employees).
- **Digital:** digital revenues.
- **Business:** opinion survey on comprehension of the Group's strategy.

Employees are also offered specific training programmes:

JOB-RELATED SKILLS DEVELOPMENT

For example:

- "One LCI": the freeview switchover of LCI was accompanied by the launch of the "One LCI" project within the Group, aimed at merging the Group's digital news divisions (MYTF1News and Metronews.fr) with the 24-hour rolling news channel (LCI).

More than 300 employees (240 journalists and 70 technicians) from the Group's four different divisions, each with their own identity and culture (MYTF1News, Metronews.fr, LCI and the TF1 SA technical team), received editorial, technical and change management training. = 6,598.5 training hours;

- "MAMBO" (Media Asset Management By Objects) = 2,030.5 training hours;

- "HR Business Partners": to provide support to operational teams during the Group's transformation and enable them to espouse the Group's new ambition, HR operational staff must become "HR Business Partners". All the HR operational teams have been trained to challenge organisations, be assertive and be proficient in the use of HR management tools;

- "Digital Fabrik": Gaining an insight into the future of digital, new technologies and new consumer trends. Harnessing digital communication tools: website, SEO, SEA, SEM, *display/video*, Smart/ IP TV, email and social media = 1,680 training hours in 2016.

New performance indicator: number of non-permanent employees who received training.

In view of the Group's changing technological environment, non-permanent staff (those on fixed-term contracts, technical contractors and freelancers) receive the professional training they need to use in-house technical tools.



INDICATOR: TRAINING OF NON-PERMANENT STAFF

France excluding Newen (temporary staff)	2016	2015	2014
Non-permanent employees who received training	598	-	-

MANAGEMENT AND HUMAN RELATIONS

- “Onboarding managers”: supporting managers in their new role (developing management techniques and agility).
- “Learning expedition”: specific guidance for members of the Group Management Committee through participation in a Learning Expedition, which in 2016 took place in Seattle and San Francisco.

The programme has four objectives:

- understand the latest trends in a connected world;
- seize opportunities in technological changes;
- differentiate by reinventing economic models;
- increase organisational capacities for innovation and operations.

- “One-to-one coaching”: enabling managers to be assertive and address weaknesses within their teams.
- “Driving your professional development”: analysing and understanding the mechanisms of interpersonal communication. Developing listening skills. Identifying the frame of reference of the speaker and listener. Adapting to the audience. Designing an effective pitch and maximising its impact.

HEALTH AND SAFETY TRAINING

The number of hours spent on health and safety training was 2,916. This included 620.5 hours of health-related training (first aid, life-saving techniques, first aiders at work, stress management, etc.) and 2,295 hours of safety-related training (local security staff, accreditation for electrical hazards, risk awareness for news teams, etc.)

LANGUAGE TRAINING

A customised English-language certification course was specially designed for TF1 group employees. Eligible for the Individual Learning Account (ILA), it provides employees with 94 hours of English-language training in a variety of formats (face-to-face group lessons, telephone lessons, e-learning platform). At the end of the course, students take the Business Language Testing Service (BULATS) exam.

DIVERSITY TRAINING

A special course entitled “Women in leadership and equal opportunities” was offered to 15 female managers within TF1 group. In addition, the entire Recruitment Division of TF1 group has received awareness training on the risks of discrimination in recruitment.

In 2016 Group employees received 39,821 hours’ training (compared with 46,479 hours in 2015):

- 30,343.6 hours, or 76.2%, in developing job-related skills;
- 3,388.5 hours, or 8.51%, in management and human relations;
- 2,915.5 hours, or 7.32%, in health and safety;
- 2,109 hours, or 5.30%, in language learning (during working hours);
- 1,064.8 hours, or 2.67%, in Business Diversity and Management Diversity training and personal development.

All training courses are assessed and are the subject of regular reports and adjustments.

INDICATOR: VOCATIONAL TRAINING, STATUTORY TRAINING ENTITLEMENTS

(Scope: France excluding Newen, OE)	% workforce		2016	2015	2014
	86.9	Number	1,870	1,719	1,825
Number and % of OE employees who received training	86.9	%	77.2	68.2	71.7
% of payroll spent on training	86.9	%	2.9	2.8	2.7
Total training hours, all training systems	86.9	Number	39,821	46,479	43,112
of which number of internal training hours	86.9	Number	9,011	*	*
Average training hours per active OE*	86.9		16.4	-	-

* No previous data since new indicator for 2016.

In 2016, particular emphasis was placed on optimising training costs through in-house training and activating the funding mechanisms available from OPCA, or official funding bodies (mainly through the ILA and block-release training). A total of 8,695 hours were activated this year under ILA schemes.

CORPORATE COMMUNICATION

To support the Group’s transformation (*OneTransfo*), the Corporate Communication Division has prepared a communication action plan to inform the Group’s employees of the new ambition and ensure that they understand and engage with it.

THE FIRST AIM OF THIS COMMUNICATION IS TO EXPLAIN THE REASON FOR THE TRANSFORMATION

Actions taken: special *OneTransfo* folder on the Group intranet with regular publication of special articles; flyers sent to employees outlining the Group’s ambition and transformation levers; information pack sent to participants after each Group Management Committee Meeting summarising the key points to be shared with their staff, etc.

THE SECOND AIM IS TO COMMUNICATE THE VISION, STRATEGY AND TRANSFORMATION ITSELF

Actions taken: monthly newsletters; discussion with Christine Bellin, Group Head of Strategy, Development and Transformation during a after-work events when she explained the key issues for TF1 (attended by more than 12 different departments and some 500 employees);

informal conversations between Gilles Pélisson and employees during regular breakfasts; exclusive interviews with the Chairman and video chats with members of the Executive Committee where employees can delve into certain aspects of the strategy.

THE THIRD AIM OF THIS COMMUNICATION IS EMPLOYEE ENGAGEMENT AND BUY-IN WITH RESPECT TO THIS TRANSFORMATION

Actions taken: alongside of *OneTransfo*, HR has devised a training course for all employees based on three key pillars: business, innovation and digital. During the training (known as “Connect” courses), employees from the Strategy Division summarise the key issues and give progress updates on the main projects. Intrapreneurship is part of the same objective for the Digital and Innovation Division and calls for employees to be bold and creative.

7.1.10 ATTRACTING AND RETAINING TALENT

AGILE RECRUITMENT DEPARTMENT

The Central Recruitment Department created in January 2016 (with a team of four dedicated recruiters) responds effectively to the needs of the business by identifying, attracting and integrating talent. New sourcing practices have also been introduced, including the use of social media and headhunting. The Department works closely with HR functional and operational teams on this strategic process.

TALENT FACTORY

In addition, interns and students on work-study programmes are closely monitored by their tutor and HR during and at the end of their work placement with the Group.

Students identified as particularly competent and who match the values and needs of the business receive special attention via the “Talent Factory”. The company stays in touch with them after they leave (through their manager, DDT, LinkedIn, etc.), sending them news and regularly inviting them to TF1 events.

DEDICATED PROGRAMMES

A talent policy is also in the process of being developed. This will identify experts, junior High Potentials, High Potentials and key people.

A monitoring and development programme will be put in place for each of these categories.

INDICATOR: PROPORTION OF EMPLOYEES WHO HAD AN ANNUAL PERFORMANCE APPRAISAL

(Scope: France excluding Newen, OE)	% workforce	2016	2015	2014
% of employees who had an annual performance appraisal	86.9	84.6%	79.9%	86.6%

The compensation paid to TF1 group’s top 400 managers includes a variable component linked to quantitative and qualitative objectives, the achievement of which is assessed during the annual interview.

as well as the implementation of a budget (€150K in 2015) dedicated to mobility support (integration period, work station) and the creation of a training course entitled “Driving your professional development” for employees looking to develop.

INTERNAL MOBILITY

TF1 group is obliged to support its developing businesses while adapting to the economic environment through a decrease in its overall workforce. That being the case, the success of the Group’s policy on internal mobility is crucial to the proper allocation of resources and the professional development of employees.

Internal mobility is the first step in the recruitment process and is governed by: an online mobility charter available on the Group’s intranet, setting out clear rules of procedure to ensure equal treatment. HR managers are responsible for upholding these rules. 170 internal transfers took place in 2016, filling 58.4% of openings.

Professional mobility is a major priority, as evidenced by the creation in 2013 of a Head of Professional Mobility position, carried over in 2014,

Each week, biographies of staff who have benefited from the job mobility scheme are posted on the intranet, while a profession within TF1 group is featured in a monthly video (« It’s my job »).





INDICATOR: INTERNAL MOBILITY AS A PROPORTION OF TOTAL RECRUITMENT

<i>(Scope: France excluding Newen, OE) (Transfers within TF1 group + arrivals from Bouygues group)/(external recruits on OE contracts + transfers within TF1 group + arrivals from Bouygues group)</i>	% revenues	2016	2015	2014
Internal mobility as a proportion of total recruitment (%)	86.9	58.4%	72.4%	55.8%

EMPLOYEE COMMITMENT

Employee support for the Group’s philanthropic initiatives is essential. Each year, 24 managers mentor young people from the TF1 Corporate Foundation, listening to their concerns and offering them the benefit of their experience and contacts. Other managers have volunteered to mentor young women who work for the Group or its partner firms.

A founding member of B.A.ba Solidarité, which fights against illiteracy, TF1 group has been involved with this issue since 2013. In all, 41 Group employees mentor 14 employees from the company Samsic.

7.1.11 RELATIONS WITH SCHOOLS AND HOSTING OF INTERNS AND STUDENTS ON WORK-STUDY PROGRAMMES

In 2016, TF1 group (including Newen) hosted 307 interns and 149 students on work-study programmes (37 on apprenticeship contracts and 112 on professional training contracts) in a number of sectors, including audiovisual, production, graphic design, journalism, acquisition, marketing, sales, communication, web, IT, finance, purchasing and HR.

In line with TF1 group’s proactive policy in supporting young people through the transfer of know-how and experience, work-study placements and internships play an important part in the organisation.

A real source of interaction between younger generations and more experienced employees, the scheme is supported by mentor training to ensure that professional support is given.

The use of new digital applications and the fresh insights that younger generations bring to the business informs the debate in a way that is beneficial to the Group’s development.

Interns and work-study students enjoy a generous remuneration policy together with a wide range of job opportunities, attracting young talent from different educational backgrounds.

The pay scale for interns varies depending on the student’s qualifications. However, it is significantly higher than the statutory minimum.

This ambitious policy for both trainees and those on work-study programmes reflects a desire to help train young people, identify new talent and welcome younger generations to the company.

With this goal in mind, TF1 group has developed quality-driven partnerships with institutes such as ESSEC (seminars, lectures, research), EDHEC (innovation challenge), Centrale (business forums) and Epitech (start-up incubator).

With this goal in mind, the TF1 group has developed quality-driven partnerships with institutes such as ESSEC (Chair of the ESSEC in partnership with Orange and Société Générale, seminars, lectures, research), EDHEC (innovation challenge), Centrale (business forums) and Epitech (start-up incubator).

Lastly, TF1 is a partner of the École de la Cité du Cinéma film school.

INDICATOR: NUMBER OF INTERNS UNDER AGREEMENTS WITH SCHOOLS

<i>(Scope: France excluding Newen, students on work-study programmes)</i>	% workforce	2016	2015	2014
Interns under agreements with schools	86.9	307	466	348

7.1.12 EMPLOYEE BENEFITS

CHILDCARE ALLOWANCE

To facilitate childcare arrangements, a subsidy of €8 a day is awarded to employees with children under four years old who are cared either at creche, or by a professional childminder at or outside the home.

The amount awarded is limited to €1,830 a year. Works Councils are responsible for managing childcare allowances.

HOUSING ASSISTANCE

TF1 group has relationships with three collecting bodies: Solendi, Amallia and Astria.

In 2016, employees of TF1 group received various forms of assistance under the housing assistance scheme: 23 employees found housing, 10 home loans for first-time buyers, 13 *Loca-Pass*, 0 *Mobili-Pass*, 0 *Pass-Assistance* and 5 home renovation loans were granted. A total

of 39 employees have benefited from the *Mobili-Jeune* scheme and 182 employees have been advised by housing associations. A total of 272 TF1 group employees benefited from the housing assistance scheme in 2016.

A representative of the housing assistance programme is regularly available to meet with employees and help them with the procedures involved and give advice about financing their home acquisition plans. In 2016, the representative was available on six occasions.

FITNESS AREA

TF1 strives to create a pleasant working environment for its employees, offering them the possibility to use the Fitness Area, a gym at a preferential rate of €20 a month for a one-year subscription.

Ten sports instructors are available to employees Monday to Saturday. In addition to 29 group classes, the Fitness Area has 18 cardio-training machines (treadmills, bikes, etc.), 13 weight machines and 2 steam rooms.

SOCIAL WORKER

A social worker is available during fixed weekly hours onsite at TF1 to inform employees of their rights and the aid for which they may qualify. He or she can also provide them with support in administrative procedures, advising them and putting them in touch with the relevant administrative bodies.

The social worker's role covers a wide range of areas: from help with initial and ongoing access to housing, family budgeting, debt mediation, education and family relationships (family mediation), to the prevention of psychosocial risks (professional mediation), health (including dependency and mental health), care for those with long-term illnesses, disability and the inability to work, and also plays an alert role concerning identified social problems. Bound by professional secrecy rules, the role of the social worker is to find practical responses or solutions to the problems experienced by employees.

SPORTS ASSOCIATION

Through TF1's sports association, the Group enables employees to practice sports in a number of areas. In 2015 and 2016, the association had 19 sections and 367 members. The association also offers preferential subscriptions for sports clubs (e.g. Forest Hill and Club Med Gym).

GRAS SAVOYE

A representative is available every week to advise employees on procedures in connection with medical issues or help them secure reimbursement under their supplementary health insurance schemes.

C'EVIDENICA

A new optician service is now available to all employees at TF1's headquarters. Employees are eligible for the direct payment system, while their paperwork is also taken care of.



7.2 ENVIRONMENTAL INFORMATION

7.2.1 GENERAL ENVIRONMENTAL POLICY

RISK FACTORS TAKEN INTO CONSIDERATION AND GENERAL POLICY

TF1's activity is not subject to environmental risks associated with climate change, including in the event of a sharp rise in energy prices or tax on carbon emissions. Only TF1's head office located on the banks of the Seine has required the implementation of a flood prevention plan. This plan is described in the Industrial and Environmental Risks section of chapter Risk Factors of this document. The nature of the Group's activities at head offices also does not generate risks related to biodiversity or the quality of water and soil.

The direct environmental footprint of media activity is equivalent to that of the services sector in terms of greenhouse gas emissions. The media sector generates transport, the purchasing of electronic equipment and the consumption of electricity.

Media companies also owe it to their stakeholders to set an example. This is why the TF1 group has made a twofold commitment: to the "Ecoprod" policy, which strives to implement eco-friendly audiovisual production practices, and to the management of its internal processes.

The Group has deployed a proactive policy across all its buildings and in all areas over which it has control: applying action plans and continuous improvement initiatives in connection with the consumption of fluids, electric energy and raw materials (paper) and the management of waste, consistently above and beyond legal requirements. Collective catering, an environmental challenge but also an issue on which employees need to be educated, is the subject of an action plan led in close collaboration with the catering provider. 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 and departments managing fixed equipment.

In October 2015, the Group signed the Paris Climate Action Charter. The ISO 50001 certification policy launched by the Group is due to be completed in 2017.

The environmental impact of a media group is also indirect: it manifests itself through its ability to raise public awareness of this issue. In addition to the 20-years of broadcasting the *Ushuaïa* programme on TF1, the Group's channels and websites raise the environmental awareness of viewers and web users year-round in several areas, including weather forecasts, TV news stories, the *Ushuaïa* TV thematic channel, and campaigns on environmental information for children etc.

2015 and 2016 saw exceptional editorial coverage by Group channels of climate issues and of the COP21 international talks in Paris and the COP22 talks in Marrakesh. The Group organised several conferences intended for stakeholders on climate issues and existing solutions.

IN-HOUSE ENVIRONMENTAL MANAGEMENT STRUCTURES

The Corporate and Security Services Division is in charge of all the plans to control consumption and manage waste. One full-time equivalent employee works on keeping track of the action plans, particularly in waste management, collecting indicators, managing the "HQE Exploitation" certification application, keeping the EMS up to date and the ISO 50001 certification process.

ENVIRONMENTAL ASSESSMENT AND CERTIFICATION PROCEDURES FOR BUSINESSES

AIMING FOR ISO 50001 CERTIFICATION

In 2015, the Group launched an ISO 50001 certification policy which was due to be completed in early 2016. The project has been postponed due to the Corporate and Security Services Division's schedule in 2016. However, TF1 did satisfy regulatory requirements by performing an energy audit at the La Tour building (covering 85% of the entity's total energy bill) which was completed on 9 May 2016.

ISO 50001 certification policy will include the implementation EMS involving all Group players (Group Purchasing Division, Technological and IT Division, maintenance, servicing and catering service providers). It will enable management to develop an organisational model, as well as a more accurate tool with which to pursue its target of reducing its environmental footprint. The EMS is in the process of being designed with the help of ELAN and numerous contacts have been made with the AFNOR certification body. Coordination is organised with the CSR Division.

OTHER TOPICS

In addition to its legal obligations, TF1 checks air quality (dust content, hygrometry) and water quality (coffee machines, water fountains) five or six times a year. TF1 has Socotec and Veritas inspect all its equipment (and air-cooling towers in particular).

TF1 works on environmental issues with certified providers (ISO 9001 and/or 14001 for waste management, electrical equipment maintenance and furniture purchasing).

STAFF TRAINING AND COMMUNICATION MEASURES

Staff are regularly educated on sustainable development through specific sections of the Intranet and during dedicated events.

Every year, two TF1 managers attend the "IMB – Social and Environmental Responsibility" seminar organised by the Bouygues group and regularly enhanced by new approaches to sustainable development and Group strategy.

TF1 is a founding partner of the Nicolas Hulot Foundation and renewed its commitment to the foundation at the end of 2016.

EXPENDITURE ON PREVENTING THE ENVIRONMENTAL IMPACTS OF OUR ACTIVITY - THE ENVIRONMENTAL FOOTPRINT OF PRODUCTION

The audiovisual sector emits roughly one million tonnes of CO₂ equivalent a year into the atmosphere, around a quarter of which is directly linked to shoots, according to a study of key figures in the industry carried out in France in 2011 and available at www.ecoprod.com⁽¹⁾. To reduce this footprint, TF1 launched the Ecoprod initiative in 2009 with the ADEME (French agency for the environment and energy management, AUDIENS), the Commission du Film d'Île-de-France, the Centre national du cinéma et de l'image animée, Pôle Médias du Grand Paris and France Télévisions.

Ecoprod has created an online resource centre at www.ecoprod.com. The resources are provided free of charge to industry professionals and presented regularly at events and through partnerships with specialised media.

The website includes best practice sheets by business line, a carbon footprint calculator for audiovisual production (Carbon'Clap), a guide on eco-friendly production and first-hand testimonials useful to producers and other professionals in the industry.

Since 2014, an environmental commitment charter has been proposed to small and medium-sized audiovisual services entities. By the end of 2016, more than 75 businesses had signed this charter. For those who signed on to the charter, training was also developed to help them implement its proposed measures.

In 2016, a new version of the calculator was put on line with revised emission factors and a further level of detail. A partnership was entered into with the European Training Centre for Film Production (CEFPF) to

incorporate an eco-production module within the production manager training course. Ecoprod also launched the Eco-production Award, in collaboration with the Deauville Green Awards, a film festival focusing on sustainable development. The Île-de-France region, building on the momentum initiated by Ecoprod, launched a call for proposals to study audiovisual and performing arts industry sorting and recycling processes. Lastly, a new guide to the environmental footprint of post-production activities is being produced and should be published in January 2017.

TF1 contributes €5,000 in cash, and €5,000 in kind, to the Ecoprod initiative every year.

TF1's activities do not give rise to the implementation of provisions on the reduction of environmental risks or the introduction of an organisation structure to manage pollution accidents outside Group companies.

MEASURES TAKEN TO ENSURE COMPLIANCE WITH LEGAL PROVISIONS

TF1 continues to monitor regulations governing its technical installations that are rated as having a potential ecological impact (ICPE under the French Environmental Code).

The installations governed by these regulations are classified according to activity, extent of activity and level of risk or harm involved, and are therefore subject either to authorisation or to declaration. TF1 has several installations subject to ICPE regulations, including electric generators, cooling units and cooling towers. All these installations comply with ICPE regulations and do not cause any harm. The checks made by TF1's maintenance teams are rigorous, and all the compulsory sanitary checks are compiled in an Annual Report that is sent to the competent authorities.

7.2.2 ENVIRONMENTAL REPORTING PARAMETERS

Reference period: 01/10/2015 to 30/09/2016

Scope of indicators: only companies housed in the "Tour" and "Atrium" headquarters buildings in Boulogne-Billancourt which accommodate 2,860 work stations and 83.4% of the Group's employees, accounting for 82.7% of Group revenue at 30 September 2016.

All other activities (Téléshopping, TMC, Ouest Info, Newen) are in office space in shared buildings, occupying a small surface area, for which we have neither the reporting data nor the ability to take significant action on the indicators.

HOW THE INDICATORS ARE READ

The measures and objectives set apply within the framework defined above and according to the following procedures:

- water and steam consumption measures are based on meter readings;
- electricity and consumption data is taken from bills and corroborated by remote readings obtained from EDF's internet site through a load-graph monitoring contract (TCC);

- bulky waste (skips), compacted paper, food waste, wet packaging waste, glass, used oil, batteries and accumulators, printing consumables and electronic waste are weighed by the contractor (GDA, a SAMSIC group subsidiary) to which the Group has entrusted waste management and monitoring services. Invoicing is done by weight;
- refrigerant fluids are measured on the basis of invoices from air-conditioning maintenance service providers;
- fuel oil consumption for electric generator units is calculated on the basis of the difference between the amount of fuel oil in the two tanks at the start and end of the period, accounting for any refills in the intervening period;
- fuel consumption is based on the statements provided by Total and related to professional card use for fill-ups.

(1) Study scope: the production of theatre-release films, video and television programmes, sound recording and music publishing, television programming and broadcasting, or businesses with the French Business Activity Codes 59 and 60.



7.2.3 POLLUTION AND NUISANCES

PREVENTING AND REMEDYING EMISSIONS

TF1, through the activity of its head offices, does not release effluents into the water or soil.

In the specifications written by our maintenance contractors, the Group requires them to certify that they observe a policy aiming to reduce the use of products that are harmful for the environment.

Our maintenance partner, SAMSIC, has introduced a solution for producing a surface-cleaning detergent and a disinfectant using fresh water and salt via a water electrolysis process.

In accordance with regulations, waste water from the canteens is filtered in a grease tank that is regularly emptied by PFD. Similarly, the surface water from the car parks is collected in a special tank for water containing hydrocarbons that is emptied by PFD.

CONSIDERATION OF NOISE POLLUTION AND ANY OTHER FORMS OF ACTIVITY-SPECIFIC POLLUTION

NOISE AND ODOUR POLLUTION

Suppliers (of cooling systems, air-cooling towers, air handling facilities and electrical generator units) are assessed on the performance of their products in terms of noise pollution. An acoustics specialist is called in to verify the quality of these products. To measure the potential noise pollution for employees, the Group also calls on the services of a firm specialising in acoustics when doing work on its premises. The results are submitted to the Health and Safety Committees.

During the 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.

EFFECT OF RADIOWAVES ON HEALTH

Regarding the broadcasting aerials located on the roof of the main TF1 building in Boulogne-Billancourt, measurements were performed in 2007 and communicated to the Health & Safety Committees. These measures showed that authorised levels in the approach area around

the aerials were not exceeded. Entrance to this area is reserved for a few technicians only, and the security zone is clearly marked and off-limits to unauthorised personnel. The instructions for the reception and broadcasting equipment installed in Satellite News Gathering (SNG) vehicles are updated on a regular basis.

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

Concerning the 4G transmission system used during news coverage operations, measurements made by the EMITECH laboratory show that the Specific Absorption Rates, or SAR, are clearly compliant. The maximum SAR for the head and the trunk must not exceed 2W/kg and the SAR measured by the laboratory EMITECH is 0.795W/kg. User instructions are displayed in news coverage logistics units and provided to the News Coverage Department.

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

As was the case with the deployment of the WIFI network, each new facility is subject to measurement by the approved laboratory, APAVE. In 2013, Bouygues Telecom's mobile telephony facilities were adapted to 4G. On a request by TF1, APAVE performed a new series of measurements showing no lack of compliance with essential standards. In 2015, a series of checks were carried out on radiation emitted by WIFI equipment within the areas occupied by e-TF1 teams and the results were sent to the Health and Safety Committees.

Since no significant changes or new equipment were introduced in 2016, there were no new measures.

TF1 checks parcels and envelopes received using an X-ray machine. Pursuant to regulations, this equipment is authorized by the French Nuclear Safety Authority and two managers were trained and appointed to the role of Radiation Protection Officer for the purposes of ensuring that equipment is checked and maintained in accordance with applicable regulations. An Annual Report is submitted to the Health and Safety Committees.

7.2.4 CIRCULAR ECONOMY

PREVENTION AND RECYCLING MEASURES AS WELL AS OTHER FORMS OF WASTE RECOVERY AND DISPOSAL

The main waste-generating activities primarily concern catering (packaging waste, food waste), office activities that include paper and other office supplies, works undertaken on buildings to modify and maintain installed building services and equipment, and IT and audiovisual activities (electronic waste).

Overall waste increased to 785 tonnes as a result of numerous internal site redevelopments in 2016. Throughout the period in question,

renovation work was carried out over several floors, housing over 700 work stations, including those belonging to LCI.

The main types of waste are:

- 234 tonnes of ordinary industrial waste collected for sorting, 76% of which is recovered;
- 171 tonnes of food waste, all of which is recovered by means of anaerobic digestion to produce methane for use as a soil conditioner for agricultural land;

- 214 tonnes of bulky waste from skips which is sorted for recyclable materials (wood, cardboard, ferrous and non-ferrous metals, rubble), then sent to specific recycling networks (52% of the waste collected).

Illustration of some the prevention measures:

- TF1 informs its service providers of waste issues by including special criteria in calls for bids and contracts, and by taking shared action as part of the provision of the service. They do not use disposable wipes or non-biodegradable products for cleaning;
- in the event of moving, TF1 no longer uses disposable cardboard boxes. Instead, the company has made the choice of a more sustainable type of container which may be reused 30 times, hence making it possible to reduce the amount of waste cardboard (10,000 cardboard boxes purchased and scrapped per year were replaced by 1,000 reusable containers);

- to reduce waste paper: paperless handling of documents (expense claims, annual performance appraisals), reduction of paper, ink, waste and DVDs (1,000 fewer DVDs per year); introduction of a coercive printing policy with a pin code required for colour printing and default printing on both sides of the paper; introduction of a print analysis tool (Watch doc).

Since July 2013, the TF1 group has used waste disposal services supplied by GDA, a subsidiary of the SAMSiC group. A waste monitoring form (BSD) is drawn up for each waste item in accordance with prevailing regulations (Article R. 541-43 of the French Environmental Code). GDA coordinates waste collection with each of the collecting companies, who report back to them the weight and percentage of material recycled. All waste is tracked in the waste registry, in accordance with the same regulations. An in-house employee has been appointed to manage this tracking process.

Waste is sorted and recycled or else incinerated to produce energy.

INDICATOR: QUANTITY OF COLLECTED WASTE (IN TONNES)

Site	% revenues	From 01/10/2015 to 30/09/2016	From 01/10/2014 to 30/09/2015	From 01/10/2013 to 30/09/2014
TF1		785	546	689
<i>Total recycled waste</i>	82.7	<i>514 (65%)</i>	<i>354 (65%)</i>	<i>454 (66%)</i>

MEASURES TO PREVENT FOOD WASTE

Dishes are weighed by the catering provider (SODEXO) in accordance with its contract and second helpings of bread have to be paid for, thereby naturally reducing food waste.

Every year there is a specific day on which the issue of food waste is brought to the attention of consumers.

SUSTAINABLE USE OF RESOURCES

WATER CONSUMPTION

Water is primarily used in the air conditioning circuit, the washrooms and kitchens. Spraying the air-cooling towers accounts for 40% of the total water consumption of the La Tour building. Consumption continued to drop over the period due, in particular, to the renovation of two air-cooling towers which are now much more efficient.

INDICATOR: WATER CONSUMPTION (IN CUBIC METRES)

Site	% revenues	From 01/10/2015 to 30/09/2016	From 01/10/2014 to 30/09/2015	From 01/10/2013 to 30/09/2014
TF1 – TOUR/TRIUM	82.7	48,228	51,785	50,506

Action taken since 2011:

- the faulty pumping system in the high pressure mixed-water network was replaced;
- automatic detectors and electrically operated flow control valves have been installed on the washroom basins to reduce consumption;
- service providers have been made more aware of reducing consumption;
- leak detection campaigns are conducted on a regular basis;
- in vehicle maintenance, the mobile video units have introduced a waterless car wash solution (Ecowash);

- as part of the 2012-2014 catering contract, consumption indicators specific to collective catering have been put in place. The same indicators were used for the 2015-2017 contract.

RAW MATERIALS CONSUMPTION

For an audiovisual sector group like TF1, the main raw material consumed is paper. Several initiatives have been launched to reduce internal consumption (45 tonnes in 2016, down nine tonnes compared to 2015), including shifting to electronic in-house publications, the rollout of multifunction printers, the reduction of the number of printers and systematic double-side printing. The Group uses paper with EU Ecolabel certification, the density of which was reduced to 70g per sheet.



INDICATOR: PAPER CONSUMPTION (IN TONNES)

Site	% revenues	From 01/10/2015 to 30/09/2016	From 01/10/2014 to 30/09/2015	From 01/10/2013 to 30/09/2014
TF1 – TOUR/ATRIUM	82.7	45	54	52

In catering, TF1 also requests service providers, through a contractual guarantee, to favour local sourcing and seasonal vegetables.

ENERGY CONSUMPTION

Electricity

The TF1 group uses electricity for its everyday activities, kitchen equipment, and to power and cool the equipment used for producing and broadcasting programmes (studio lighting, machine rooms, final production, etc.). Electricity is also used to light and power office workstations.

Consumption began to fall in 2010. This drop in consumption is the result of improved management of facilities through the technical management of the building, greater efficiency in the closed water circuit

in the air-conditioning system (through renovation works eligible for the *Certificat d'Économie d'Énergie*), and switching off the air conditioning equipment when the buildings are empty. Studio air conditioning units are now switched off according to studio schedules.

Public commitments (to a 20% drop in electricity consumption between 2012 and 2020) were given by the TF1 group when it signed the Paris Climate Action Charter on 12 October 2015.

INDICATOR: ELECTRICITY CONSUMPTION (IN MEGAWATT HOURS)

	% revenues	From 01/10/2015 to 30/09/2016	From 01/10/2014 to 30/09/2015	From 01/10/2013 to 30/09/2014
TF1 – TOUR/ATRIUM	82.7	22,060	22,366	22,750

Fuel oil

Fuel oil is used in the electric generator on the production sites. These serve as the emergency power source in the event of an EDF power cut to continue broadcasts and other key processes. For the period under consideration, consumption totalled 10,465 litres, resulting from the use of generator units solely for monthly tests.

The fuel consumption of the vehicles used to film reports for TF1 and LCI (motorbikes, cars, mobile video trucks) amounted to 226,056 litres of Premier and Excellium diesel, Super 98 or lead-free 95 petrol.

INDICATOR: FUEL OIL CONSUMPTION (IN LITRES)

	% revenues	From 01/10/2015 to 30/09/2016	From 01/10/2014 to 30/09/2015	From 01/10/2013 to 30/09/2014
GENERATOR FUEL OIL TF1 TOUR/ATRIUM	82.7	10,465	8,365	17,974
FUEL - ALL VEHICLES (REPORTING – COMPANY CARS)	82.7	226,056	215,770	218,691

MEASURES TAKEN TO IMPROVE ENERGY EFFICIENCY

BUILDING MANAGEMENT

- Shorter working hours of the terminal equipment in the offices (air conditioning);
- more precise control of the shutdowns of the air treatment units in the studios;
- replacing a cool-water production group using water-circuit cooling by an air-cooling group, increasing the efficiency of the circuit and reducing spraying of the air-cooling towers of the IGH office tower;
- starting in 2014, a programme to renew the air-cooling towers of the IGH office tower was initiated, consisting of the introduction of more efficient and economical towers;
- in 2016, a renovation programme for the building was commissioned with a view to replacing the lighting system with LED bulbs and the heat pumps by more economical equivalents (air conditioning).

IN PRODUCTION PROCESSES (STUDIOS/ NEWS COVERAGE/BROADCASTING)

The LCI channel designed its studios with lighting provided entirely by LED bulbs which last longer, consume less energy and do not heat up, thereby cutting 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.

The three new mobile video units are lighter, more modern and completely autonomous. They are also fitted with batteries that recharge when the vehicle is in motion, thus reducing energy consumption. The mobile video units comply with the "Euro 4" standard and are fitted with 6-speed gearboxes to limit consumption. A small generator, connected to a Vitron system, provides energy when needed. Equipment is switched on individually and only as required.

IN IT

- Replacement of existing machines with more economical ones, all computers have "Epeat Gold" certification and all screens have "Energy Star" certification;
- deactivation and reactivation of workstations;
- launch of a teleworking pilot test in 2014, with 150 employees taking part to date, or around 7,800 teleworking days per year;
- specific work schedule for the reorganisation of 20 machine rooms that host the IT hardware used in production and post-production activities for computing and storage. The plan has several objectives:
 - to optimise useful space (freeing up m²),
 - to improve security (at several different levels: audiovisual and IT system – access – fire – supervision etc.),
 - to simplify the deployment of new infrastructures,
 - to optimise and significantly reduce energy consumption (power supply for equipment and cooling units).
 across all these items, experience gained with regard to Data Centres was used and, in particular:

- the concept of "hot aisles" (cooling racks directly rather than entire rooms),
- densification of racks and arrangement of cables to optimise air circulation,
- choosing equipment that adapts to the real-time load, that can even learn to anticipate, rather than withstand (changes in weather - different machine loads at different times of the day and night);
- virtualisation of several machines (through a server) and the use of the Cloud (Private or remote Data Centre).

A successful layout guide will be compiled in 2017 to aid project managers and highlight the return on the investment in the initiative. Initial returns on the investment are expected in 2018 and are likely to improve over the years.

USE OF RENEWABLE ENERGIES

In 2013, the TF1 group took out a contract with EDF on the supply of kWh *Équilibre*-labelled electricity for 2015 and 2016. For each kWh consumed by TF1, EDF commits to producing the same quantity from renewable energy sources. The contract was renewed for 2017 and 2018.

7.2.5 CLIMATE CHANGE

MEASUREMENT OF GREENHOUSE GAS (GHG) EMISSIONS

GHG emissions were assessed within the scope of the EMS using the Bilan Carbone® carbon audit method.

Scopes 1 and 2 were updated with activity data from 01/10/2015 to 30/09/2016 and revised using version 7 of the Bilan Carbone® assessment.

The measurements taken within scope 3 include:

- purchases (programmes, goods and services);
- travel (business and commuting), waste and fixed assets;

- indirect energy emissions.

This is referred to as Scope 3A, upstream of the activity. The use of goods and services by the end-consumer (broadcasts watched on television sets, computers, laptops or tablets) cannot be measured. An estimate of this type of emissions had been calculated in the past, based on energy consumption estimates of television sets in proportion to TF1's audience and showed that this item made a significant contribution to indirect emissions. However, this estimate may vary and is not sufficiently accurate, therefore it will not be calculated again in future.

Scope 3A is updated partially each year, and fully every 3 years. The next complete update will be in 2017.

INDICATOR: GREENHOUSE GAS EMISSIONS

Bilan Carbone® emissions by source in equivalent tonnes of CO₂ V7 of the Bilan Carbone®	From 01/10/2015 to 30/09/2016	From 01/10/2014 to 30/09/2015	From 01/10/2013 at 30/09/2014
Scope 1: Direct emissions from fixed sources (generator fuel oil)	29	23	49
Scope 1: Direct emissions from mobile sources (reporting and company vehicles)	607	580	588
Scope 1: Direct fugitive emissions (refrigerant gases)	410	679	622
Scope 2: Indirect electricity consumption-related emissions	1,334	1,353	1,376
Scope 2: Indirect steam consumption-related emissions	352	360	387
Scope 3: Emissions relating to energy consumption not covered by direct or indirect energy emissions	520	518	532
Scope 3: Products purchased	83,338	83,312	88,019
Scope 3: Fixed assets	1,188	1,060	977
Scope 3: Waste generated	219	170	157
Scope 3: Business travel (excluding report vehicles and company cars)	3,735	3,493	2,991
Scope 3: Employee travel	1,290	1,329	1,329
TOTAL (EXCL. PRODUCT USE)	93,021	92,876	97,027



Emissions by scope of the Greenhouse Gas Protocol in equivalent tonnes of CO₂	Uncertainty	From 01/10/2015 to 30/09/2016	From 01/10/2014 to 30/09/2015	From 01/10/2013 to 30/09/2014
Scope 1	23.0%	1,046	1,282	1,259
Scope 2	10.0%	1,686	1,713	1,763
<i>Ratio in tonnes of scope 1+2 CO₂ by employee</i>		0.95	1.0	1.0
<i>Ratio in tonnes of scope 1+2 CO₂ per million euro of revenue</i>		1,345	1,370	1,324
<i>Ratio in tonnes of scope 1+2 CO₂ per square metre</i>		43	43	48
Scope 3A (excl. product use)	50.0%	90,289	89,881	94,005
TOTAL SCOPES 1, 2, 3A (EXCL. PRODUCT USE)		93,021	92,876	97,027

The “Carbon’Clap” resource, developed by the Ecoprod collective of which TF1 is a founding partner, is used to measure greenhouse gas emissions for internal channel productions. Initial key figures have been established by production type (average hour of non-scripted programme: 8 tonnes; drama filmed in Île-de-France: 25 tonnes; drama filmed in Europe: 45 tonnes; exceptional sports events (such as World Cup Football: 1,550 tonnes).

Other purchasing (“Other inputs”) is estimated on the basis of a financial factor.

These figures were consolidated with those of the Bouygues group, as part of the Group’s carbon accounting. They were communicated to the Police Headquarters as required by the Grenelle 2 Act voted in July 2010 and specifically decree no. 2011-829 published on 11 July 2011 (BEGES – report on greenhouse gas emissions).

PLAN TO REDUCE GHG EMISSIONS

- Plan to reduce electricity consumption with an objective of -20% by 2020 compared with 2012 (see above);
- a purchasing and depreciation policy incorporating environmental criteria for IT hardware and broadcasting equipment;
- employee travel (Corporate Travel Plan to be launched in 2010):
 - corporate fleet: emissions limit of 160g/km of CO₂ set for petrol models and 150g/km of CO₂ for diesel models. Policy to promote the use of hybrid models (10% of the fleet),
 - incentive to use public transport via 80% reimbursement of public transport passes,

- introduction of an electric vehicle car sharing service for employees’ professional travel, replacing the use of taxis,
- introduction of an electric bike sharing service for employees for local business travel and journeys between home and work (from March 2017),
- use of Excellium diesel in report vehicles, hybrid car testing under way.

an initial employee survey was carried out in 2010 on commuting. A second commuting survey was administered in April 2014. The results of survey, analysed by Innovation 24, a Bouygues subsidiary, show clear-cut changes in mobility choices compared with the 2010 survey, with the gradual adoption of more environmentally friendly transport means:

- a considerable increase in the use of public transport: +13%,
- +4% for walking and biking for employees living in Boulogne-Billancourt and nearby areas,
- car use is down 10%, and 5% to 10% of commutes are now carpooled.

OTHER GASES

To comply with regulations on the gradual elimination of gases that damage the ozone layer (Regulation (EC) no. 2037/2000 of the European Parliament and the European Council of 29 June 2000, with a 2015 deadline), TF1 replaced various air-conditioning system components (around 1,600 heat pumps and air-conditioning cabinets and five water chillers). Gas used in cooling equipment is one of the fluids covered by prevailing regulations. Every precaution is taken when purging obsolete equipment before scrapping.

7.3 SOCIETAL INFORMATION

7.3.1 SOCIETAL POLICY AND SOCIAL RISK FACTORS

As a broadcaster, TF1 group has a fundamental responsibility towards society. It is therefore committed to ensuring that its programmes comply with the ethical and professional commitments made to the public⁽¹⁾, and that the information broadcast on Group channels is of the highest quality.

In terms of business ethics, in 2014, under the responsibility of its Corporate Secretary, Group Head of Ethics, TF1 initiated a structured Compliance approach with a dedicated organisation. TF1 has also introduced its own Code of Ethics, as well as compliance programmes and training plans.

The diversity of the programmes offered, their inclusive and non-discriminatory nature and the emphasis on solidarity and community spirit are all key issues for TF1. As a leading media group, it has made these central to its CSR policy. The TF1 Corporate Foundation, focused on the professional integration of young people from disadvantaged neighbourhoods, is a key player in the Group's diversity policy. Socially responsible actions are led by all TF1 divisions, represented by a cross-functional committee and offering a consistent approach to the numerous requests made to the Group.

The Purchasing Division introduced a Responsible Purchasing policy on its creation in 2008. That policy was extended in 2013 to purchasing rights and Téléshopping.

TF1 group has made tackling piracy a priority, cracking down on the illegal recording of Group content and pursuing an active content protection policy.

Lastly, the protection of personal data has become an increasingly important issue for the Group in recent years. As such, the topic is addressed in depth in this document.

TF1 group encourages respectful and constructive dialogue with all its stakeholders. The development of a close relationship with the public, bringing all individuals the opportunity to dialogue with the Group, is a key element in its communication policy.

SOCIETAL RISK FACTORS

RISKS RELATED TO IMAGE AND ETHICAL NON-COMPLIANCE

The main societal risk for TF1 consists in failing to respect the Group's public commitments in the ethics and compliance of the content it produces and broadcasts. From this standpoint, TF1 has a particular responsibility given its leading-channel status. It also represents a licence-to-operate risk, if the regulator were to identify major cases of non-compliance.

RISK MANAGEMENT POLICY

Respecting its commitments is a central Group concern. The Group's risk management policy is designed to ensure:

- programme compliance, under the responsibility of the General Counsel's Department and the Broadcasting Division;
- the responsibility and independence of the News Division;
- that all staff involved in programme-making are trained on their rights and duties by the Legal Affairs Division.

7.3.2 SOCIETAL REPORTING PARAMETERS

Scope:

- ethics, solidarity, purchasing: the entire Group;
- programme compliance, audience relations: TF1, TNT channels: TMC, NT1, HD1, and LCI.

Period under review:

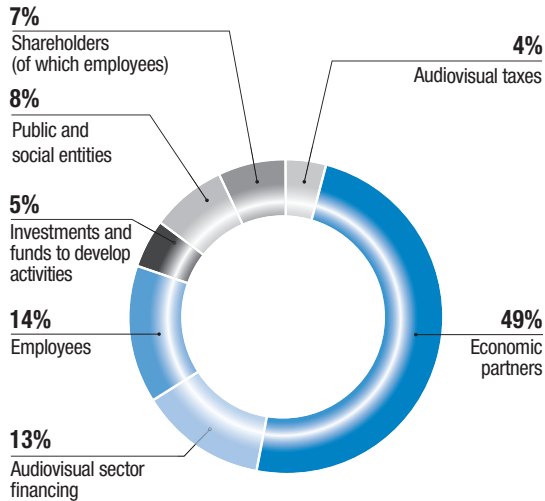
Reporting on societal issues concerns the period from 01/10/2015 to 30/09/2016 with the following exceptions:

- programme compliance: 2015 (discussions still ongoing with the CSA for 2016);
- channels subtitling, calculated for 2016 by TF1's information systems;
- philanthropic actions, calculated by information systems for the whole of 2016.

(1) TF1 agreement: http://www.csa.fr/infos/textes/textes_detail.php?id=8169.

7.3.3 TERRITORIAL, ECONOMIC AND SOCIAL IMPACT

ECONOMIC CONTRIBUTION OF THE COMPANY (% OF REVENUES)



Source: estimates of the company

The diagram above shows an estimate of the distribution of TF1 group 2016 revenues (€2,063 billion) among its main stakeholders. It illustrates the Group's contribution to the audiovisual sector in particular, through the payment of taxes, its production obligations and the royalties it pays to societies of authors.

- *Audiovisual taxes* = Centre National de la Cinématographie (CNC) + taxes for the financing of France Télévisions + tax for community radio and press.
- *Public and social entities* = corporate tax + company value-added contribution (CVAE) + social welfare bodies + social contributions.
- *Audiovisual sector financing* = obligation to invest in French drama and in film + copyright.
- *Shareholders (including employees)* = dividends + share buybacks.

CORPORATE FOUNDATION INITIATIVES

The TF1 Corporate Foundation, set up in 2007, focuses on diversity and professional integration. Every year, the Foundation holds a competition to hire people aged between 18 and 30 from working-class areas.

Candidates are selected by a panel of professionals. They are offered a two-year work/study placement with TF1 group, supervised by a tutor and a mentor who will help them establish a network and instruct them

INDICATORS: TF1 CORPORATE FOUNDATION INITIATIVES

	2016	2015	2014
Young people from disadvantaged areas welcomed by the Foundation	13	11	13
High schools visited (students concerned)	16 (1,800)	19 (2,100)	20 (2,500)
Year 10 work placements ^{nts}	120	90	60
Participation in the Forum des Métiers business event	10	12	12
Start-ups supported with the association CREO	26	12	-
Writing workshops	6	4	-
Studio visits	14	12	15

on corporate principles. The scheme covers more than 25 professions in the fields of journalism and audiovisual production, as well as the company's service businesses.

The TF1 Foundation held its ninth intake in mid-September 2016 with thirteen candidates selected.

In 2016, the Foundation also launched a series of pioneering initiatives focusing on diversity:

- in partnership with the French Ministry of Education, the first inter-company work experience programme was set up. This allowed year 10 pupils from underprivileged neighbourhoods to gain experience of working for different companies and introduce them to a wide range of professions. This year, ten companies (Air France, Auchan, Coca-Cola, L'Oréal, Microsoft, Schneider Electric, Ubisoft, Adecco, Eurosport and TF1) offered a four-week work placement to four year 10 classes (120 pupils), in four different *départements* of France (Aube, Lot, Haute-Corse and Ariège);
- the Foundation also organised a film competition, MYFRANCE, in partnership with Shine France, the French broadcasting regulatory authority (CSA) and the Ministry of Education, with the aim of getting secondary school pupils to produce a short film on the subject of "living together". The prizes were awarded on 5 July at the Ministry of Education. The film that won first prize was broadcast on TF1 on 14 July.

TF1 group – represented by Arnaud Bosom, Executive Vice President Human Resources and CSR, and Samira Djouadi, Chief Executive of the TF1 Foundation – signed the *Entreprises et quartiers* charter for the Ile-de-France region and Paris in May 2016, and for the Hauts-de-Seine *département* in June. This is the regional version of the national *Entreprises et quartiers* charter which the Group signed in 2013, aimed at promoting employment and economic development in local areas. The companies that signed the agreement have pledged to facilitate access to employment for people living in underprivileged neighbourhoods and in Ile-de-France in general for the period 2015-2020.

Over the years, the Foundation has seen a real diversity in the candidates applying to TF1. For those who have dropped out of formal education, it gives them the chance to regain confidence and return to the job market.

Each year, the Foundation meets with high-school students and supports innovative learning approaches: In 2015, it became the partner of the "class without grades" at the Louise Michel secondary school in Epinay-sur-Seine, organising a "digital camp" for 26 girls in partnership with Microsoft and arranging visits to the TF1 newsroom and showroom.

The TF1 Corporate Foundation also organises the Diversity Award for innovative, independent and responsible journalism on the themes of immigration and integration, in partnership with the French-American Foundation.

7.3.4 DIALOGUE WITH STAKEHOLDERS

CHALLENGES, EQUIPMENT STAKEHOLDERS (SH), DIALOGUE AND ACTIONS

Challenge	Objective	Key players	Dialogue method	Examples of actions
Challenges involving the content produced and broadcast				
Independence of the Group's editorial teams, pluralism of information	To foster public trust through high-quality, independent and pluralistic information	TF1: News Division, Legal Affairs Division and General Counsel's Department SH: regulatory authorities: French broadcasting regulatory authority (CSA), Public	Participation in working groups, production of reports, proposals	Annually: <ul style="list-style-type: none"> all staff involved in programme-making are trained on their rights and duties by the Legal Affairs Division; in progress: publication of the Editorial Code of Ethics. See 7.3.9 News
Ethics and integrity in programmes	Unite audiences through programmes designed to have universal appeal, while adhering strictly to our ethical and professional commitments	TF1: Programme units, Compliance Division, Legal Affairs Division and General Counsel's Department SH: French broadcasting regulatory authority (CSA), Producers, Public	Direct interaction with contributors to news and programme content, reminder of the agreement signed with the CSA in contracts	Year-round: <ul style="list-style-type: none"> dialogue with producers; ongoing monitoring and viewing of programmes by the Compliance Division. See 7.3.8 Respect of ethics and compliance rules in content
On-screen representation of national diversity and gender equality	Accurately reflect, without stereotyping, the diversity of French society in our programme content	TF1: Programme units, News Division, Human Relations Division, Training SH: Producers French broadcasting regulatory authority (CSA) Public	TF1 sets out its quantitative commitments before the CSA, sending a letter to all producers of non-scripted broadcasts asking them to focus on diversity during castings Reminder of the agreement signed with the CSA in contracts	In 2016: <ul style="list-style-type: none"> new commitments on the role of women at the different channels; qualitative and quantitative studies (presence of women and ethnic minorities in TF1 news programmes), training plan; organisation of the Experte à la Une event; MYFRANCE film competition aimed at secondary school pupils on the subject of "living together". See 7.3.12 Promoting diversity
Public awareness campaign	Use programmes to raise public awareness of major environmental and social issues.	TF1: Programme units, News Division, Social media External Communication Division News team journalists SH: Producers Public	Discussions with producers, Audience Relations	Year-round: <ul style="list-style-type: none"> various stories covered by news programmes; messages in weather forecasts; Ushuaia TV dedicated to sustainable development. See 7.2.1 General environmental policy and 7.3.12 Promoting diversity
Foster artistic creation and the diversity of cultural practices	To enhance the cultural offering, support the emergence of new talent and champion the diversity of styles and forms of expression	TF1: Programme units, News Division, Innovation and Digital SH: Producers Public	Frequent meetings with producers, schools Creative workshops, Encouragement at open castings	Year-round: <ul style="list-style-type: none"> rights purchasing policies; creative development for the music venue Seine Musicale, TF1 Musique, TF1 Film Productions, creative workshop; three series produced <i>through</i> a unique partnership with NBC Universal (United States) and RTL (Germany); acquisition of Newen; sponsorship for La Fémis (the French state film and television school) to create TV pilot shows.



Challenge	Objective	Key players	Dialogue method	Examples of actions
Protection of vulnerable viewers	Protect and inform vulnerable viewers, including children and adolescents, about any unsuitable content and risks of addiction	TF1: Channel and Broadcasting Division SH: Public French broadcasting regulatory authority (CSA)	Commitment to the CSA, annual review	<ul style="list-style-type: none"> No programmes that are prohibited for children under 18, content rating if not suitable for all audiences; child psychologist who views all youth series purchased by TF1, with a special focus on the online safety of its young viewers. <p>See 7.3.10 Protection of young viewers</p>
Universal programme accessibility	Make programmes accessible to everyone, including persons with sensory impairment	TF1: Channel and Broadcasting Division SH: Public and associations	Response to viewers, signing of charters to improve policies	<ul style="list-style-type: none"> Subtitling and audio description of programmes on all Group channels consistently exceed legal requirements. In 2016: closed captioning of commercials introduced. <p>See 7.3.11 Programme accessibility</p>
Dialogue and proximity to our audiences and all our partners	As a generalist media outlet, to remain in touch with social trends so that it can meet viewers' expectations. Make it easy for viewers to contact the Group	TF1: External Communication Division, News Ombudsman, <i>community managers</i> SH: Public	Personalised answers to emails, phone calls and letters, debates with channel personalities, journalists' blogs, etc.	<ul style="list-style-type: none"> Coordination of social media by community managers; <ul style="list-style-type: none"> news Ombudsman; nationwide visits by TF1 personalities (#LesRencontresTF1); through the Foundation, organising meetings with sixth form students, work experience for secondary school pupils, and visits to TF1 studios. <p>See 7.3.4 Dialogue with stakeholders</p>
Responsible advertising	Honour our commitments for wholesome, truthful and fair advertising	TF1: TF1 Publicité Sales Division and Business Development Division of TF1 Publicité SH: Advertising watchdog (ARPP), Public Advertisers Media agencies French Competition Authority	Direct meetings with advertisers, general terms and conditions of sale posted online www.tf1pub.fr website, References magazine, events, Campus, etc.	<ul style="list-style-type: none"> Advertising regulations and compliance rules applied to all advertising messages, whatever the medium and broadcasting format, including on-demand audiovisual media services. <p>See 7.3.13 Compliance and ethics in advertising</p>
Philanthropy and employee commitment	TF1, a generalist channel, creates social cohesion in France and can raise the profile of charities	TF1: Solidarity Committee, Corporate Foundation, HR Division, Corporate Communication SH: Associations and NGOs	Response to requests, long-term contracts and partnerships	<ul style="list-style-type: none"> Each year, various types of support are given. With the production of commercials, free advertising, special campaigns, donation of game show winnings, the support is wide-ranging. <p>See 7.3.5 Partnership and sponsorship initiatives</p>
Challenges concerning the company's actions				
Responsible use of data and cyber security	Protect the personal data of our customers, viewers and employees and ensure that data are processed and used responsibly	TF1: Legal Affairs Division, TF1 Digital, TF1 Publicité, Internal Resources Division, HR Division SH: Employees, internet users Service providers	Privacy policy available online on all MYTF1 media, intranet articles	<ul style="list-style-type: none"> Policy for the processing and security of personal data collected since 2007, reinforcing internal encryption techniques, signing of a confidentiality agreement for employees with access to personal data; signing of the IAB Europe European Charter by TF1 Publicité; working group to anticipate measures to put in place in order to comply with the new regulations on personal data, applicable from 25 May 2018. <p>See 7.3.14 Issues in digital media/Protection of personal data and users' data</p>

Challenge	Objective	Key players	Dialogue method	Examples of actions
Ethics and compliance in business relations	Establish effective and ethical governance principles and transparent communication. Apply CSR principles to the supply chain	TF1: Legal Affairs and Purchasing Divisions, and General Counsel's Department SH: Suppliers, public authorities	Employee communication Signing of a personal letter of commitment from managers Supplier assessment via EcoVadis	<ul style="list-style-type: none"> Ethics and CSR Committee in place since 2014; <ul style="list-style-type: none"> rollout plan for the Code of Ethics and compliance programmes; Charter of Institutional Relations; Ethics and Compliance risk mapping; guide to day-to-day ethical practices. <p>See 7.3.6 Ethics and social responsibility of the Group</p>
Fair distribution of value and protection of copyright	Advocating the fair distribution of value created among the various actors in the Group's ecosystem, mainly through copyright protection, a major source of economic balance in our sector	TF1: Legal Affairs Division and General Counsel's Department, Purchasing Division SH: Rights holders, internet users Content-sharing platforms	Legal action and awareness-raising initiatives Discussions with suppliers, contractual clauses, Responsible Purchasing Charter	<ul style="list-style-type: none"> Responsible purchasing policy; actions to remove illegal content from sharing platforms and social media using dedicated tools. <p>See 7.3.7 Responsible purchasing policy 7.3.14 Issues in digital media/Fight against piracy and protection of copyright</p>
Development of the skills and employability of employees	For the company: to be able to rely on the competence and commitment of employees, as well as on the quality of training programmes. For employees: to acquire knowledge and skills in line with the company's expectations, and to be empowered to design their own career plan	TF1: HR/Talent Division SH: Employees	New performance appraisals and career interviews Themed breakfasts, meetings with the Chairman & CEO Communication of strategy via a monthly newsletter	<ul style="list-style-type: none"> New training programme offered by the TF1 University based on Innovation, Business and Digital (Connect plan); <ul style="list-style-type: none"> masterclasses for all employees. <p>See 7.1.9 Skills development 7.1.10 Attracting and retaining talent</p>
Quality of life at work, including management/employee relations	Mitigate occupational risks, foster social dialogue, safeguard employee health and safety and ensure quality of life at work	TF1: HR Division/Social Affairs, <i>managers</i> SH: Employees and staff representative bodies	Negotiation of agreements with trade unions, internal communication publications, satisfaction survey, annual performance appraisal, etc.	<ul style="list-style-type: none"> All Group companies have staff representative bodies; various agreements signed in 2016, including third amendment to the profit-sharing agreement; Strategic Workforce Planning Agreement under negotiation. <p>See 7.1.6 Professional relationships and report on collective agreements</p>
Equal opportunities, gender equality and diversity within the company	Provide equal opportunities and promote diversity within the company. Ensure gender equality in terms of pay and promotion	TF1: HR Division/Operational HR teams and Social Affairs, <i>managers</i> SH: Employees and staff representative bodies	Negotiation of agreements with trade unions, internal publications	<ul style="list-style-type: none"> Agreements on "Ethnic diversity, gender equality, disability and older workers"; signing of the Entreprises et quartiers agreement to promote local employment and economic development with regional authorities in Ile de France and Paris; <ul style="list-style-type: none"> ninth Foundation intake. <p>See 7.1.8 Equal opportunities and the fight against discrimination</p>



Challenge	Objective	Key players	Dialogue method	Examples of actions
Environmental impact of the business	Reduce the company's direct environmental footprint. Encourage the entire film and audiovisual industry to build environmental protection into its practices	TF1: Corporate Services Division Ecoprod collective/CSR Division SH: Employees Suppliers	Intranet articles Clauses in specifications	<ul style="list-style-type: none"> Annually: various mitigation measures (EPEAT Gold computers, Energy Star monitors, workstation hibernation, reduced system operating times, etc.; 2015: signature of the Paris Climate Action Charter; 2016: introduction of a machine room policy; 2017: Launch of an ISO 5001 certification process. <p>See 7.2 Environmental information</p>

AUDIENCE RELATIONS

AUDIENCE RELATIONS DEPARTMENT (ARD)

Building a strong relationship with the public is a priority for TF1 group.

The rollout of the audience dialogue system is a key feature of TF1's policy to forge closer ties with viewers, the goal being to make TF1 an accessible media entity fostering interactive contacts with its audiences and bringing diversified programmes to its viewers.

The ARD was set up to implement a broad range of initiatives to develop an ongoing relationship with the public across France, and on social media. The Group wants to raise the channel's profile and share its values with viewers and reviewers alike. Using the communication tools put in place – such as the TF1&Vous section accessible from MYTF1.fr, TF1's significant presence on social media, letters and phone calls – viewers can share their views on programmes and presenters at any time. The ARD provided 45,000 individual responses in the period under review.

SOCIAL NETWORKS, GRASSROOTS EVENTS

TF1's presence on social media, through Facebook, Twitter, Instagram, Snapchat, Google+ and Periscope, is part of the same drive to build closer ties, by offering people a unique space in which to dialogue and

interact. In 2016, TF1's community managers took part in discussions with 56 million followers who subscribe to the programmes and channel pages and to the TF1 group corporate communications page. Subscribers get exclusive programme information and loyalty offers, including invitations, goodies and advance showings. They can also share their views on programmes and services. TF1 group is present on social media through its presenters, many of whom engage with their followers.

Dialogue between the social media team and the public is now key to promoting content, connecting with audiences and driving traffic to different screens. Using competitions, trailers and special campaigns, social media officers generate posts and content which foster engagement with an extremely broad community (the TF1 channel has 8.7 million followers on social media).

The Audience Relations Department has seen its role evolve as it seeks to engage in conversation with followers. Customer relations now involve responding directly to questions and comments from followers on social media.

To generate maximum impact and "likes", the social media team organises regular Facebook Live events. Celebrities from the channel or artists who work with the Group's subsidiaries (performers from TF1 Musique, actors from TF1 Studio co-productions) also take part in these original live interviews.

INDICATORS: AUDIENCE RELATIONS

	From 01/10/2015 to 30/09/2016	From 01/10/2014 to 30/09/2015	From 01/10/2013 to 30/09/2014
Replies to contacts via email, post and calls to the ARD ⁽¹⁾	45,000	55,000	65,000
Total number of followers on all social media and TF1 group accounts (<i>subsidiaries, programmes, presenters, etc.</i>)	over 56 million	over 30 million	over 20 million

(1) ARD: Audience Relations Department.

NEWS OMBUDSMAN

News ombudsman Françoise-Marie Morel receives the public's opinions, requests for explanations and complaints via the Audience Relations Department (on tf1.fr). She listens to comments about presenters and the treatment (or non-treatment) of news stories. She replies on her web page <http://www.lci.fr/la-mediatrice-vous-repond/>

She explains how newscasts are put together and what the rules are. She can also reply to certain individual queries. She advises the Editorial team when many people express similar reactions on a given issue.

7.3.5 PARTNERSHIP AND SPONSORSHIP INITIATIVES

The Solidarity Committee, created in 2001, groups various company representatives (Broadcasting, Advertising, Human Relations and CSR, and the Corporate Foundation). It coordinates TF1's community-minded initiatives with requests from associations.

TF1 Publicité and the TF1 channel provide direct assistance to non-profit organisations and help them raise their profile through: special prime-time campaigns, the production and airing of commercials free of charge, donations of game show winnings, and cash donations

managed by the Solidarity Committee, providing a range of assistance measures corresponding to a broad spectrum of social issues.

Air time is offered to a varied range of organisations and causes. Les Pièces Jaunes, Les Restos du Cœur, Sidaction, ELA (the fight against leukodystrophy) and now the Laurette Fugain organisation have become very important recurring operations.

In 2016, the Group donated a total €37.3 million to 121 organisations.

PHILANTHROPY INDICATORS: NUMBER OF ORGANISATIONS CONCERNED, NATURE AND AMOUNT OF DONATIONS

	2016	2015	From 01/10/2013 to 30/09/2014
Number of organisations having received donations	121	140	153
Cash donations to organisations (€000)	3,817	3,339	3,198
Donations in kind (value in €000)*	31,539	31,291	29,964
Sponsorship administrative costs and contributions to Foundations (€000)	1,961	1,895	1,973
TOTAL VALUE OF INITIATIVES (€000)	37,317	36,525	35,135

* Free advertising, production of commercials, direct donations, donation of game show winnings.

7.3.6 INNOVATION AND START-UP ECOSYSTEM

For TF1 group, digital represents the cornerstone of development. The Group has therefore introduced a partnership policy for start-ups with the launch of "One Innovation", an investment fund with an initial budget of €2 million. The aim of "One Innovation" is to provide funding for five to ten start-ups before their first or second round of equity-raising. This policy is accompanied by:

- training with Epitech, the graduate school of digital innovation recognised for its disruptive teaching. The aim of this support programme is to help students develop their ideas in relation to the business activities of TF1 group;

- incubation with Paris&Co: the Paris Innovation and Economic Development Agency and TF1 have joined forces to create an incubator on the theme of "New products and services", with a view to forming business partnerships;

- acceleration in partnership with Orange Fab to develop their market and industrialise their business.

The Group has also developed a media for equity strategy which allows more mature start-ups and BtoC to access TV exposure.

7.3.7 ETHICS AND SOCIAL RESPONSIBILITY OF THE GROUP

GROUP ENVIRONMENT

TF1 group operates in a complex and changing regulatory, technological and competitive environment. The Group has committed to respecting – on its channels and on-demand audiovisual media services – the ethical and professional principles enshrined in the agreements signed by its channels with the CSA and the regulations governing its activities.

THE GROUP'S ETHICS, COMPLIANCE AND CSR POLICY

Since 2009, TF1 group has taken a structured approach towards "Compliance", overseen by its General Counsel as Group Ethics Officer. The rollout of this initiative consisted of three pillars: *Ethics, Compliance and Corporate Social Responsibility*.

In 2014, TF1 introduced its own Code of Ethics. Applicable to everyone at the Group, the Code of Ethics aims to rally Group employees around core values and rules of conduct, namely: respect for the law and the overriding interests of the Group, the quality of relations with all internal and external stakeholders (including subsidiaries, employees, customers, suppliers, shareholders, institutions and public authorities), the protection of Group assets, the prevention of conflicts of interest and the fight against corruption. The Code also sets out the Group's commitments on environmental respect, social responsibility, sponsorship and responsible purchasing. It involves the introduction of a whistleblowing system enabling employees to inform the Group Head of Ethics of any infringements of the Code of Ethics they may observe in the carrying out of their duties and within a pre-established scope.



Distributed to all permanent employees of the Group, the Code of Ethics is available online on the Group intranet and corporate website (www.groupe-tf1.fr/en).

The Code has been enhanced and supplemented by compliance programmes based on four key themes: (i) “*Competition*”, (ii) “*Anti-corruption*”, (iii) “*Conflicts of interest*”, and (iv) “*Compliance in securities trading*”. The programmes were individually assigned to the Group’s senior executives, accompanied by a training and awareness-raising scheme, and published online on the TF1 group intranet.

In parallel, the Board of Directors decided to set up an *Ethics and Corporate Social Responsibility Committee* in 2014, tasked with ensuring respect for the Code of Ethics, as well as enforcing the rules on ethics, conduct and compliance and overseeing the Group CSR policy.

Composed of two independent Directors, a Director representing employees, the Group Ethics Officer, the Legal Affairs Director and the Group Head of CSR, the Ethics and CSR Committee is responsible for the following:

■ in terms of Ethics:

- ensuring that the Group respects applicable laws and regulations, as well as agreements and commitments made with government authorities, and more broadly, the loyalty, honesty, sincerity and fairness with which it is duty bound to conduct its internal and external relations,
- maintaining within the company rules based on trust, mutual respect, dignity and fairness, consistent with the principles set forth in the Code of Ethics.

■ in terms of CSR:

- overseeing the commitment of the Group and the relevance of its vision on CSR, by directing foresight work aimed at better understanding the expectations of customers and other stakeholders and taking account of the proper integration of CSR principles in the Group’s global strategy.

The work of the Ethics and CSR Committee is presented to the Board of Directors.

Introduction of an organisational structure for the implementation and monitoring of Ethics and Compliance

The operational rollout of the Code of Ethics and compliance programmes is the responsibility of ethics and compliance officers in each business unit (Legal Directors) in coordination with and under the supervision of a Group Compliance Officer reporting to the Legal Affairs Director and General Counsel.

MAIN INITIATIVES IN 2016

The Ethics and CSR Committee met twice in 2016.

It approved the continued rollout of the Code of Ethics and Compliance Programmes, including: (i) changes to the Compliance Programmes with a *personal letter of commitment signed by managers* in 2016; (ii) the drafting of a *Charter of Institutional Relations* in view of the *Bill on transparency, the fight against corruption and the modernisation of the economy* (the “*Sapin II*” Law); (iii) a draft *Charter of Ethics for Journalists*, setting out best practice in terms of verifying and protecting sources, respect for human rights, the rules on certain professional practice, and the professional ethics of journalists.

In addition, TF1 required all of the members of the General Management Committee to commit, publicly and on a personal basis, to uphold and implement the Group’s compliance programmes in their organisation, as well as making sure they are upheld. This approach was supported by specific awareness-raising efforts aimed at the main senior executives, including the main conditions of the Sapin 2 Act concerning transparency, the fight against corruption, and the modernisation of the economy, as well as a mapping of these risks in the Group’s different businesses.

The Ethics and Compliance risk map was also examined, together with a review of the associated training, including a progress report on the Group’s IT security.

The Code is accompanied and illustrated by a *Guide to day-to-day ethical practices*, with practical insights, examples and recommendations, available on the Group’s intranet site.

The Committee has examined the various CSR actions taken by the Group, particularly in the areas of diversity, philanthropy, sustainable development and transparency of non-financial reporting. The transparency of non-financial reporting in 2016 was confirmed by Ernst & Young with moderate assurance in its unqualified audit opinion.

7.3.8 RESPONSIBLE PURCHASING POLICY

To implement TF1’s CSR policy at the Group’s service providers and suppliers, in 2008 TF1 initiated a Responsible Purchasing and Purchasing Diversity policy excluding the purchasing of rights.

In 2013 the scope of Responsible Purchasing was extended to include Rights Acquisitions, covering the acquisitions of rights to broadcast programmes and live sporting events with a view to feeding the Group’s different channels, and purchases by the Téléshopping company, notably through the introduction of CSR assessments of the major partners of these structures. In 2016, CSR risk mapping for Group purchasing helped raise awareness among buyers and legal advisors of TF1 Entertainment, TF1 Games and TF1 Publishing.

Since 2012, TF1 group has been a signatory of the Responsible Supplier Relations Charter, comprising ten commitments aimed at building

balanced and sustainable relationships between the major companies that are signatories of the charter and their suppliers. By signing this charter, TF1 is demonstrating its desire to apply the best practices described and to establish a climate of mutual trust with its suppliers.

In 2016, the Purchasing Division revised its Purchasing and CSR Policy. The policy is an opportunity to outline the general principles of the responsible purchasing approach. The policy can be found on the TF1 Corporate site under “Our responsible purchasing commitments”.

All buyers are required to implement it. The Head of Purchasing coordinates the policy and provides operational leadership. In addition, the Responsible Purchasing Committee meets with buyers to review the deployment and adoption of the policy.

EXTERNAL EXPENDITURE EXCLUDING RIGHTS

TF1 group Purchasing Division, part of the Finance and Purchasing Division, is responsible for all external expenditure excluding purchases of rights and goods.

The remit of the Group Purchasing Division is to optimise all the Group's contractual conditions while maintaining the quality of the goods and services procured and seeking to build well-balanced and lasting relations with suppliers.

The Purchasing Division seeks to contribute to the Group's operational performance and support its transformation plan.

The purchasing process is secured within SAP and complies with the principles of internal control concerning the separation of roles and responsibilities for making supplier orders.

RIGHTS ACQUISITION PROCESS

The rights acquisition process at TF1 group respects the Group's internal control procedures, presented in detail in section 2.2.2 of this document.

The Group endeavours to assess and control the risks inherent in all envisaged acquisitions.

To that end, the rights acquisition process is secured at each key step of the commitment by the multiplicity of the players involved, with any engagement made as part of a collegial decision and backed by a formal process including numerous indicators and a Group Contractual Policy established by the Legal Affairs Division, shared with the Operational Divisions, then approved annually by the Executive Management.

They enable the strict respect of Group objectives on compliance in business, law and competition and the Diversity Charter. By rallying managers and employees around shared values, the Group pays particular attention to the prohibition and prevention of anti-competitive, dishonest and corrupt practices. As mentioned in the introduction to chapter 7 of this document, TF1 has for several years renewed its membership of the United Nations Global Compact, one of whose principles is aimed at fighting against corruption in all its forms.

ACQUISITION OF AUDIOVISUAL PROGRAMMES (EXCLUDING SPORTS RIGHTS)

Under the Group Contractual Policy, the GIE TF1 Acquisitions de droits, an economic interest group which includes all of the Group's channels, and the Content Purchasing Division, tasked with acquiring rights and optimising their circulation within the Group, acquires broadcasting rights for feature films, series and TV films. Where applicable, it sells rights that are not being used by Group broadcasters to third parties to optimise inventory management.

The channels send their requests to the Purchasing Division, in the Content Division. A committee of representatives from channels belonging to the economic interest group is tasked with approving the overall breakdown of commissioned rights. It sends the requests together with the breakdown to the Purchasing Division, which then purchases the programmes.

The Group calls on a broad range of producers. Acquisition decisions are based on the artistic quality of programmes and on the editorial

policy of the Group's channels, the aim being to foster diversity and work with a diverse range of rights suppliers (location, size, innovation, etc.) in accordance with the principles of the Diversity Label.

Acquisitions are approved by special committees grouping all the decision-makers on the basis of objective criteria defined beforehand:

- the Rights Acquisition and Trading Division presents an overview of the project characteristics: unit price, number of broadcasts, rights transformation procedures, programming slots in the grids of the ordering parties, rights use period, sub-licensing (where applicable), territory, secondary use, and billing and payment conditions;
- the Artistic Division checks that the programme complies with the editorial line of the commissioning channels;
- the Programming Division ensures that the rights correspond to the programming grids of the Group's channels, ratings objectives and the channels' inventory control;
- the Deputy Director of Finance and Purchasing approves the inscription of the acquisition in the cost of the programmes and the investment budget of the Programme Unit, the projected profitability of the acquisition, the inventory level, the compliance of the acquisition cost with the price due, and the inclusion of performance clauses where appropriate;
- the Legal Affairs Division, which ensures that Group Contractual Policy is followed, drafts and implements model purchasing agreements and negotiates and approves any waiver clauses.

Final approval of the commitment is made in line with the procedures and delegations of powers implemented by the Executive Management.

The Rights Acquisition Department is responsible for updating the programmable inventory of broadcasters and ensuring the respect of contractual provisions concerning payment.

ACQUISITION OF SPORTS RIGHTS

Sports rights are acquired by the division responsible for sports, usually through calls for tender initiated by the rights-holders (federations, rights agencies, etc.). These calls for tender, generally open to all broadcasters, respect European and national regulations (French Sports Code). For the largest projects, the Board of Directors forms a special committee responsible for approving the proposals.

MAIN INITIATIVES

Through its Responsible Purchasing policy, the TF1 Purchasing Division adopts a multi-pronged approach in accordance with the Group's CSR policy. This mainly includes promoting sustainable relations with its suppliers, applying CSR criteria to purchases, making greater use of the sheltered sector, tackling corruption and offering professional development for its buyers.

A map of the rudimentary risks, focusing on critical issues for the 57 families of the ex-rights purchasing nomenclature, was introduced in 2015 in accordance with ISO 26000 and 31000. The potential risks (environment, employment law, health and safety, compliance with TF1's commitments on the ethics and professionalism of content, misfeasance and piracy) were summarised and a list drawn up of the measures in place. These were accompanied by an action plan.



PROMOTING BALANCED AND SUSTAINABLE RELATIONS

The commitment of TF1 group Purchasing Division towards sustainable and balanced relations with its suppliers and partners remains a major objective. TF1 prefers to have framework contracts with its suppliers, while establishing multi-annual contracts for services or supplies requiring significant investment and implementation.

For several years, TF1 group has had a balanced contractual framework compliant with the legislation. In early 2015 it amended its General Terms and Conditions of Purchase.

SUPPLIER ASSESSMENT WITH ECOVADIS

Since 2008, one area of the implementation of the Responsible Purchasing policy has been based on CSR assessments of suppliers for ex-rights purchases. These assessments, carried out by EcoVadis, are focused on four components: the environment, social aspects, business ethics and purchasing policy. The assessments are used to prepare a report which provides a score for each component, an overall rating, the strengths, weaknesses and opportunities of the company assessed, a benchmark and 360-degree information. These assessments are made through campaigns or as part of calls for tender or renegotiations of contracts worth over €500K, so as to integrate the CSR criterion in the final decision.

By the end of September 2016, 160 suppliers had been assessed using EcoVadis over the previous three years. The breakdown by company size is as follows: 65% of large enterprises and 35% of very small enterprises (VSEs) and small and medium-sized enterprises (SMEs).

Analysis of these conclusions further contributes to the successful management of supplier relations and is used to put in place an action plan with service providers identified as being at risk (based on the overall rating or one of the EcoVadis scores). In 2015, the Purchasing Division decided to set up more formal action plans with evaluated service providers: accordingly, the professional development course for buyers has been supplemented by training on the “EcoVadis – Analysis of reports and resulting action plans” methodology, with a brief guide to the main wording.

The average score for the panel of suppliers contacted and assessed was 56/100 (the average for EcoVadis is 42/100). Fully 78% of these suppliers had their registered office in France.

In addition to the EcoVadis assessments, the Purchasing Division has developed a “CSR Questionnaire” as a complementary supplier knowledge tool. This questionnaire covers all aspects of CSR, from the environment to safety, and uses a fast and effective analysis to identify key social issues for suppliers and verify their relevance within the purchasing process. The questionnaire is incorporated into all consultations and is a way of educating frontline staff at a very early stage in the process.

PURCHASER TRAINING AND INVOLVEMENT

All buyers in the Ex-rights Purchasing Division have been trained in responsible purchasing and CSR since 2015. In 2016, two new buyers received this training.

Moreover, between 10% and 25% of the collective variable remuneration of buyers from the TF1 group Purchasing Division depends on their purchasing CSR actions: inclusion of CSR criteria in purchasing decisions, monitoring of the management plan, promotion of the use of the sheltered sector, deployment of CSR assessments (EcoVadis or CSR questionnaire).

USE OF THE SHELTERED/ADAPTED SECTOR

The Purchasing Division maintains a list of establishments in the sheltered/adapted sector for a range of services, including printing, catering, packaging and mailing, creation and communication, the maintenance of green spaces and the recycling of cassettes.

INTEGRATION OF CSR CRITERIA AND CLAUSES IN TENDERS

A sustainable development and diversity clause – renamed the “ethics and compliance clause” in 2015 in reference to the Group’s new Code of Ethics – is included in contracts and the General Terms and Conditions of Purchase. The clause also states that TF1 and TF1 group companies are members of the UN Global Compact. The Group’s entities make a commitment to other French and international companies to respect and promote the ten principles of the Compact in the areas of human rights, labour, the environment and anti-corruption, as well as adopting responsible purchasing practices. The contractor thus commits to respecting the principles set forth in the Compact, available on the Internet, and makes sure its subcontractors do the same. The contractor is informed that not respecting these principles will result in contract termination and/or is liable to cause serious damage to the image of TF1 group.

SUMMARY OF ACTIONS FOR DEPARTMENTS INVOLVED IN THE PROCESS

	Ex-rights Purchasing Division	Rights Purchasing Division	Téléshopping	TF1 Games/TF1 Publishing
Publication of the Responsible Purchasing policy	Yes	-	-	-
Buyer training on responsible purchasing	Yes	Yes	Yes	-
CSR criteria included in tenders	Yes	Yes	Yes	-
EcoVadis assessment	Yes	Yes	Under discussion, depending on applicability	Under discussion, depending on applicability
CSR questionnaire sent out during tenders	Yes	Under review	-	-
CSR risk mapping	Yes	No	Yes	Yes
Responsible Supplier Relations Charter	Yes	-	-	-

RESPONSIBLE PURCHASING INDICATORS

	From 01/10/2015 to 30/09/2016	From 01/10/2014 to 30/09/2015	From 01/10/2013 to 30/09/2014
Total business scope (€m)	1,321.8	1,342.5	1,450.5
Expenses addressed by CSR criteria (€m)	1,321.8	1,342.5	1,450.5
Share of expenses addressed (in %) ⁽¹⁾	95% ⁽²⁾	41.2%	39.3%
Number of suppliers assessed by EcoVadis or in the process of assessment	160	152	161
Revenue covered by an EcoVadis assessment or in the process of assessment (€m)	396.2	344.8	339
Revenue with the sheltered/adapted sector (€000)	402.6	370.7	311.1
% of buyers trained in responsible purchasing ⁽³⁾	100.0%	100.0%	100.0%

(1) Expenditure covered by a responsible purchasing policy or purchasing procedures integrating CSR criteria (e.g. contracts incorporating a CSR/SD clause).

(2) Following the campaign in 2015 to include the CSR/Diversity clause in contracts, 95% of contracts now contain these clauses. Only non-contract purchases (an estimated 5% of purchase values) are not routinely addressed.

(3) Around 20 buyers, including 7 in the Ex-rights Purchasing Division and 4 in the Rights Purchasing Division.

7.3.9 RESPECT OF ETHICS AND COMPLIANCE RULES IN CONTENT

The issues covered in this document on produced and distributed content go above and beyond the requirements of the Grenelle 2 Act, as they are of particular importance for TF1.

The General Counsel's Department is responsible for fulfilling the commitments made through agreements signed by the Group's channels, and for dialogue with the CSA. This last structure works closely with the Compliance Division, part of Broadcasting and in particular tasked with verifying commitments on programme compliance and the protection of young viewers. Dialogue with the regulator is carried out via hearings and written contributions, giving rise to requests and proposals on quantified commitments and the drafting of reports.

INDICATORS ON THE CONFORMITY OF PROGRAMMES WITH ETHICAL AND COMPLIANCE COMMITMENTS

The scope for all content-related aspects is 2015.

Two actions were taken in 2015: (i) one caution and two warnings for TF1 and (ii) one caution and two warnings for LCI.

As a reminder, TF1 broadcast 7,636 hours of programmes (excluding advertising and sponsorship) and covered more than 10,492 stories in its TV news. During the same period, LCI broadcast around 18 hours a day of rolling news programmes.





Channel	Subject	Scope of the CSA analysis	Type of breach	Intervention of the CSA
TF1	Ethical reporting Breach of public order	Special editions of the TF1 news on 7-9 January 2015 covering the Charlie Hebdo attacks and their aftermath	Failure to uphold public order by broadcasting images of the attack on the Dammartin print works and by reporting that people might be hiding inside the building. These images could have endangered the lives of hostages in the Hyper Cacher supermarket, since Coulibaly was known to be working in concert with the Kouachi brothers	Caution
TF1	Ethical reporting Violation of the right to presumption of innocence	Special editions of the TF1 news on 7-9 January 2015 covering the Charlie Hebdo attacks and their aftermath	Violation of the right to presumption of innocence by reporting the alleged involvement of a relative of one of the Kouachi brothers, who was later cleared	Warning
TF1	Ethical reporting Human rights	1pm and 8pm news on 10 June 2015	Invasion of Vincent Lambert's privacy by broadcasting images of him on his hospital bed without obtaining his permission	Warning
LCI	Editorial responsibility Breach of public order	Special news programmes which aired on 7-9 January 2015 covering the Charlie Hebdo attacks and their aftermath	Failure to uphold public order by broadcasting images of the attack on the Dammartin print works. These images could have endangered the lives of hostages in the Hyper Cacher supermarket, since Coulibaly was known to be working in concert with the Kouachi brothers. The programme also reported that people were probably hiding in the grocery store. On the evening of 7 January, it disclosed information that could have been used to identify the perpetrators of the Charlie Hebdo attacks	Caution
LCI	Ethical reporting Violation of the right to presumption of innocence Public order	Special news programmes which aired on 7-9 January 2015 covering the Charlie Hebdo attacks and their aftermath	Violation of the right to presumption of innocence by reporting the alleged involvement of a relative of one of the Kouachi brothers, who was later cleared, and of the need to maintain public order by broadcasting images of police surrounding the Hyper Cacher supermarket	Warning
LCI	Ethical reporting Human rights	News bulletins on 10 June 2015	Invasion of Vincent Lambert's privacy by broadcasting images of him on his hospital bed without obtaining his permission	Warning

Reminder of the gradual scale of the CSA's measures: Correspondence (not accounted for here) – Warning – Caution – Penalty.

The terrorist attacks in January and November 2015 cast a shadow over France. Although the audiovisual coverage of the first wave of attacks prompted the CSA to issue various cautions and warnings against all French broadcasters, including TF1 and LCI, it made no comment on the treatment of the dramatic events linked to the attacks on 13 November. As a result neither TF1 nor LCI received any warning or caution.

The Act of 21 July 2016 authorised the CSA to draw up a "Code of Conduct" for the audiovisual coverage of acts of terrorism. Following

its consultation of media representatives in September, on 20 October 2016 the CSA adopted a text entitled *Precautions for the audiovisual coverage of acts of terrorism*, published a few days later. The aim of the document is to help the media reconcile freedom of information with other public interests, such as the need for a proper investigation, non-interference with law enforcement operations, protection of victims and their relatives and respect for human dignity.

7.3.10 NEWS

NEWS DIVISION, SOCIETY OF JOURNALISTS

The News Division is tasked with ensuring that the ethical principles of the profession are applied.

It ensures the independence of the editorial staff. Through dialogue and debate, it creates an initial barrier against any attempt to breach the ethical boundaries of journalism. The editorial staff may tackle

any issue and strive to treat each one in a balanced fashion, taking an approach that is commensurate with the importance of the news. The Society of Journalists, created following the privatisation of TF1, has as members 75% of the 230 or so journalists who make up the editorial team. Presenters and the News and Editorial Team Directors are not members of the Society. The Society's role is to create a space for dialogue in which members of the editorial staff may broach any

question concerning compliance in journalistic practice and the integrity and independence of journalists. The Society of Journalists promotes the concept of responsibility in journalism as a profession. It meets with the News Division upon request and throughout the year.

The News Division will contribute in its areas of expertise to the work of the Ethics and CSR Committee with a view to supplementing and detailing the application of the ethical principles applicable to the Division.

CHARTER OF PROFESSIONAL ETHICS FOR JOURNALISTS

The main unions representing journalists in France have adopted the charter of Professional Ethics for Journalists, available on the website of the National Union of Journalists (SNJ) (www.snj.fr/IMG/pdf/Charte2011-SNJ.pdf). The National Collective Labour Agreement for Journalists (CCNTJ), which applies to all 37,000 press card-carrying journalists in France, also establishes ethical principles.

The journalists of the Group's editorial teams, who hold the Press Card, have *de facto* adopted these rules and principles.

The TF1 group News Division is still looking at a specific charter of ethical standards for the Group's journalists. This will need to take into account recently enacted legislation, such as Act no. 2016-1524 of 14 November 2016 aimed at strengthening the freedom, independence and pluralism of the media. By law, each media firm will be required to have a charter of ethical standards. In addition, by 1 July 2017 TV channels must appoint an independent committee tasked with enforcing the principles of integrity, independence and pluralism of their news and programmes.

The rights, obligations and principles enshrined in the charter will apply to all TF1 group journalists – including journalists working in digital media – who are already required to uphold the various ethical and professional commitments made by the News Division in recent years.

NEWS ITEM VIEWING AND ERROR CORRECTION

Each news item is viewed by at least four people: the assistant chief editor, the managing editor, the chief editor and the presenter. The Director of the Editorial Team also views many stories. If a mistake is made on air, it is frequently corrected before the end of the programme by the presenter. Wherever he so wishes, the Director of the Editorial Team can call on the Director of Legal and Regulatory Affairs for his advice on the matter in question.

PRESS TRIPS AND EMBEDDED JOURNALISTS

Outside official travel, journalists may only take part in press trips with their manager's approval. This is granted on condition that the person organising the trip has been informed of the lack of guaranteed editorial coverage.

TF1 regularly sends embedded journalists (those incorporated into the armed forces on the ground) with French and American forces, without, however, cutting itself off from other sources, because this offers a way to get physically closer to war zones. The journalist is rarely the only special correspondent on the ground. TF1 tries to do stories on peripheral topics outside the army. The practice of "embedding" is announced when the news coverage is broadcast.

TREATMENT OF HUMAN INTEREST STORIES, PREVENTION OF UPSETTING IMAGES

TF1 does not cover human interest stories unless they link to a wider social issue. The Editorial team endeavours to gauge this dimension by reading dispatches and conducting preliminary investigations.

One of the Editorial Division's principles is to avoid showing gratuitous violent images. If a story may be difficult to watch, the presenter will warn viewers, saying that "some of the following issues may be upsetting". Sources are always given for images. Also, images are never modified, except to add graphics.

QUALITY OF IMAGE SOURCES, AMATEUR VIDEO

The Editorial team pays very close attention to the quality of image sources, and the use of home videos is banned unless the source can be properly verified. When such material (which may be cropped and mounted) is used, the words "Home Video" are displayed and, if necessary, the date when the video was shot will be shown. These videos are paid for according to the type of event, the quality and the duration of the sequence used. TF1 has established a scale that takes into account the event, video quality and duration.

STATUS OF GROUP JOURNALISTS' BLOGS

If a journalist writes in the name of the channel, the Editorial Division considers that his or her contributions to blogs or social networks create exposure to personal and corporate liability. The rules that apply on air also apply to blogs. Any failure to act impartially will not be tolerated any more than it would be on the channel, and penalties are possible.

UNDERCOVER WORK

The Editorial team considers that it is the duty of journalists to report what goes on even in closed countries. Outside war zones, experienced journalists from TF1's Investigations unit may work undercover if the subject justifies it, usually for social or economic subjects.

TRAINING PERSONNEL ON MEETING THEIR OBLIGATIONS

Legal and Regulatory Affairs organises regular training and interventions on legal aspects for all staff members involved in preparing reports for TF1 and LCI televised news broadcasts. Participants are reminded of the laws that apply to them in their role as news providers. In addition to the rights of the press and copyright, the seminars also discuss CSA rules and oversight.



LCI SWITCHES OVER TO FREE-TO-AIR DTT

After several attempts and various proceedings before the *Conseil d'État*, on 17 December 2015 LCI was finally authorised by the CSA to switch over to free-to-air DTT on channel 26 with effect from 5 April 2016.

The move from pay TV to free-to-air was accompanied by a certain number of obligations for LCI. These are detailed in an addendum to the agreement between the channel and the CSA, signed on 17 February 2016. Under the terms of the addendum, LCI agreed that – unless a

major event occurs – newscasts and headlines will not exceed 30% of total broadcasting time and that at least 30% of its programming will consist of special news magazine shows covering different topics (e.g. the economy, politics, culture, diversity of French society, etc.). LCI also must broadcast a weekly news programme for children and adolescents and a news programme with audio description for the blind and partially sighted. Lastly, LCI has pledged that at least 30% of presenters will be women, eventually with a view to achieving parity.

7.3.11 PROGRAMME ACCESSIBILITY

As a leading family-oriented channel, TF1 is duty bound to ensure that its programmes are accessible to everyone, particularly people with impaired hearing or vision.

SUBTITLING

Since September 2010 all TF1 programmes have been subtitled, in accordance with the Act of February 2005. In the case of news

programmes, a special system has been introduced to deliver quick service combined with excellent quality when transcribing news item commentaries or what the journalist is saying in the studio. The system operates using a team of three people and voice recognition software. On 12 December 2011, TF1 signed the CSA's charter on Subtitling Quality.

The Group's theme channels go beyond their subtitling obligations.

INDICATOR: COMPLIANCE WITH SUBTITLING OBLIGATIONS BY GROUP CHANNELS

Channel	2016 obligation	2016 actual
TF1	100%	100%
TMC	100%	100%
NT1	60%	86%
HD1	40%	66%
Ushuaïa TV	10%	34%
Histoire	10%	43%
TV Breizh	20%	62%
LCI	3 daily newscasts during the week and 4 daily newscasts at weekends and on public holidays From 1 March: 3 daily newscasts	3 daily newscasts during the week and 4 daily newscasts at weekends and on public holidays From 1 March: 3 daily newscasts

CONCERNING FRENCH SIGN LANGUAGE

Channel	2016 obligation	2016 actual
LCI	1 daily newscast during the week at 8pm From 1 March: 1 daily newscast at 8pm	1 daily newscast during the week at 8pm From 1 March: 1 daily newscast at 8pm

Although these obligations do not apply to advertising spots, some advertisers request that their commercials are broadcast with closed captioning for the hearing-impaired (around 10% of the commercials

that aired on TF1 in 2015, plus a special campaign organised with the AACC in May 2016).



AUDIO DESCRIPTION

To serve the one million people in France suffering from impaired vision, TF1 offers programmes with audio description, a technique developed by the Valentin Haüy charity for the blind and visually impaired that

allows people to “see” what is going on through an audio description of the action and setting.

In 2016, TF1 broadcast 159 programmes with audio description, 57 with audio description for the first time.

INDICATOR: COMPLIANCE WITH AUDIO DESCRIPTION OBLIGATIONS OF THE TF1, TMC AND HD1 CHANNELS

Channel	2016 obligation	2016 actual
TF1	80 audio-described programmes, including audio description for 50 new programmes on TF1	159 audio-described programmes, including audio description for 57 new programmes on TF1
TMC	20 new programmes with audio description on TMC	21 new programmes with audio description on TMC
HD1	12 new programmes with audio description on HD1	17 new programmes with audio description on HD1

7.3.12 PROTECTION OF YOUNG VIEWERS

RATING INFORMATION FOR YOUNG VIEWERS AND YOUTH PROGRAMMES

Since 2002 terrestrial television channels have been required to display content rating signage during all non-advertising programmes that are not recommended for general viewing. Each channel is responsible for introducing the signage system and informs the CSA of its composition but remains solely responsible for rating decisions. The signage provides practical information about age appropriateness for each of the five categories (general, -10, -12, -16, -18). The TF1 channel does not broadcast any -18 rated programmes.

The Viewing Committee set up by TF1 brings together the heads of broadcasting, programming, programme compliance, acquisitions and youth programming.

To see all the child protection commitments made by TF1, read the requirements for applying the CSA’s content rating signage system at http://www.csa.fr/infos/controle/television_signaletique_C.php.

A PSYCHOLOGIST FOR TFOU’S YOUTH PROGRAMMES

Over the last ten years, a child psychologist has viewed all the youth series purchased and works upstream in close cooperation with the artistic team on series co-produced by the channel. He or she suggests cuts or sometimes rates episodes as being unfit for broadcast, when he or she considers the images inappropriate for children. These recommendations are always followed.

CHILD PROTECTION AND CONNECTED TELEVISIONS

In 2009, by publishing a charter for French publishers on connected televisions, TF1 contributed to raising the awareness of the public authorities on the subject of the risks caused by the disappearance of the boundaries between television and the Internet. This subject was taken over by the CSA in 2012, which established a commission on connected televisions, for which one of the four main subjects was child protection. TF1 continued its contribution by participating in this working group.

TFOU AND INTERNET SECURITY FOR CHILDREN

TFou.fr is the TF1 group’s youth site, attracting an average 200,000 unique visitors a month.

Since it was created in February 2000, TFou has paid particular attention to securing the browsing of its internet users. This is largely due to a moderation system for all its content and the protection of the personal data of children (no photographs, contact details or personal information may be exchanged).

All of the community areas are highly controlled: the contributory areas are moderated before publication by the company Concileo and chats use a lexicon of words pre-selected by the TFou.fr team on the same principle as a predictive-text language. In this way, users of the TFou.fr site can learn to use the Internet in a way that is genuinely recreational, which lets them express their feelings or emotions, but using expressions and a vocabulary acceptable to all. In addition, a parents’ corner includes information about web safety: <http://www.tfou.fr/coin-parents/>





7.3.13 PROMOTING DIVERSITY

The TF1 company fights against stereotypes and seeks to broadly represent diversities in civil society, as do the channels, with all of the players involved in these issues and free of any competitive spirit.

TF1 group strives to reflect the diversity of the whole of society on its channels and websites, without stereotyping or omissions. Quantified commitments are sent to the regulator each year. A letter is sent each year to the producers of TF1 magazine, game, entertainment and reality TV shows to raise awareness of the issue of diversity within the programmes they make for the channel. All employees responsible for programme production attend special training on taking account of diversity in all its aspects.

The channel holds an annual screenwriting talent contest for children's programmes. This is followed by the production and screening of a short film on a topic of public interest, depending on that year's theme, in partnership with the SACD and other partners (with a budget of €15,000). The theme for 2015/2016 is equality between girls and boys. The competition is run in partnership with the copyright collection society SACD, the charity Enfance Majuscule and the national publishers union SNE. A total of 44 entries were received. The prizes will be awarded on 17 November 2016.

TF1 group conveys this conviction internally, advocating open and respectful relationships between employees and rejecting any discriminatory practices or attitudes.

In the outside world, the Group supports learning projects, the professional integration of young people and the various innovative schemes delivered by the TF1 Foundation or by partners such as the *École de la Cité*.

7.3.14 COMPLIANCE AND ETHICS IN ADVERTISING

RELATIONS WITH ADVERTISERS

TF1 Publicité provides its clients and partners with a website, www.tf1pub.fr, containing General Terms and Conditions of Sales (GTCS), a newsletter, the latest news in the sector and numerous proposals for innovation in the field of advertising.

The GTCS are presented every year, 15 days before their official publication, to the Advertisers' Union, to shed light on the major principles underpinning campaigns in the coming year. The GTCS are then presented to media agencies.

Even if the media agency handles the budget of the advertiser and remains a day-to-day partner of TF1 Publicité, each of the advertisers is accorded at least one presentation meeting a year by the sales staff. To strengthen this direct contact, TF1 Publicité decided in late 2013 to set up a sales team dedicated to advertisers. This preferred contact exists at sales, division and Chairman level. An event reserved for advertisers is organised for the presentation of the programme grid.

A satisfaction survey is carried out every year with advertisers and used as a means of improving relations with TF1 Publicité.

DIVERSITY COMMITTEE

Since 2010, the Diversity Committee has included the managers of Broadcasting, Human Relations, the TF1 Corporate Foundation and CSR. In 2015, it was reorganised to focus on produced and broadcast content, and now includes a representative from each programme unit. It also includes representatives from the various internal and external communication departments.

It defines and coordinates diversity policy in the following focus areas:

- coordinating TF1 group thinking on diversity issues (particularly programmes and content) by sharing practices and through knowledge transfer and external contributions;
- organising the diversity actions and initiatives of TF1 group;
- relaying TF1's diversity policy to institutions, opinion leaders and civil society, in association with the communication divisions.

In 2016, it focused its efforts on performing quantitative studies and utilising the results. The Committee commissioned two studies relating to TV news: an internal study on the role of women in the news, and a study by the French research centre for the study and observation of living standards (CREDOC) on the representation of ethnic minorities. In 2017, the results of these studies, based on a robust, transparent and reproducible methodology, will be incorporated into the Group's editorial action and communication plans.

In contrast to received wisdom, TF1 is affordable to all and particularly to small and medium-sized businesses, for which TF1 is an undisputed development booster.

COMPLIANCE WITH REGULATIONS

Advertising messages broadcast on Group channels are subject to General Regulations, sector co-regulation via the ARPP, and CSA opinions. These advertising regulations and compliance rules apply to all advertising messages, whatever the medium and broadcasting format. Since 1 January 2012, TF1 has applied the ARPP ruling. This seeks to extend the commitments that the channel made to the CSA in 1990 to include advertising messages on the Group's on-demand audiovisual media services (MYTF1.fr, MYTF1 on IPTV, MYTF1 apps on smartphones). As a result, advertising messages must be submitted in advance to the ARPP, as well as being viewed internally.

The prior opinion of the ARPP is always taken into account before broadcasting advertisements on television or on-demand audiovisual media services (ODAMS). TF1 Publicité's Programming and Broadcasting Division, assisted where required by the Legal Affairs Division, views or listens to every TV, radio or internet advertising message before it goes out.

TF1 Publicité's advertising airtime sales agency may refuse a message, even if the ARPP has approved it, or impose special broadcasting conditions if the message does not seem appropriate for the editorial line of the media on which it is to be aired, and particularly for TF1's family audience. In this case, a letter is sent to the person, advertiser or PR agency that created the message. A solution is sought to adjust the message or its time slot to fit the editorial line of the medium. If no

solution can be found, the message does not go out. The general terms and conditions of sales address such situations.

TF1 Publicité is represented on the ARPP Board of Directors and in the main joint negotiating organisations (Syndicat National de la Publicité Télévisée, Centre d'étude des supports de Publicité, EDI Pub). The Group thus plays a part in building the ethical and compliance framework for the industry.

7.3.15 ISSUES IN DIGITAL MEDIA

REGULATORY FRAMEWORK

REGULATION OF ONLINE PUBLIC COMMUNICATION SERVICES

For its digital audiovisual services (mainly MYTF1, TFou, TFouMax sites and apps), TF1 group is subject to regulation on on-demand audiovisual services (see "Audiovisual regulations applying to ODAMS" below) and, as such, is also subject to CSA regulation. Where these services do not correspond with the legal definition of on-demand audiovisual services (for example, MYTF1News or WAT), the Group is subject mainly to the Act of 21 June 2004 on confidence in the digital economy and to all provisions of the French Consumer Code. In all cases, the Group is also required to comply with the Act of 29 July 1881 on the freedom of the press (notably the prohibition of defamatory and insulting remarks and the vindication or negation of crimes against humanity), as well as, for all media, the regulations arising from the French Data Protection Act of 6 January 1978 and the ruling of 5 December 2013 on cookies and web trackers, and is therefore regulated by the French data protection authority (CNIL). The regulations on cookies are aimed at ensuring transparency with users as to the number of cookies stored on users' computers and the reasons for these, and in particular at countering "targeted" cookies.

With regard to the digital content hosting site WAT, as host, it is not responsible for content uploaded by users, but is subject to a certain number of obligations (storage of IP addresses and other technical data, icon enabling users to report inappropriate content, reporting of "hate" content to the authorities, prompt removal of reported content).

AUDIOVISUAL REGULATION APPLYING TO ODAMS

Following the Act of 5 March 2009, the implementing orders of 2 July 2010 and 12 November 2010, and the CSA's ruling of 14 December 2010, TF1 group is required to comply with regulations on ODAMS for all its non-linear services covered by the corresponding legal definition (particularly the MYTF1 and TFou MAX services, irrespective of the media used, be it a PC, TV, smartphone, tablet, game console, etc.), as well as all non-linear services (such as catch-up TV) offered by the Group's channels. This regulation leads to obligations in terms of (i) the contribution to the production of European and French-speaking

film and audiovisual works (for example, financing web series), (ii) exposure to European and French-speaking film and audiovisual works, (iii) advertising and sponsorship, (iv) the protection of young viewers (CSA signage on all programmes concerned and trusted zone listing programmes for general viewing) and (v) compliance.

THE FIGHT AGAINST PIRACY AND THE PROTECTION OF COPYRIGHT

TF1 group is committed to tackling piracy and leads numerous actions and initiatives in this area. It has had an anti-piracy intelligence unit since 2007.

The unit monitors and analyses the methods of delivery – without permission from rights holders – of audiovisual and cinematographic content on the Internet, and works with government agencies (Alpa, CNC, law enforcement, HADOPI, CSPLA, etc.) and bodies responsible for enforcing French and European intellectual property laws.

The unit uses special software to remove illegal content from sharing platforms and social media on a daily basis, in accordance with Act no. 2004-575 of 21 June 2004 on building confidence in the digital economy.

The unit also takes legal action. For example, between 2008 and 2014, TF1 filed lawsuits against YouTube and Dailymotion after discovering that its content existed on a massive scale on these platforms, which failed to remove it promptly following notification. The lawsuits led to (i) a settlement between TF1 group and YouTube (Google), which has since firmly committed to using and improving its content protection software (Content ID) and ensuring that rights holders may control their content online, and (ii) Dailymotion being ordered to pay TF1 €1.38 million for infringement of copyright and unfair competition.

Lastly, the unit raises awareness among key players – not only platforms, but also rights holders – so that they implement the most effective protection tools. TF1 strongly supports the deployment of "automated content recognition technology" ("fingerprint technology"). This allows rights holders to generate "fingerprints" on their programmes (unique computer DNA for each content), which are then sent to video-sharing platforms to prevent the uploading of content (content uploaded illegally



is recognised by the software and automatically filtered and blocked). To protect its content, TF1 uses technology developed by the National Audiovisual Institute ("Signature") for Dailymotion, and Google ("Content ID") for YouTube. In 2016, TF1 took steps to ensure that the software will detect pirated content that has been deliberately altered to avoid filtering (a practice known as "cropping", consisting of significantly altering the image or playback speed). These actions will also be deployed on other platforms such as Facebook, which predominantly allows videos to be shared privately (i.e. between "friends"), thus avoiding detection and making it impossible to request the removal of illegal content; Facebook has agreed to use proprietary filtering technology ("Rights Manager"). This is currently undergoing tests and should be implemented in France in 2017. Actions are also under way on Twitter.

On DDL ("Direct DownLoad") and streaming sites, TF1 uses a specialist service provider for the detection and removal of illegal links relating to programmes on which TF1 group has exclusive rights and which are particularly prone to piracy (mainly films, drama and US series). Several million links to pirated content are removed each year by robots which constantly crawl these sites.

At the same time, TF1 is continuing its efforts to raise awareness among content producers so that they start using fingerprints to protect their content in the digital world as soon as possible.

Politically, both at the national and European levels, TF1 actively lobbies for the protection of copyright and the overall system of creation financing. The initiative sponsored by the European Commission (Proposal for a Directive on Copyright in the Digital Single Market) requiring websites and social media that allow video-sharing to provide right holders with filtering tools would be a step in the right direction towards wider protection of intellectual property rights.

PROTECTION OF PERSONAL DATA AND USERS' DATA

GENERAL DATA SECURITY POLICY

In 2007, TF1 group introduced a data security policy (revised in July 2016) to revisit the issue of data security within TF1 group in the light of the new threat of cyber attacks (e.g. Sony Pictures, TV5).

The document, the foundation of security within TF1 group, defines the framework for all actions in terms of security governance, including the scope of application, the role of each player, the bodies involved and performance indicators.

On the protection of employees' data, the policy states:

- that it is the duty of information system administrators not to read the personal data of employees;
- that the information present in the information system must be classified with a confidentiality criterion that expresses the personal nature of the information;
- that within business lines and subsidiaries, the owner of the information is always identified. He or she must ensure the legal compliance of processing, by contacting the Social Affairs Division, particularly when

handling personal data (statements to be filed with the French data-protection authority, CNIL);

- that each new sensitive application undergoes a security audit/intrusion test, commissioned by TF1, or is ISO 27001 certified if used in the cloud, e.g. "Positive Careers", the HR solution of TF1 group (SAP SuccessFactors).

ADDITIONAL DATA SECURITY PROCESSES

The following processes supplement the data security policy:

- reinforcing encryption techniques: sensitive shared resources (particularly for HR), certain USB sticks and emails for the staff concerned. Since early September 2016, encryption of the hard drives of all users identified as "insiders" or "confidential" (such as HR personnel) has been under way: this is currently 50% complete and is due to be finalised by the end of February 2017. TF1 group aims to introduce encryption on all desktop PCs in the company within three years (by which point its hardware upgrades will be completed);
- deployment, by the end of December 2015, of an internal communication plan setting out the 11 basic security rules that apply at TF1 group;
- creation of a Security Operations Centre (SOC) in October 2016 to monitor IT security. The SOC significantly increases our ability to detect security incidents and cyber attacks;
- introduction in July 2016 of a cloud directive for selecting IT solutions, with the requirement for subcontractors to be ISO 27001 compliant if handling personal data.

ACTIONS OF THE SOCIAL AFFAIRS DIVISION

Various actions will be pursued under the data protection plan, including the signing of a confidentiality agreement for employees who have access to personal data.

ACTIONS OF THE LEGAL AFFAIRS DIVISION

In November 2013, the Legal Affairs Division launched an awareness-raising initiative on best practice in data protection, as a reminder of the principles, the role of the person responsible for processing personal data and points of contact for the CNIL (the French data protection authority) within TF1 group. In May 2015, this initiative led to a practical and simplified version of the legal framework being posted on the corporate intranet of TF1 group (accessible to all employees).

In addition, the Legal Affairs Division has identified the specific actions necessary to comply with the provisions on personal data of the Digital Republic Act of 7 October 2016. These actions will be rolled out to coincide with the adoption of the various decrees.

Lastly, on 3 October 2016 the Legal Affairs Division launched plans for compliance with Regulation (EU) 2016/679 of 27 April 2016 (the General Data Protection Regulation). TF1 has established a working group composed of employees from the Legal Affairs Division, the Innovation & Digital Division and TF1 group business lines, with the task of anticipating the technical and organisational measures to be implemented within TF1

group to comply with the new rules on personal data applicable from 25 May 2018.

PROTECTION OF USERS' DATA

Digital services of e-TF1

The sites and apps published by e-TF1 are compliant with all legal provisions, available on the website of the French data protection authority (CNIL) via the following link: <http://www.cnil.fr/>. e-TF1 works closely with the CNIL when publishing data protection statements or updating existing statements. The privacy policy is available online on all digital assets and must be specifically accepted when registering. e-TF1 regularly checks that the recommendation on cookies and other web trackers contained in Article 32-II of the Act of 6 January 1978 (the "Deliberation") has been applied. For example, it carries out technical audits of cookies and web trackers stored when visiting electronic communication services produced by e-TF1 (web/mobile sites and apps) with a view to ensuring compliance. Similarly, in the contracts signed with its technology partners, publishers and advertisers, e-TF1 strives to enforce compliance with regulations on the protection of users' personal data. The online communication services (websites) developed by e-TF1 are now covered by a cookie policy. In addition, e-TF1 has introduced technical devices allowing users to disable third-party cookies directly.

Behavioural advertising

TF1 Publicité sells behavioural advertising (advertising whose content depends on users' browsing behaviour and interests) on MYTF1 across all formats.

a) Users:

TF1 Publicité and e-TF1, publisher of MYTF1, guarantee respect for users' rights in accordance with the provisions of the French Data Protection Act by various appropriate means:

- privacy policy available online on all MYTF1 media,
- signing by TF1 Publicité in February 2013 of the IAB Europe European Charter on online behavioural advertising, laying down best practices in this area,
- banner informing users that by continuing to browse the MYTF1 website, they accept that cookies will be used to offer them services tailored to their interests, with a link to their cookie settings,
- signing in September 2013 of a licensing agreement with the EDAA (European Interactive Digital Advertising Alliance) enabling TF1 Publicité to add the interactive icon "choose advert" on any

behavioural advertising, which links to a page where the user can choose whether or not to receive this type of advertising.

Under this agreement, TF1 Publicité is subject to an annual audit by an outside body accredited by the EDAA, with a view to being certified as compliant with the best practices laid down in the IAB Europe Charter, based on the following criteria:

- prior information given to users on privacy and the privacy policy,
- option for users to decide whether their data may be collected for behavioural advertising purposes,
- assurances regarding the security, backup and storage of the data collected,
- ban on targeting children or using "sensitive" segments (based on criteria such as ethnic origin, political, religious or philosophical views or sexual orientation),
- handling of complaints from users about behavioural advertising.

The audit was carried out in the second half of 2016. During this period, TF1 Publicité made the necessary changes to obtain certification, which it is currently awaiting.

b) Contracts:

TF1 Publicité has also committed to choosing technical providers who in turn are signatories of the IAB Europe Charter, to ensure the correct application of regulatory constraints regardless of the company sending the cookies.

More specifically, the contracts of the sub-department guarantee that both the advertiser and the sub-department have included in their respective media, in a special area separate from the General Terms and Conditions of Use, clear and unequivocal information for users on:

- the collection of information regarding their browsing behaviour from their connected computer and, to that end, the use of cookies,
- the use of said information for advertising purposes and in particular the sending of targeted advertising by the advertiser and/or the sub-department,
- their right to refuse the use of cookies by indicating several procedures to that effect, the period of time over which collection may be stored and the consequences of such refusal on the use of the services proposed on the type of media concerned.

The sub-department guarantees that the use of cookies does not involve the collection of personal data according to prevailing regulation, including the IP address of the computer via which the user is connected.



GENERAL MEETING

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GENERAL MEETING

TAKING PART IN THE COMBINED GENERAL MEETING OF 13 APRIL 2017

8.1 TAKING PART IN THE COMBINED GENERAL MEETING OF 13 APRIL 2017

Any shareholder may participate in the Combined General Meeting, irrespective of the number of shares they own, either by attending in person, or by being represented by a legal entity or natural person of their choice, or by voting by mail, in accordance with the requirements outlined below.

In accordance with Article R. 225-85 of the French 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, they may not choose another voting method thereafter.

FORMALITIES TO BE COMPLETED PRIOR TO PARTICIPATING IN THE GENERAL MEETING

Only shareholders who can prove that their shares have been book-entered no later than the second business day preceding the General Meeting, i.e. at midnight (CET) on Tuesday, 11 April 2017, in accordance with the requirements outlined below, can attend the General Meeting.

Shareholders wishing to attend the Meeting, be represented at it or vote by mail must proceed as follows:

- holders of registered shares must be entered in the shareholders' register of the company no later than midnight (CET) on Tuesday, 11 April 2017;

- holders of bearer shares must arrange for the authorised intermediary who manages their share account to provide an attendance certificate showing that their shares have been recorded or book-entered no later than midnight (CET) on Tuesday, 11 April 2017.

VOTING AT THE GENERAL MEETING

No arrangements have been made for voting via electronic telecommunication media at this General Meeting. Accordingly, none of the sites provided for in Article R. 225-61 of the French Commercial Code will be set up for this purpose.

- **Voting in person at the General Meeting:** shareholders are advised to request their admission card as early as possible to ensure they receive it on time; shareholders wishing to attend this General Meeting must:

- holders of registered shares: request an admission card from TF1 – Service Titres – c/o Bouygues – 32 avenue Hoche – 75008 Paris (Tel: +33 (0)1 44 20 10 36 – fax: +33 (0)1 44 20 12 42; email: ag2017@tf1.fr); holders of registered shares who have not received their admission card may attend the General Meeting without prior notice,
- holders of bearer shares: should ask the authorised intermediary who manages their share account to see that TF1 sends them the admission card on the basis of the attendance certificate that has been issued. Any holder of bearer shares who has not received the admission card can have the attendance certificate issued directly by the authorised intermediary and may attend the General Meeting with this certificate;

- **Voting by mail:** shareholders who do not plan to attend in person but wish to vote by mail must proceed as follows:

- holders of registered shares: return the proxy/mail vote form sent to them with the invitation to TF1 – Service Titres – c/o Bouygues – 32 avenue Hoche – 75008 Paris,
- holders of bearer shares: ask the authorised intermediary who manages their share account to provide the proxy/mail vote form and return it together with the attendance certificate to TF1 – Service Titres – c/o Bouygues – 32 avenue Hoche – 75008 Paris.

Proxy/mail vote forms are also available on the company website, www.groupe-tf1.fr/en, under Investors/Shareholders/General Meeting.

Duly completed and signed proxy/mail vote forms, as well as the attendance certificate in the case of holders of bearer shares, must be returned either by mail addressed to TF1 – Service Titres – 32, avenue Hoche – 75008 Paris, or electronically in the form of a scanned attachment to an email sent to ag2017@tf1.fr. Unsigned scanned copies cannot be taken into account.

To be taken into account, the proxy/mail vote forms must be received by TF1 – registered office or Securities Department (Service Titres) – c/o Bouygues – 32 avenue Hoche – 75008 Paris, no later than three days prior to the Meeting date, i.e. midnight (CET) on Monday, 10 April 2017.

- **Voting by proxy:** shareholders who do not plan to attend the General Meeting in person may be represented by giving a proxy to the Chairman, their spouse or civil union partner, another shareholder or any other legal entity or natural person of their choice, as set forth in Article L. 225-106 of the French Commercial Code.

Shareholders wishing to be represented must proceed as follows:

- holders of registered shares: return the proxy/mail vote form sent to them with the invitation to TF1 – Service Titres – c/o Bouygues – 32 avenue Hoche – 75008 Paris,
- holders of bearer shares: ask the authorised intermediary who manages their share account to provide the proxy/mail vote form and return it together with the attendance certificate to TF1 – Service Titres – c/o Bouygues – 32 avenue Hoche – 75008 Paris.

Proxy/mail vote forms are also available on the company website, www.groupe-tf1.fr/en, under Investors/Shareholders/General Meeting.

In accordance with Article R. 225-79 of the French Commercial Code, shareholders wishing to be represented must sign the proxy voting form. The shareholder will provide his or her full name and domicile and may appoint a proxy by specifying the individual's full name and address or, in the case of a legal entity, the company's name and the address of the registered office. Proxies may not be replaced by another person.

Shareholders may cancel a proxy in writing, in the same way as they appointed the proxy, sending the cancellation to the company.

Note that in the case of a blank proxy, the Chairman of the General Meeting will vote in favour of the draft resolutions submitted or authorised by the Board of Directors and against all other draft resolutions. To vote otherwise, the shareholder must choose a proxy who agrees to vote in accordance with the shareholder's wishes.

Duly completed and signed proxy/mail vote forms, as well as the attendance certificate in the case of holders of bearer shares, must be returned either by mail addressed to TF1 – Service Titres – c/o Bouygues – 32, avenue Hoche – 75008 Paris, or electronically in the form of a scanned attachment to an email sent to ag2017@tf1.fr.

To be valid, proxy appointments or cancellations sent electronically must be received no later than 3pm CET on the day before the General Meeting, i.e. Wednesday, 12 April 2017. Unsigned scanned copies of the forms will not be taken into account.

REQUESTS TO INCLUDE ITEMS OR DRAFT RESOLUTIONS ON THE MEETING AGENDA

In accordance with the provisions of Article L. 225-105 of the French Commercial Code, one or more shareholders meeting the criteria set out in Article R. 225-71 of the French Commercial Code or an association of shareholders meeting the criteria set out in Article L. 225-120 of the French Commercial Code may ask to include items or draft resolutions on the agenda for the General Meeting.

The Chairman of the Board of Directors acknowledges receipt of such requests by registered letter within five days of receipt. The item or draft resolution will be included on the agenda of the General Meeting and brought to the attention of shareholders in accordance with current regulations.

All requests to include items or draft resolutions should be sent to the company within 20 days of the publication of the Meeting notice in the French official bulletin of legal notices (BALO), either by registered letter with acknowledgement of receipt addressed to TF1 – Direction des Affaires Juridiques 1, quai du Point du jour, 92100 Boulogne Billancourt, or by email to tf1inscriptionodjag2017@tf1.fr. A request to include an item on the agenda must be accompanied by a brief description of its purpose. A request to include a draft resolution should be accompanied by the draft resolution and, where appropriate, a brief description of its purpose.

The persons making the request must provide evidence, as at the date of their request, that they possess or represent the requisite share of the

company's capital by recording the shares either in the registered share accounts kept by the company, or in the bearer share accounts kept by an authorised intermediary. They must provide a book-entry certificate with their request.

Before an item or draft resolution may be considered by the General Meeting, the persons making the request must first submit a new certificate proving that the shares were book-entered in the same accounts two business days before the General Meeting, i.e. at 00:00 (CET) on Tuesday, 11 April 2017.

If a draft resolution concerns a proposed candidate for the Board of Directors, it should be accompanied by the information required under paragraph 5 of Article R. 225-83 of the French Commercial Code: the full name and age of the candidate, professional references and professional activities over the last five years, notably positions currently or previously held in other companies, as well as, where applicable, positions and functions held by the candidate in the company and the number of registered or bearer shares owned.

It should be noted that requests to include items or draft resolutions on the agenda of the General Meeting are the sole items that may be sent to tf1inscriptionodjag2017@tf1.fr; any other type of request or notification involving a different subject matter will not be taken into account and/or receive a response.



GENERAL MEETING

TAKING PART IN THE COMBINED GENERAL MEETING OF 13 APRIL 2017

SUBMISSION OF WRITTEN QUESTIONS

In compliance with Article R. 225-84 of the French Commercial Code, shareholders may submit questions in writing and the Board of Directors must reply to these during the General Meeting. A collective response may be provided to these questions when they relate to the same issue. Questions received in writing will be considered answered when they are included on the company website in a dedicated questions and answers section.

Questions in writing must be sent no later than the fourth business day preceding the General Meeting, i.e. midnight (CET) on Friday, 7 April 2017, either by registered letter with acknowledgement of receipt, to the company's registered office – 1, quai du Point du jour,

92100 Boulogne Billancourt, or by email to tf1questionecriteag2017@tf1.fr. When submitting questions, holders of bearer shares must provide a bearer share book-entry certificate for the shares held by an intermediary referred to in Article L. 211-3 of the French Monetary and Financial Code.

It should be noted that only questions written within the meaning of the aforementioned Article R. 225-84 May be sent to the email address tf1questionecriteag2017@tf1.fr; any other type of request or notification involving a different subject matter will not be taken into account and/or receive a response.

DOCUMENTS AVAILABLE TO SHAREHOLDERS

Documents and information provided to shareholders ahead of the General Meeting can be consulted at the registered office – Direction des Affaires Juridiques 1, quai du Point du jour, 92100 Boulogne

Billancourt. Depending on the document in question, they will be made available either from 24 March 2017 or during the fifteen days preceding the Meeting.

SECURITIES LENDING

Any person that has temporary ownership of shares representing more than 0.5% of the voting rights must inform the company and the French Financial Markets Authority (AMF), on the terms stipulated in Article L. 225-126 I of the French Commercial Code and Article 223-38 of the AMF General Regulation, no later than the second business day preceding the General Meeting, i.e. no later than midnight on Tuesday, 11 April 2017.

In accordance with AMF instruction no. 2011-04, persons to whom this applies must submit the required information electronically to the AMF at the following address: declarationpretsemprunts@amf-france.org.

The same information must also be submitted electronically to TF1 at the following address: declarationpretsemprunt2017@tf1.fr.

If the company and the AMF are not informed on the terms specified above, the shares acquired in the temporary transactions concerned will be deprived of voting rights at the General Meeting of 13 April 2017 and at any subsequent Shareholders' Meeting that may be held until such shares are returned to the transferor.

DATES OF GENERAL MEETINGS FOR THE NEXT TWO YEARS

2018 General Meeting: 19 April.

2019 General Meeting: 18 April.

8.2 AGENDA

ORDINARY BUSINESS

- Approval of the individual financial statements and transactions for the 2016 financial year.
- Approval of the consolidated financial statements and transactions for the 2016 financial year.
- Approval of the related party agreements stipulated in Articles L. 225-38 et seq. of the French Commercial Code.
- Appropriation of profits for the 2016 financial year and setting the amount of the dividend.
- Approval of a defined benefit pension commitment for Gilles Pélisson, Chairman and Chief Executive Officer.
- Opinion on the remuneration due or granted to Nonce Paolini, Chairman and Chief Executive Officer up to 18 February 2016, for the 2016 financial year.
- Opinion on the remuneration due or granted to Gilles Pélisson, Chairman and Chief Executive Officer from 19 February 2016, for the 2016 financial year.
- Remuneration policy for the Chairman and Chief Executive Officer: approval of the principles and criteria for determining, distributing and granting of the fixed, variable and exceptional components of the total remuneration and benefits of any kind attributable to Gilles Pélisson.
- Renewal of Catherine Dussart's term of office as Director for three years.
- Renewal of Olivier Bouygues' term of office as Director for three years.
- Expiring terms of office for the permanent Statutory Auditors (KPMG AUDIT IS) and alternate auditors (KPMG AUDIT ID).
- Authorisation granted to the company to buy back its own shares.

EXTRAORDINARY BUSINESS

- Authorisation given to the Board of Directors to reduce the share capital by cancelling the company's own shares that it holds.
- Delegation of authority granted to the Board of Directors to increase the share capital by public offer, while maintaining shareholders' preferential right of subscription, by issuing shares and any securities giving immediate or deferred access to the company's shares.
- Delegation of authority to the Board of Directors to increase the share capital by incorporating bonuses, reserves, profits or others.
- Delegation of authority granted to the Board of Directors to increase the share capital by public offer, without shareholders' preferential right of subscription, by issuing shares and any securities giving immediate or deferred access to the company's shares.
- Delegation of authority to the Board of Directors to increase the share capital by private placement, without shareholders' preferential right of subscription, by issuing shares and any securities giving immediate or deferred access to the company's shares.
- Authorisation granted to the Board of Directors to set, according to the terms determined by the General Meeting, the issue price without shareholders' preferential subscription rights, by public offer or private placement, of equity securities for immediate or deferred issue.
- Authorisation granted to the Board of Directors to increase the number of shares to issue in the event of a capital increase with or without shareholders' preferential right of subscription.
- Delegation of authority to the Board of Directors to increase the share capital without shareholders' preferential right of subscription, with a view to remunerating contributions in kind granted to the company and consisting of equity securities or securities giving access to the capital of another company, not as part of a public exchange offer.
- Delegation of authority to the Board of Directors to increase the share capital, without shareholders' preferential right of subscription, to remunerate securities contributed to the company as part of a public exchange initiated by the company.
- Overall limitation of financial authorisations.
- Delegation of authority to the Board of Directors to increase the share capital, without shareholders' preferential right of subscription, in favour of employees or corporate officers of the company or affiliated companies who are members of a company savings plan.
- Authorisation granted to the Board of Directors to grant stock subscription or purchase options to employees or corporate officers of the company or affiliated companies.
- Authorisation to carry out formalities.



8.3 REPORT OF THE BOARD OF DIRECTORS ON THE RESOLUTIONS SUBMITTED TO THE GENERAL MEETING

GENERAL MEETING - ORDINARY BUSINESS

RESOLUTIONS 1 AND 2 - APPROVAL OF THE 2016 FINANCIAL STATEMENTS

SUBJECT AND PURPOSE

In the 1st and 2nd resolutions submitted to you for approval, we propose that you approve the individual and consolidated financial statements for 2016.

The activity of TF1 and its group during the year just ended, their position and results are included in chapters 1 and 3 of the present document. The individual and consolidated financial statements are included in chapter 4. Your Statutory Auditors will present their reports for the 2016 financial statements. These reports are included in chapter 5.

RESOLUTION 3 - APPROVAL OF RELATED PARTY TRANSACTIONS

SUBJECT AND PURPOSE

The purpose of the 3rd resolution is to approve the related-party transactions, outlined in the Statutory Auditors' special report and concluded between TF1 and its Manager or one of its Directors, or between TF1 and another company with which it has managers or Directors in common, or, between TF1 and a shareholder owning more than 10% of the share capital.

The French Government states that "related-party transactions" are to prevent any conflicts of interest.

By law, these related-party transactions are, before their conclusion, submitted for the prior approval of the Board of Directors, which considers the benefit to TF1 and its Group and the corresponding financial terms and conditions. The Directors concerned do not take part in the vote.

In their special report included in chapter 5 of the present document, your Statutory Auditors present a detailed list of these related-party transactions, their corresponding financial terms and conditions and the amounts invoiced in 2016. The related-party transactions referred to in the special report which have already been approved by the General Meeting are not re-submitted for approval. Moreover, agreements relating to routine transactions carried out under conventional terms and conditions and agreements between TF1 and its wholly-owned subsidiaries are not submitted for authorisation.

You are hereby asked to approve, having considered the present report and the special report of the Statutory Auditors, the following related-party transactions:

Corporate Services Agreement with Bouygues Authorisation and financial conditions

The TF1 Board of Directors authorised, during its Meeting on 17 February 2016, the signature for 2016, of the corporate services agreement with Bouygues, with its new wording. Since the previous agreement dates from 1997, the new one provides more detailed and exhaustive information on the corporate services, certain definitions and the methods used to invoice the corporate services. It also establishes a margin for invoicing the appropriate share of the residual amount and updates the allocation keys.

In its Meeting on 27 October 2016, the TF1 Board of Directors authorised the renewal of this agreement, for one year beginning 1 January 2017.

The agreement establishes rules for the division and invoicing of the costs of the corporate services among the different companies using them. The specific services provided at TF1's request are invoiced directly to TF1 according to the normal conditions of sale (at market price). The residual amount of the costs of the Corporate Services is re-invoiced to TF1 according to distribution keys. The invoice is limited to a percentage of revenue.

In 2016, Bouygues invoiced TF1 a total of €3.16 million, equivalent to 0.15% of the TF1 group's total revenues (compared with €2.9 million in 2015, or 0.14% of revenues).

Parties concerned

- Bouygues: Martin Bouygues (Chairman and Chief Executive Officer, Director), Olivier Bouygues (Executive Vice President, Director), Philippe Marien (Executive Vice President), Olivier Roussat (Executive Vice President), and Nonce Paolini;

- Bouygues is a shareholder.

Interest

This agreement allows TF1 to benefit from expert services and coordination services which Bouygues makes available to the different companies within its group, in different areas.

Expertise

Bouygues offers TF1 its expertise in different areas such as finance, legal, human resources, insurance, sustainable development, sponsorship, new technologies and general advice.

TF1 May decide to use these services in response to issues as they arise under the terms of this agreement, which is approved annually by the Board of Directors. TF1 May avail itself of these services at any time to discuss an issue where its in-house expertise is limited.

In 2016, TF1 benefited from a service provision and holdings management agreement signed between Bouygues and TF1. As such, TF1 benefits from services provided by Bouygues via Bouygues Développement, a wholly-owned Bouygues subsidiary dedicated to open innovation. TF1 thereby benefits from its expertise in particular innovation-related consultancy for the purposes of providing services, advice and assistance in the identification and validation of innovation projects led by innovation companies (start-ups), as well as the securing of financing from financial partners. The consultancy services predominantly include:

- the analysis, valuation and assessment of TF1's investments in an innovation company;
- organising a network of financial partners as well as providing assistance and guidance to TF1 in the securing of financing from these financial partners in relation to proposed investments;
- coordination between TF1 and the innovation company in relation to the proposed investment and advising TF1 during the investment negotiation phase;
- additional analysis specific to the structure and/or optimisation of operations;
- providing assistance to TF1 particularly in relation to legal, accounting, tax, social and/or financial audits and the negotiation and preparation of contractual and/or corporate documentation.

Coordination of the subsidiaries

Besides advice and assistance, services include coordination in the corporate functions, in particular the setting up of meetings where staff in a particular function (e.g. cash management) can exchange views, discuss technical issues and familiarise themselves with new developments (e.g. accounting standards).

Examples of these types of services in 2016 included:

- human resources: a number of TF1 group senior executives received training in Bouygues Group techniques and values at the Bouygues Management Institute. Newly hired employees in the TF1 group took part in a Welcome Day organised by the Bouygues Group. In addition, the TF1 group Management Committee participated in the four annual Board Meetings of the Bouygues Group. Bouygues also brought together Human Resources experts from various areas in the Group (e.g. Employee Affairs, Training, School Relations) for discussions. The Legal Affairs Department held a training session on current legal issues for TF1's HR Directors and managers. Also, the TF1 Human Relations and Organisation Department was given access to the Bouygues HR data query system;

- internal control: the TF1 group receives support from Bouygues concerning internal control and risk management tools and methodologies. During 2016, this support took the following forms:

- updating of the internal control principles used in relation to Information Systems, Insurance, Treasury Management and Purchasing,
- training initiatives on the Group's internal control software,
- continuation in 2016 of Meetings organized and led by Bouygues at which representatives of the businesses could:
 - share knowledge of external benchmarks in relation to internal control and risk mapping to assess Group methods and compare these with other companies' practices,
 - promote best practices in terms of reporting, involvement of support functions (Finance, IT, HR, Legal, Purchasing Departments),
 - share research on ways to transfer risk to insurers (Cyber risk),
 - share information on regulatory changes,
 - anticipate changes associated with the software used for internal control campaigns: host change, anticipated changes in features and functions;

- CSR (Corporate Social Responsibility): The TF1 group's CSR coordinator and other staff in charge of CSR activities in their departments draw support from initiatives implemented by the Bouygues Group's department in charge of sustainable development;

- Information Systems Department: The TF1 group Information Systems Department benefits from synergies with Bouygues Group departments, thanks to active coordination by Bouygues. As a result, TF1 belongs to a virus-warning network and enjoys more general benefits such as IT security and global purchasing for IT hardware and software.

Lastly, in 2016 the Bouygues Group, as a majority shareholder, regularly offered its support formally and/or informally in dealing with operational issues, notably in the legal and financial areas. For example, Meetings were held to discuss the obligations arising from the implementation of the European Market Infrastructure Regulation (EMIR).

Services contracts (open innovation)**Authorisation and financial conditions**

During its 27 October 2016 Meeting, the Board of Directors authorised the renewal, for a period of one year starting on 1 January 2017, of the services contract signed with Bouygues.

Providing advice is an integral part of Bouygues' corporate services and this service is directly invoiced through the corporate services agreement for the appropriate share of the residual amount of the corporate services expenses. As compensation for management services, TF1 pays to Bouygues, on a prorated basis, a monthly fixed remuneration of €750 excluding VAT through participation in a managed innovation company.

No amount was invoiced in 2016.



GENERAL MEETING

REPORT OF THE BOARD OF DIRECTORS ON THE RESOLUTIONS SUBMITTED TO THE GENERAL MEETING

Parties concerned

- Bouygues: Martin Bouygues (Chairman and Chief Executive Officer, Director), Olivier Bouygues (Executive Vice President, Director), Philippe Marien (Executive Vice President) and Olivier Roussat (Executive Vice President);
- Bouygues is a shareholder.

Interest

This agreement defines the terms and conditions for the execution and the remuneration of the services provided by Bouygues, whether directly or through the intermediary of its wholly owned subsidiary Bouygues Développement, to TF1 in the field of open innovation.

The activity covering the management of TF1 equity interests in innovation companies is set up to manage these equity interests once the acquisition has been finalised. In particular, the services include monitoring of the investments held by TF1, and regular reporting to TF1 on projects discussed and decisions made by the aforementioned bodies.

Provision of offices with the Economic Interest Group (GIE) "32 Avenue Hoche"

Authorisation and financial conditions

In its Meeting on 27 October 2016, the Board of Directors approved the renewal for a period of one year, starting 1 January 2017, of the agreement for the provision of offices on the first floor of the building at 32, avenue Hoche.

Financial conditions: the compensation for the Economic Interest Group (GIE) for 2016 amounted to €14,441 (excluding tax).

Parties concerned

- Bouygues: Martin Bouygues (Chairman and Chief Executive Officer, Director), Olivier Bouygues (Director), Philippe Marien (Executive Vice President) and Olivier Roussat (Executive Vice President);
- Bouygues is a member of the Economic Interest Group (GIE).

Interest

Under this agreement, the GIE "32 avenue Hoche" provides TF1 with offices for the reception of visitors and meeting rooms located in central Paris as well as related services for receiving visitors, computer facilities and secretarial services.

For the use of aircraft held by AirBy

Authorisation and financial conditions

In its Meeting on 27 October 2016, the Board of Directors approved the renewal of the agreement entitling TF1 to use aircraft leased or owned by the Bouygues Group and operated by AirBy, with the airplane and all related services included in the cost.

Use of a Global 5000 airplane is charged at a flat rate of €7,000 (excluding VAT) per flight hour, which includes the aircraft and all related services (pilot, fuel, etc.) provided during its use. When the aircraft provided by AirBy is leased, the cost is the leasing cost plus €1,000 excluding VAT for the chartering service provided by AirBy to TF1. This amount is invoiced each time such an aircraft is provided.

No amount was invoiced in 2016.

TF1 has not used this facility since 2009.

Parties concerned

- Bouygues: Martin Bouygues (Chairman and Chief Executive Officer, Director), Olivier Bouygues (Executive Vice President, Director), Philippe Marien (Executive Vice President) and Olivier Roussat (Executive Vice President);
- Bouygues is a partner.

Interest

This agreement offers TF1 the use of aircraft operated by AirBy, a company owned indirectly by Bouygues and SCDM. TF1 is entitled to use AirBy's Global 5000 or an equivalent aircraft.

RESOLUTION 4 - ALLOCATION OF PROFITS FOR 2016 FINANCIAL YEAR AND SETTING OF THE DIVIDEND (€0.28 PER SHARE)

SUBJECT AND PURPOSE

In the 4th resolution, having noted the existence of distributable profits of €543,585,372.12, comprising net profit for the period of €131,489,002.23 and retained earnings of €412,096,369.89, we ask you to appropriate this sum as follows:

- distribution of a cash dividend of €58,636,911.76 (i.e. a dividend of €0.28 per share with a par value of €0.20);
- the balance of €484,948,460.36 to be carried forward as retained earnings.

The dividend ex-date for the Euronext Paris market shall be 28 April 2017. The cut-off date for positions qualifying for payment shall be 2 May 2017. The dividend shall be paid on 3 May 2017.

This dividend is eligible for the 40% tax rebate mentioned Article 158.3.2 of the French General Tax Code.

We also ask for your authority to transfer to retained earnings the amount of dividend accruing to any of its own shares that TF1 May hold, in accordance with Article L. 225-210 of the French Commercial Code.

The amount of dividend distributed in respect of the three previous financial years was as follows:

Year ended	Dividend per share*
31/12/2013	0.55 euro
31/12/2014	1.50 euro
31/12/2015	0.80 euro

* Eligible for the 40% tax relief available to individuals tax-resident in France under Article 158.3.2 of the French General Tax Code.

RESOLUTION 5 - APPROVAL OF A RETIREMENT COMMITMENT IN FAVOUR OF GILLES PELISSON, CHAIRMAN AND CHIEF EXECUTIVE OFFICER

SUBJECT AND PURPOSE

In the 5th resolution, we request that you approve the supplementary retirement pension granted to Gilles Pélisson, Chairman and Chief Executive Officer.

The Board of Directors, meeting on 15 February 2017, authorised the award of a supplementary retirement pension to Gilles Pélisson, Chairman and Chief Executive Officer of TF1, from 1 January 2017, subject to certain conditions for the vesting of supplementary pension rights, which will apply to the "defined benefit" collective pension plan signed by Bouygues. Beneficiaries become entitled to this supplementary pension only after ten years of service with the Bouygues group. This supplementary pension plan is outsourced to an insurance company.

Performance conditions

Article 229 of the law of 6 August 2015 on growth requires that vesting of the pension rights of Executive Directors of listed companies in respect of a given financial year is now subject to performance conditions.

The vesting of Gilles Pélisson's annual supplementary pension rights will be subject to performance conditions on which he will have had an impact; these performance conditions are linked to attaining an average consolidated net profit objective in relation to the annual budget:

- for the 2016 financial year, based on the 2016 annual budget;
- for the 2017 financial year, based on the 2016 and 2017 annual budgets;
- for the 2018 financial year, based on the 2016, 2017 and 2018 annual budgets;
- for later financial years, based on annual budget for the financial year, as well as those of the two previous financial years.

Depending on the achievement of the consolidated net profit objective, the rights to the supplementary pension will range between 0% and a maximum of 0.92%, plus 0.92% of the reference salary.

This supplementary annual pension is capped at eight times the annual social security ceiling (equal to €313,824 for 2017, representing less than the cap of 45% of the reference salary as provided for by the AFEP/MEDEF Code).

Beneficiaries become entitled to this supplementary pension only after ten years of service with the Bouygues group.

The Board of Directors has also authorised Bouygues to re-invoice, for a period of one year from 1 January 2017, its share of the premium paid to the insurance company for Gilles Pélisson.

Benefit of this agreement for TF1

This agreement is intended to enable Bouygues to retain the members of its General Management Committee, one of whom is Gilles Pélisson. TF1 also benefits from the negotiations in the Bouygues group between Bouygues and the senior executives in its businesses.

Financial conditions attached to this agreement

Bouygues charges back to TF1 its share of the premiums paid to the insurance company.

The authorisation for 2017 for this agreement had no financial impact on the 2016 financial year. Its impact will occur in the 2017 financial year.

Parties concerned

Bouygues is a shareholder. Martin Bouygues, Olivier Bouygues, Philippe Marien and Olivier Roussat did not take part in the vote, nor did Gilles Pélisson.

RESOLUTIONS 6 AND 7 - OPINION ON THE REMUNERATION DUE OR ALLOCATED TO EXECUTIVE DIRECTORS IN RESPECT OF THE 2016 FINANCIAL YEAR

SUBJECT AND PURPOSE

Enables shareholders to give, in an advisory capacity, their opinion on the remuneration due or granted in respect of the 2016 financial year to Nonce Paolini, Chairman and Chief Executive Officer until 18 February 2016 and on the remuneration due or allocated in respect of the 2016 financial year to Gilles Pélisson, Chairman and Chief Executive Officer from 19 February 2016.

In accordance with the AFEP/MEDEF Code, which is the Corporate Governance Code to which TF1 adheres pursuant to Article L. 225-37 of the French Commercial Code, we invite you, by issuing a favourable opinion on these two resolutions, to express a favourable opinion on the individual remuneration packages due or allocated in respect of the 2016 financial year to the two executive officers, Nonce Paolini and Gilles Pélisson, as expressed in section 2.3 of the present document.

RESOLUTION 8 - APPROVAL OF THE REMUNERATION PACKAGE ATTRIBUTABLE TO GILLES PELISSON IN RELATION TO HIS TERM OF OFFICE AS CHAIRMAN AND CHIEF EXECUTIVE OFFICER

SUBJECT AND PURPOSE

In the 8th resolution, we invite you to approve the remuneration package, the principles and criteria for determining, distributing and granting the fixed, variable and exceptional components of the total remuneration and the benefits of any kind attributable to Gilles Pélisson in relation to his term of office as Chairman and Chief Executive Officer, as outlined in section 2.4 of the present document.

RESOLUTIONS 9 AND 10 - TERMS OF OFFICE OF DIRECTORS

SUBJECT AND PURPOSE

In the 9th and 10th resolutions, we submit for your approval the renewal, for three years, of the terms of office of Catherine Dussart and Olivier Bouygues.

At its Meeting of 15 February 2017, the Board of Directors reviewed the terms of office of Directors that were expiring at the next General Meeting, taking into account the expertise of current Directors and the need to maintain the same level of independent Directors and women. The Board of Directors paid particular attention to the Directors' experience and knowledge of the Group's businesses required for their effective participation in the work of the Board and its four committees.



GENERAL MEETING

REPORT OF THE BOARD OF DIRECTORS ON THE RESOLUTIONS SUBMITTED TO THE GENERAL MEETING

The Board of Directors therefore first obtained the opinion of the Selection Committee, which concluded that Catherine Dussart continued to not have any business relationship with the TF1 group and that she would continue in her capacity as independent Director with regard to all the criteria defined by the AFEP/MEDEF Code.

The Board of Directors, following the opinion of the Selection Committee, considers these two Directors to be active members of the Board; their contribution is valued and their knowledge and expertise of the media and the French audiovisual environment assists the Board in its work.

In addition, the Board of Directors proposes the renewal of the terms of office of Catherine Dussart and Olivier Bouygues, for three years, or until the General Meeting called to approve, in 2020, the 2019 financial statements.

A favourable vote would maintain the 44% independence rate (vs 33.3% for controlled companies) and the 44% rate of women on the Board (not taking into account those Directors who represent the workforce).

Curriculum vitae

Catherine Dussart

Independent Director of TF1 since 2013

Chairwoman of the Remuneration Committee

Member of the Ethics and CSR Committee

General Manager of Catherine Dussart Production-CDP

Date of birth: 18 July 1953

First appointment to the TF1 Board of Directors: 18 April 2013

Number of TF1 shares held (At 31 December 2016): 100

Attendance rate in 2016: 100% (Board of Directors); 100% (Remuneration Committee) 100% (Ethics and CSR Committee)

Expertise

Catherine Dussart offers the Board her knowledge and experience both in France and abroad in the world of cinema and production as well as the media and French audiovisual environment.

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

As a producer, she started out with short films, before moving naturally on to feature films and long-format documentaries for the cinema and television with the creation of Les Productions Dussart in 1992, and CDP in 1994. Catherine Dussart is a consultant for the Doha Film Institute (Qatar). She was a member of the Board of Directors of the Franco-Russian Cinema Academy and a member of the Committee on Aid to World Cinema organised by Centre National de la Cinématographie (CNC). She was also a member of the CNC's Committee on advances on earnings, then Vice Chairwoman and a member of the CNC's Distribution Aid Committee.

Her most recent productions include: *The Missing Picture* by Rithy Panh, which won both the *Un Certain Regard* award at the 2013 Cannes Film Festival and the *Prix Italia*, and was also an Academy Award nominee for best foreign language film; *In This Land Lay Graves of Mine* by Lebanese Director Reine Mitri (DIFF Dubai); *9 doigts* by F.J. Ossang, winner of the 2014 Rome Eurimages award; *La France est notre patrie* by Rithy Panh (Fipa 2015); *Chauti Koot* by Gurvinder Singh (India) presented as an official selection at the 2015 Cannes Film Festival, *Kalo Pothi (The Black Hen)* by Min Bahadur Bham (Nepal) which won the critics prize at the 2015 Venice Film Festival; *Exile* by Rithy Panh presented as an official selection at the 2016 Cannes Film Festival; *The Gospel* by Pippo Delbono presented as an official selection at the 2016 Venice Film Festival.

Offices and positions held outside the TF1 group

In France: General Manager of Catherine Dussart Production-CDP

Olivier Bouygues

Director of TF1 since 2005

Deputy Chief Executive Officer of Bouygues

Born: 14 September 1950

First appointment to the TF1 Board of Directors: 12 April 2005

Number of TF1 shares held (At 31 December 2016): 100

Attendance rate at Board of Directors Meetings in 2016: 100%

Expertise

Olivier Bouygues offers the Board his knowledge and experience both in France and abroad in sustainable development, construction and energy. He also has sound knowledge of the media and the French and international audiovisual environment, as Director of TF1 since 2005 and in his capacity as Director of Eurosport from 2002 to 2014.

Olivier Bouygues, a graduate of École Nationale Supérieure du Pétrole (ENSPM), 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 Boscarn, a Cameroon subsidiary, then Director of the France Works and Special Projects Division. From 1988 to 1992 he was Chairman and CEO of Maison Bouygues. In 1992 he became Group Executive Vice President of Utilities Management, which grouped the international and French activities of Saur. Olivier Bouygues has been a Director of Bouygues since 1984. In 2002, he was appointed Deputy Chief Executive Officer of Bouygues.

Offices and positions held outside the TF1 group

In France: Deputy Chief Executive Officer and Director of Bouygues*. Chief Executive Officer of SCDM. Director of Alstom*; Bouygues Construction, Bouygues Telecom and Colas*. Member of the Board of Directors of Bouygues Immobilier. Chairman of Sagri-E and Sagri-F.

Outside France: Chairman of the Board of Directors of Bouygues Europe (Belgium); Director of SCDM Energy Limited (UK); Chairman and Chief Executive Officer of Seci (Côte d'Ivoire).

* Listed company.

Approval

Subject to approval by the General Meeting of the 9th and 10th resolutions, the composition of the Board of Directors will, following the Meeting, be as follows:

- four independent Directors: Laurence Danon, Pascaline de Dreuz, Catherine Dussart and Janine Langlois-Glandier;
- two female Directors representing the staff: Fanny Chabirand and Sophie Leveaux Talamoni;
- one Executive Director: Gilles Pélisson;
- four Directors representing the controlling shareholder: Martin Bouygues, Olivier Bouygues, Olivier Roussat and Bouygues, represented by Philippe Marien.

The TF1 Board of Directors would include 44% independent Directors and 44% women (the two Directors elected by employees are not taken into account when calculating percentages).

The average age (calculated on the date of the General Meeting) is 59 years.

The Directors' curricula vitae are found in section 2.1.3 of this registration document.

The composition of the Board of Directors is updated regularly on the company's website (www.groupe-tf1.fr/en, Groupe TF1 > Investors > Governance > Board of Directors).

RESOLUTION 11 – TERMS OF OFFICE OF THE STATUTORY AUDITORS

SUBJECT AND PURPOSE

In the 11th resolution, we invite you to acknowledge the expiry of the terms of office of the KPMG Audit IS and KPMG Audit ID firms, respectively the permanent Statutory Auditor and alternate auditor.

Directive 2011/56/EU and Regulation (EU) no. 537/2014 of the European Parliament and of the Council introduced a European audit reform, applicable in France since June 2016, which requires the mandatory rotation of audit firms.

As a transitional measure, in particular to enable the better transition of files between the members of the College of auditors, you approved during the General Meeting on 14 April 2016, the appointment, for six financial years, of the Ernst and Young Audit firm in their capacity as Permanent Statutory Auditor and the Auditex firm as Alternate Statutory Auditor.

The current terms of office of the Mazars and Thierry Colin firms, respectively the permanent and alternate Statutory Auditors, expire at the end of the certification of the 2018 financial statements.

RESOLUTION 12 - PURCHASE OF TREASURY SHARES

SUBJECT AND PURPOSE

In the 12th resolution which is submitted for your approval, we invite you to renew the authorisation given each year to the company to purchase treasury shares under a buyback programme. Share buybacks, which

may not exceed 10% of the company's share capital, can be used especially to cancel shares under the authorisation provided for in the 13th resolution, with a view to enabling the implementation of the company's policy of rewarding shareholders.

The aims of the buyback programme are:

- cancellation of all or part of the repurchased shares, within a limit of 10% of the share capital per twenty-four month period;
- allocation or sale of shares to employees, for their participation in a profit-sharing scheme or the implementation of a company or Group savings plan (or similar plan);
- use of shares (by way of exchange, payment or other) for acquisitions, mergers or transfers of assets, in accordance with the applicable regulations;
- use of shares upon exercise of rights attached to securities giving access to the share capital through redemption, conversion, exchange or any other means;
- implementation of a liquidity contract which complies with the Code of Conduct established by Amafi and approved by the AMF;
- and more generally to perform any other transaction in accordance with the regulations in force.

At 1 January 2016, the company held 1,487,582 treasury shares to be used for acquisitions.

In 2016, TF1 purchased 1,086,500 TF1 shares in May and June, of which 804,268 were for acquisitions and 284,232 TF1 shares were to hold. It then purchased 1,136,486 shares in September, for cancellation. In June, TF1 disposed of 2,289,850 shares as part of TF1's purchase of 20% of the capital of TMC. On 27 October, the Board of Directors decided to reallocate the 284,232 treasury shares for cancellation and to cancel all of the 1,420,718 shares purchased for the purpose of cancellation and treasury shares.

In 15 February 2017, the company did not own any treasury shares.

Ceiling for the authorisation

The authorisation will be granted within the following limits:

- maximum percentage of the share capital authorised for repurchase: 10% of capital;
- maximum price per share: €20;
- maximum overall amount: €300 million;
- 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.

The authorisation for the company to buy back its own shares is subject to several legal limits, in particular, the company may not own, directly or through an intermediary acting in its own name but on behalf of the company, more than 10% of the total number of shares making up its share capital, in addition, the vesting of shares must not reduce shareholders' equity below the amount of capital plus non-distributable reserves;

Treasury shares have no voting rights and dividends accruing to them are carried forward as retained earnings.



GENERAL MEETING

REPORT OF THE BOARD OF DIRECTORS ON THE RESOLUTIONS SUBMITTED TO THE GENERAL MEETING

GENERAL MEETING - EXTRAORDINARY BUSINESS

The financial authorisations and powers granted by the previous General Meetings are listed in a table in section 6.3.4 of this document.

At 15 February 2017, TF1 had no debt: its debt rate is therefore zero.

As a reminder, the resolutions relating to share buybacks and capital reduction were adopted during the Combined General Meeting of 14 April 2016 at an average rate of 99%; those relating to the issue of securities were adopted during the Combined General Meeting of 16 April 2015 at an average rate of 90%; the resolution concerning employees at an average rate of 89% (allocation of performance shares at a rate of 88% at the Combined General Meeting of 14 April 2016; capital increase reserved for members of the Group savings plan at a rate of 98% at the Combined General Meeting of 16 April 2015; the granting of stock options at a rate of 79% at the Combined General Meeting of 17 April 2014).

RESOLUTION 13 – POSSIBILITY OF REDUCING THE SHARE CAPITAL BY CANCELLING SHARES

SUBJECT AND PURPOSE

We invite you to delegate, for a period of 18 months, all powers to the Board of Directors, for the purpose of cancelling all or part of the company shares acquired as part of the share purchase programmes authorised by the General Meeting.

The purpose of the **13th resolution** is to authorise the Board of Directors, if it deems appropriate, to reduce the share capital of the company, on one or more occasions and by up to 10% of the share capital per 24-month period, by cancelling some or all of the shares acquired under the share purchase programmes authorised by the General Meeting. This authorisation shall be granted for a period of eighteen months and will replace the authorisation previously granted by the General Meeting of 14 April 2016.

Cancelling repurchased shares makes it possible to offset the dilutive impact on shareholders arising from the creation of new shares following, for example, the exercise of stock options.

In 2016, TF1 cancelled 1,420,718 treasury shares.

RESOLUTIONS 14 TO 22 – POSSIBILITY OF INCREASING THE SHARE CAPITAL BY ISSUING SECURITIES

SUBJECT AND PURPOSE

We invite you to renew the previous authorisations delegating the powers of the General Meeting to the Board of Directors to issue securities giving immediate or deferred access to the company's capital, for a term of 26 months.

Over the years, the General Meeting has regularly granted the Board of Directors the necessary authorisations so that it may seize opportunities offered by the financial market, to complete the best transactions depending on the company's working capital requirement, with a choice of securities giving access to the capital. The 20th resolution will enable TF1 to acquire or merge with other companies without having to pay in cash. The 21st resolution will enable TF1 to propose to the shareholders of a listed company, to exchange their shares for TF1 shares issued for this purpose, and thus enable TF1 to acquire shares in the company in question without having to use bank loans, for example.

The authorisations and financial delegations granted by the 2015 General Meeting expire in 2017. The Board has not used them.

The different financial delegations and authorisations to be granted to the Board of Directors by the General Meeting of 13 April 2017 will replace, from the day of their approval by the General Meeting, those previously granted for the same purpose.

These new delegations are in line with those previously authorised and remain in accordance with the common practices and recommendations in this respect, in terms of amount, ceiling and term (26 months).

The delegations provided by these resolutions aim to issue capital shares and securities giving access to capital with or without preferential right of subscription. The policy of the TF1 Board of Directors is to privilege, on principle, the maintenance of shareholders' preferential right of subscription. Nevertheless, the cancellation of shareholders' preferential right of subscription may be necessary and in this case the Board of Directors can grant shareholders an irreducible and/or reducible priority subscription option.

The maximum nominal amount of immediate or deferred capital increases that may be performed under the authorisations to be granted, will be €8.4 million (20% of the capital - "overall ceiling") with preferential right of subscription (**14th resolution**) or €4.2 million (10% of capital - "sub-ceiling") with cancellation of preferential right of subscription. The maximum nominal amount of debt securities to be issued under the authorisations to be granted will be €900 million.

The sub-ceiling applies to the following issues according to the type of transactions planned, namely:

- capital increases by offer to the public or private placement without preferential right of subscription (**16th** and **17th resolutions**);
- additional issues in application of the over-allotment clause, if the issue is performed without preferential right of subscription (**19th resolution**);
- issues as compensation for benefits in kind made up of securities from another company, and not part of a public exchange (**20th resolution**);
- issues as compensation for in-kind contribution of securities brought in the context of a public exchange initiated by TF1 (**21st resolution**).

The **15th resolution** proposes authorising the Board of Directors to increase the share capital by incorporating reserves, profits, bonuses or other sums which may be capitalised within the limit of a nominal amount of €400 million. This ceiling is independent and distinct from the overall ceiling established in the **14th resolution**.

In accordance with law, the issue price of equity securities must be at least equal to the average of the quoted market prices on the three trading days preceding the day on which it is set, possibly reduced by a maximum discount of 5%. However, the **18th resolution** proposes authorising the Board of Directors to derogate from the price setting conditions provided in the **16th** and **17th resolutions** by retaining an issue price equal to the average of the quoted market prices over a maximum period of 6 months preceding the issue or an issue price equal to the weighted average price on the day preceding the issue (VWAP 1 day) with a maximum discount of 10%.

RESOLUTION 23 – DELEGATION TO INCREASE CAPITAL TO BENEFIT EMPLOYEES

SUBJECT AND PURPOSE

In the **23rd resolution** submitted for your approval, we invite you to renew the authorisation granted to the Board of Directors, for a term of 26 months and up to 2% of the share capital, to perform capital increases reserved for employees of the TF1 group who are members of the Group savings plan (PEE/PEG).

The subscription price may be determined by applying a maximum discount of 20% on the market price, in exchange for a lock-up period of 5 years. The company is convinced that it is important that employees share in the success of the Group, in which they are the key players. The employee savings plans and capital increases reserved for employees enable them to generate savings and hold a direct stake in the Group's performance, which increases their commitment and motivation.

The **23rd resolution** aims to once again authorise the Board of Directors, for a term of 26 months, to perform, in the proportion and at the time it will deem fit, one or more capital increases reserved for employees of the TF1 group who are members of the Group savings plan (PEE/PEG), within a maximum limit of 2% of the share capital, without any preferential right of subscription.

In accordance with Article L. 3332-19 of the French Labour Code, the subscription price will be equal to the average opening price of the share on Euronext Paris on the 20 trading days preceding the day of the Board's decision to set the date of the subscription opening, with a maximum discount of 20%.

At 31 December 2016, 77.2% of employees with access to the TF1 PEG (Group savings plan) were members of the "FCPE TF1 Actions" PEE

(company investment savings plan). Employees held 7.2% of the share capital and voting rights. The management company of the FCPE TF1 Actions company investment savings plan purchases, without discount, on the market, the TF1 shares held by the investment savings plan.

RESOLUTION 24 – OPTION TO ALLOCATE STOCK OPTIONS TO CERTAIN EMPLOYEES OR SENIOR EXECUTIVES

SUBJECT AND PURPOSE

In the **24th resolution**, you are invited to once again authorise the Board of Directors to allocate stock options to individuals designated from the employees and corporate officers of the company or companies or economic interest groups related to it.

The company is convinced that it is important to have senior executives share in the success of the Group, in which they are the key players. Such allocations enable them to hold a direct stake in the Group's performance and future, via the evolution of the TF1 share, which in turn increases their commitment and motivation.

The authorisation to grant stock options awarded by the General Meeting of 17 April 2014 expires in 2017. The authorisation to allocate performance shares which was the subject of the 17th resolution of the General Meeting of 14 April 2016, expires on 14 June 2019.

The **24th resolution** aims to authorise the Board of Directors to perform a capital increase, on one or more occasions, to the benefit of employees or certain categories of them and/or corporate officers, both of the TF1 company and the companies or economic interest groups related to it, by granting stock options.

The options would be allocated without discount. Depending on the circumstances and the subscription price the share price shall be no less than the average quoted share price over the 20 trading days preceding the date of grant; or the average share price at which they were purchased by the company.

The exercise period for the options granted cannot exceed seven years and six months counting from the date of grant.

The authorisation to grant options proposed for renewal includes an overall ceiling for granting options and allocating performance shares, which is equal to 3% of the share capital. The **24th resolution** and 17th resolutions also provide for the Board of Directors setting the conditions applicable to performance shares for all beneficiaries.

The number of options that may be granted to senior executives cannot account for more than 5% of the total allocations performed by the Board of Directors over a 38-month period.



GENERAL MEETING

REPORT OF THE BOARD OF DIRECTORS ON THE RESOLUTIONS SUBMITTED TO THE GENERAL MEETING

In 2016, the Board of Directors, on the proposal of the Remuneration Committee, granted, under the same performance conditions:

- 170,000 performance shares, i.e. 0.08% of the share capital to the 30 main members of the COMEX and CODG management bodies of TF1 (with the exception of the Chairman). This plan was in response to their willingness to get directly involved in the launch and success of the TF1 group transformation plan;
- 642,000 stock options, i.e. 0.31% of the share capital to 100 senior executives of COMGT, who were the main beneficiaries of previous stock option plans (with the exception of the Chairman). This policy intends to motivate them and gain their loyalty over a long period of time.

Information on the allocation of options and performance shares, and the company's general allocation policy are included in the Board of Directors' special report presented in section 2.3 of this document.

RESOLUTION 25 - AUTHORISATIONS FOR FORMALITIES

SUBJECT AND PURPOSE

In the **25th resolution** submitted for your approval, you are invited to authorise the completion of all legal or administrative formalities and all filing and publishing requirements of the legislation in force.

Information on the company's operations, to be provided under the law, is included in the management report that you received.

You are asked to vote on the proposed resolutions.

The Board of Directors

8.4 DRAFT RESOLUTIONS

ORDINARY BUSINESS

FIRST RESOLUTION

(APPROVAL OF THE PARENT COMPANY STATEMENTS AND TRANSACTIONS FOR THE 2016 FINANCIAL YEAR)

The General Meeting, ruling in compliance with the quorum and majority rules required for Ordinary General Meetings, having heard the parent company financial statements for the 2016 financial year and the reports of the Board of Directors, the Chairman of the Board of Directors and the Statutory Auditors on the parent company financial statements, approves the parent company financial statements for the 2016 financial year as submitted, as well as the transactions reflected in these financial statements and summarised in these reports.

SECOND RESOLUTION

(APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS AND TRANSACTIONS FOR THE 2016 FINANCIAL YEAR)

The General Meeting, ruling in compliance with the quorum and majority rules required for Ordinary General Meetings, having heard the consolidated financial statements for the 2016 financial year and the reports of the Board of Directors, the Chairman of the Board of Directors and the Statutory Auditors on the consolidated financial statements, approves the consolidated financial statements for the 2016 financial year, as well as the transactions reflected in these financial statements and summarised in these reports.

THIRD RESOLUTION

(APPROVAL OF THE RELATED PARTY TRANSACTIONS AND COMMITMENTS STIPULATED IN ARTICLES L. 225-38 ET SEQ. OF THE FRENCH COMMERCIAL CODE)

The General Meeting, ruling in compliance with the quorum and majority rules required for Ordinary General Meetings, having read the Statutory Auditors' special report on related party transactions and in accordance with the provisions of Articles L. 225-38 et seq. of the French Commercial Code, approves the related party transactions and commitments presented in this report which have not yet been approved by the General Meeting.

FOURTH RESOLUTION

(APPROPRIATION OF PROFITS FOR THE 2016 FINANCIAL YEAR AND SETTING THE AMOUNT OF THE DIVIDEND)

The General Meeting, ruling in compliance with the quorum and majority rules required for Ordinary General Meetings, having noted the existence of available profits of €543,585,372.12, taking into account the net profit for the period of €131,489,002.23 and retained earnings of €412,096,389.89, approves the following appropriation and distribution proposed by the Board of Directors:

- distribution of a cash dividend of €58,636,911.76 (i.e. a dividend of €0.28 per share with a par value of €0.20);

- the balance of €484,948,460.36 to be carried forward as retained earnings.

The dividend ex-date for the Euronext Paris market shall be 28 April 2017. The cut-off date for positions qualifying for payment shall be 2 May 2017. The dividend shall be paid in cash on 3 May 2017.

The full dividend is eligible for the 40% tax relief referred to in indent 2 of paragraph 3 of Article 158 of the French General Tax Code.

The General Meeting authorises the appropriation to Retained Earnings of the dividends arising on the TF1 shares that TF1 is authorised to hold as treasury shares, in accordance with Article 225-210 of the French Commercial Code.

The General Meeting notes that the dividends distributed for the last three financial years were as follows:

	2013	2014	2015
Number of shares	211,260,013	211,528,764	209,033,985
Unit dividend	€0.55	€1.50	€0.80
Total dividend ⁽¹⁾⁽²⁾	€116,193,007.15	€317,293,146.00	€167,227,188.00

(1) Dividends actually paid, minus, where applicable, the shares held by TF1 which were not entitled to distribution.

(2) Dividends eligible for the 40% tax rebate mentioned in section 2 of Article 158.3 of the French General Tax Code.

FIFTH RESOLUTION

(APPROVAL OF A DEFINED-BENEFIT RETIREMENT COMMITMENT IN FAVOUR OF GILLES PELISSON, CHAIRMAN AND CHIEF EXECUTIVE OFFICER)

The General Meeting, ruling in compliance with the quorum and majority conditions required for Ordinary General Meetings, having noted the Statutory Auditors' special report on related-party transactions, and in accordance with the provisions of Article L. 225-42-1 of the French Commercial Code, approved the commitment related to the defined-benefit retirement plan for Gilles Pélisson.

SIXTH RESOLUTION

(OPINION ON THE REMUNERATION DUE OR GRANTED TO NONCE PAOLINI, CHAIRMAN AND CHIEF EXECUTIVE OFFICER, FOR THE 2016 FINANCIAL YEAR, UP TILL 18 FEBRUARY 2016)

The General Meeting, ruling in compliance with the quorum and majority conditions for Ordinary General Meetings, consulted pursuant to paragraph 26 of the AFEP/MEDEF Corporate Governance Code, which constitutes the reference code for the company pursuant to Article L. 225-37 of the French Commercial Code, having noted the remuneration due or granted to Nonce Paolini in his capacity as Chairman and Chief Executive Officer, until 18 February 2016, as presented in the report of the Board of Directors in accordance with Article L. 225-102-1 of the French Commercial Code, approves this remuneration.



SEVENTH RESOLUTION

(OPINION ON THE REMUNERATION DUE OR GRANTED TO GILLES PÉLISSON, CHAIRMAN AND CHIEF EXECUTIVE OFFICER, FOR THE 2016 FINANCIAL YEAR, AS FROM 15 FEBRUARY 2016)

The General Meeting, ruling in compliance with the quorum and majority conditions required for Ordinary General Meetings, consulted pursuant to paragraph 26 of the AFEP/MEDEF Corporate Governance Code, which constitutes the reference code for the company pursuant to Article L. 225-37 of the French Commercial Code, having noted the remuneration due or granted to Gilles Pélisson for his term of office as Chairman and Chief Executive Officer exercised from 19 February 2016, as presented in the report of the Board of Directors in accordance with Article L. 225-102-1 of the French Commercial Code, approves this remuneration.

EIGHTH RESOLUTION

(REMUNERATION POLICY FOR THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER: APPROVAL OF THE PRINCIPLES AND CRITERIA FOR DETERMINING, DISTRIBUTING AND GRANTING OF THE FIXED, VARIABLE AND EXCEPTIONAL COMPONENTS OF THE TOTAL REMUNERATION AND THE BENEFITS OF ANY KIND ATTRIBUTABLE TO GILLES PÉLISSON IN RELATION TO HIS TERM OF OFFICE AS CHAIRMAN AND CHIEF EXECUTIVE OFFICER)

The General Meeting, ruling in compliance with the quorum and majority conditions required for Ordinary General Meetings, having noted the report provided for by Article L. 225-37-2 of the French Commercial Code, approves the principles and criteria for determining, distributing and granting the fixed, variable and exceptional components of the total remuneration and any other benefits, presented in this report and that can be granted to Gilles Pélisson for his term of office as Chairman and Chief Executive Officer.

NINTH RESOLUTION

(RENEWAL OF CATHERINE DUSSART'S TERM OF OFFICE AS DIRECTOR FOR THREE YEARS)

The General Meeting, ruling in compliance with the quorum and majority rules required for Ordinary General Meetings, renews Catherine Dussart's term of office as a Director, which expires at the end of this Meeting, for three years.

Her term of office will expire at the end of the General Meeting called to approve the financial statements of the 2019 financial year.

TENTH RESOLUTION

(RENEWAL OF OLIVIER BOUYGUES' TERM OF OFFICE AS A DIRECTOR FOR THREE YEARS)

The General Meeting, ruling in compliance with the quorum and majority rules required for Ordinary General Meetings, renews Olivier Bouygues'

term of office as a Director, which expires at the end of this Meeting, for three years.

His term of office will expire at the end of the General Meeting called to approve the financial statements of the 2019 financial year.

ELEVENTH RESOLUTION

(EXPIRING TERMS OF OFFICE FOR THE PERMANENT STATUTORY AUDITORS (KPMG AUDIT IS) AND ALTERNATE AUDITORS (KPMG AUDIT ID))

The General Meeting, ruling in compliance with the quorum and majority rules required for Ordinary General Meetings notes that the terms of office for the permanent Statutory Auditors (KPMG Audit IS) and that of the alternate auditors (KPMG Audit ID) expire at the end of the present General Meeting.

TWELFTH RESOLUTION

(AUTHORISATION GRANTED TO THE BOARD OF DIRECTORS TO ACQUIRE THE COMPANY'S OWN SHARES)

The General Meeting, ruling in compliance with the quorum and majority rules required for Ordinary General Meetings, and having taken note of the Board of Directors' report, including a description of a share buyback programme, and in accordance with the provisions of Articles L. 225-209 and L. 225-209-2 of the French Commercial Code:

1. hereby authorises the Board of Directors to buy back, under the conditions set out below, shares representing up to 10% of the company's share capital at the date of the buyback, in compliance with the prevailing legal and regulatory conditions applicable at that date;
2. resolves that this authorisation may be used for the following purposes, corresponding either to a market practice accepted by the AMF or an objective envisaged in Article 5 of regulation (EU) no. 596/2014 on market abuse, or an objective specified in Articles L. 225-209 et seq. of the French Commercial Code:
 - reduce the share capital by cancelling 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, through an allotment of free shares, or corporate or Group savings plans,
 - retain shares and, where appropriate, use them subsequently as payment or exchange for acquisitions, mergers, demergers or transfers of assets, in compliance with regulatory requirements,
 - fulfil obligations related to debt securities, in particular securities giving entitlement to company shares through redemption, conversion or exchange, or in any other manner,
 - 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,

- implement any market practice accepted by the AMF and generally to carry out any other transaction in compliance with prevailing regulations;
- 3. resolves that the vesting, sale, transfer or exchange of these shares may be carried out, on one or several occasions, in compliance with rules issued by the AMF in its position/recommendation no. 2017-04, on or off market, including on a multilateral trading facility (MTF) or via a systematic internaliser, or over the counter, in any manner, including the acquisition or disposal of blocks of shares, by using derivative financial instruments, and at any time, except during a takeover bid for the company's shares. The entire programme may be carried out through block trades;
- 4. resolves that the purchase price cannot exceed €20 (twenty euros) per share, subject to any adjustments relating to share capital transactions. If share capital is increased by incorporating premiums, earnings, reserves or free shares into capital, or in the event of a stock split or reverse stock split, the price indicated above shall be adjusted by a multiplication factor equal to the ratio of the number of shares making up the share capital before the transaction to the number of shares after the transaction;
- 5. sets at €300,000,000 (three hundred million euros), the maximum amount of funds that can be used for the authorised share buyback programme, corresponding to a maximum number of 150,000,000 shares purchased based on the previously authorised unit price of €20;
- 6. notes that, in accordance with law, the total shares held at any given date may not exceed 10% of the share capital outstanding at that date;
- 7. gives full powers to the Board of Directors, with the power to subdelegate, in accordance with applicable law, to implement this authorisation, place all stock orders, conclude all agreements, in particular with a view to the registration of purchases and sale of shares, completing all declarations and formalities with the AMF or any other body, and in general taking all necessary measures to execute the decisions taken within the scope of this authorisation;
- 8. resolves that the Board of Directors shall inform the General Meeting of the transactions carried out, in accordance with applicable regulations;
- 9. sets the period of validity of the present delegation at eighteen months counting from the date of the present General Meeting, it being specified that this delegation nullifies the effect, to the extent of the unused amounts, of any previous delegation of powers for the same purpose.

EXTRAORDINARY BUSINESS

THIRTEENTH RESOLUTION

(AUTHORISATION GRANTED TO THE BOARD OF DIRECTORS TO REDUCE THE SHARE CAPITAL BY CANCELLING THE COMPANY'S OWN SHARES THAT IT HOLDS)

The General Meeting, ruling in compliance with the quorum and majority rules required for Extraordinary General Meetings, having taken note of the report of the Board of Directors and of the special report of the Statutory Auditors, and in accordance with the provisions of Article L. 225-209 of the French Commercial Code:

1. hereby authorises the Board of Directors to cancel, at its sole discretion, in one or more instances, all or part of the shares that the company holds

or might come to hold as a result of the use of the various authorisations to buy up its own shares granted by the General Meeting to the Board of Directors, to the extent of up to 10% of the total number of the shares comprising the company's share capital on the date of the operation, in any given period of twenty-four months;

2. authorises the Board of Directors to charge the difference between the purchase value of the cancelled shares and their nominal value to all available premium and reserve funds;
3. delegates to the Board of Directors, with the power to subdelegate 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 Articles of Association accordingly, and generally to attend to all necessary formalities;
4. sets the period of validity of the present delegation at eighteen months counting from the date of the present General Meeting, it being specified that this delegation nullifies the effect, to the extent of the unused amounts, of any previous delegation of powers for the same purpose.

FOURTEENTH RESOLUTION

(DELEGATION OF AUTHORITY GRANTED TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL BY PUBLIC OFFER, WHILE MAINTAINING SHAREHOLDERS' PREFERENTIAL RIGHT OF SUBSCRIPTION, BY ISSUING SHARES AND ANY SECURITIES GIVING IMMEDIATE OR DEFERRED ACCESS TO THE COMPANY'S SHARES)

The General Meeting, ruling in compliance with the quorum and majority rules required for Extraordinary General Meetings, having taken note of the report of the Board of Directors and of the special report of the Statutory Auditors, and in accordance with the provisions of Article L. 225-129, L. 225-129-2, L. 228-91, L. 228-92 and L. 228-93 of the French Commercial Code:

1. delegates to the Board of Directors, with the power to subdelegate under and in accordance with applicable law, its authority to decide upon, in the proportions, at the times and according to the terms and conditions it deems appropriate, one or several capital increases by issuing with shareholders' preferential right of subscription, both in France and abroad, in euros, in foreign currencies or any monetary unit calculated with reference to several currencies, (i) ordinary company shares and (ii) any securities of any kind, issued against payment or free of charge, giving immediate and/or deferred access by all means, at any moment or on a fixed date, to ordinary shares issued by the company, the subscription of which may be carried out either in cash or through offsetting of receivables;
2. resolves that the total amount of the cash capital increases likely to be performed immediately and/or at a future date under the present delegation cannot exceed an overall ceiling of €8,400,000 (eight million four hundred thousand euros) in nominal value, to which sum shall be added, where appropriate, the nominal amount of additional shares to be issued, to retain, in accordance with the law, the rights of holders of securities giving access to the company's ordinary shares; the nominal amount of the ordinary shares that may be issued under the sixteenth, seventeenth, twentieth and twenty-first resolutions of the present General Meeting will be charged against this overall ceiling;



3. resolves that the securities giving access to the company's ordinary shares as issued may also consist of debt securities or be associated with the issue of such securities, or allow the issue thereof as intermediate securities. They may notably take the form of subordinated or non-subordinated securities with a fixed or indefinite duration and be issued in euros or foreign currencies or in any monetary units calculated with reference to several currencies;
4. resolves that the nominal amount of all of the debt securities likely to be issued under the present delegation cannot exceed €900,000,000 (nine hundred million euros) or the corresponding value in any other currency or any unit of account on the date the issue is decided, it being specified that this amount does not include the reimbursement of premium(s) below par, if this was established. The nominal amount of the debt securities which may be issued under the sixteenth, seventeenth, twentieth and twenty-first resolutions will be charged against this overall ceiling. Loans that give access to the company's ordinary shares may carry interest at a fixed and/or variable rate, including capitalisation, and may be repaid with or without a premium or depreciated, it being specified that the shares may also be repurchased at the stock exchange or in the context of a purchase or exchange offer by the company;
5. in the event of use by the Board of Directors of the present delegation, it resolves that:
 - a. shareholders will have, in proportion to the sum of their shares, an irreducible preferential right of subscription to ordinary shares and securities which may be issued under the present resolution,
 - b. the Board of Directors will also have the power to grant shareholders a reducible right of subscription, which may be exercised in proportion to their rights and within the limits of their requests,
 - c. if irreducible subscriptions and, if applicable, reducible subscriptions do not absorb the entire issue of ordinary shares or securities performed under the present delegation, the Board may use, in the order it determines, any of the following options:
 - limit the issue to the amount of subscriptions collected, provided that this amounts to at least three quarters of the issue decided upon,
 - freely share all or part of the unsubscribed securities,
 - offer all or part of the unsubscribed securities to the public, on the French and/or international market and/or abroad;
 - d. the Board of Directors shall determine the characteristics, amount and terms and conditions of any issuance and of the securities issued. In particular, it shall determine the category of shares issued and shall set, bearing in mind the indications contained in its report, their subscription price, with or without premium, the terms and conditions of payment, their vesting date, retroactively if applicable, as well as the terms and conditions under which the securities issued under this resolution will give access to the company's ordinary shares, as well as the conditions under which the right to allocate securities granting access to ordinary shares would be temporarily suspended in accordance with current legal provisions,
 - e. the Board of Directors will have full powers, with the right to subdelegate in accordance with the applicable law, to implement

the present delegation, notably by concluding all agreements for this purpose, in particular with a view to the successful conclusion of any issue, in order to carry out the above issues, on one or more occasions, in the proportions and at the times when it sees fit, in France and/or where necessary, abroad and/or on the international market - as well as, where appropriate, to refrain from doing so - record the completion thereof and amend the Articles of Association accordingly, as well as to carry out any formalities and declarations and apply for any necessary authorisations for the realisation and successful conclusion of these issues;

6. notes that the present delegation implies that the shareholders waive their preferential right of subscription to ordinary company shares to which the securities that may be issued under the present delegation may provide entitlement;
7. sets the period of validity of the present delegation at twenty-six months counting from the date of the present General Meeting, it being specified that this delegation nullifies the effect, to the extent of the unused amounts, of any previous delegation of powers for the same purpose.

FIFTEENTH RESOLUTION

(DELEGATION OF AUTHORITY GRANTED TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL BY INCORPORATING BONUSES, RESERVES, PROFITS OR OTHERS)

The General Meeting, ruling in compliance with the quorum and majority rules specified in Article L. 225-98 of the French Commercial Code, having taken note of Board of Directors' report, and in accordance with the provisions of Articles L. 225-129, L. 225-129-2 and L. 225-130 of the French Commercial Code:

1. delegates to the Board of Directors, with the power to subdelegate under and in accordance with applicable law, its authority to decide upon, in the proportion and at the time it will deem fit, one or more capital increases by successively or simultaneously incorporating issue premiums, reserves, profits or other sums into the capital whose capitalisation will be lawful and compliant with the Articles of Incorporation, in the form of the allocation of free shares or an increase in the nominal value of existing shares or by a combination of these two methods;
2. resolves that the total amount of the capital increases likely to be performed under the present resolution cannot exceed €400,000,000 (four hundred million euros) it being specified that to that sum shall be added, where appropriate, the additional amount of ordinary shares to be issued, to retain, in accordance with the law, the rights of holders of securities giving access to the company's ordinary shares. The ceiling of the present delegation is independent and distinct to the overall ceiling established in the fourteenth resolution;
3. in the event of use by the Board of Directors of the present delegation, it resolves that, in accordance with the provisions of Article L. 225-130 of the French Commercial Code, in the event of a capital increase in the form of an allocation of free shares, fractional shares will not be tradeable or transferrable and the corresponding capital securities will be sold; the sums derived from the sale will be allocated to the owners of the rights within the time specified in the regulations;

4. resolves that the Board of Directors will have all powers, with authority to subdelegate to any person authorised by law, to implement the present delegation, and generally, to take all measures and perform all formalities required for the successful performance of each capital increase, record the completion thereof and amend the Articles of Association accordingly;
5. sets the period of validity of the present delegation at twenty-six months counting from the date of the present General Meeting, it being specified that this delegation nullifies the effect, to the extent of the unused amounts, of any previous delegation of powers for the same purpose.

SIXTEENTH RESOLUTION

(DELEGATION OF AUTHORITY GRANTED TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL BY PUBLIC OFFER, WITHOUT SHAREHOLDERS' PREFERENTIAL RIGHT OF SUBSCRIPTION, BY ISSUING SHARES AND ANY SECURITIES GIVING IMMEDIATE OR DEFERRED ACCESS TO THE COMPANY'S SHARES)

The General Meeting, ruling in compliance with the quorum and majority rules required for Extraordinary General Meetings, having taken note of the report of the Board of Directors and of the special report of the Statutory Auditors, and in accordance with the provisions of Article L. 225-129-2, L. 225-135, L. 225-136, L. 228-92 and L. 228-93 of the French Commercial Code:

1. delegates to the Board of Directors, with the power to subdelegate under and in accordance with applicable law, its authority to decide upon, in the proportions, at the times and according to the terms and conditions it deems appropriate, one or several capital increases by public offer, by issuing without shareholders subscription rights, both in France and abroad, in euros, in foreign currencies or any monetary unit calculated with reference to several currencies, (i) ordinary company shares and (ii) any securities of any kind, giving immediate and/or deferred access by all means, to any ordinary shares issued by the company, the subscription of which may be carried out either in cash or through offsetting of receivables;
2. resolves that the total amount of the capital increases likely to be performed immediately and/or at a future date under the present resolution cannot exceed €4,200,000 (four million two hundred thousand euros) in nominal amount, it being specified that to that sum shall be added, where appropriate, the nominal amount of additional shares to be issued, to retain, in accordance with the law, the rights of holders of securities giving access to the company's ordinary shares. This amount will be charged against the overall ceiling established in the fourteenth resolution;
3. resolves that the securities giving access to the company's ordinary shares as issued may also consist of debt securities or be associated with the issue of such securities, or allow the issue thereof as intermediate securities. They may notably take the form of subordinated or non-subordinated securities with a fixed or indefinite duration and be issued in euros or foreign currencies or in any monetary units calculated with reference to several currencies;
4. resolves that the nominal amount of all of the debt securities likely to be issued under the present delegation cannot exceed €900,000,000 (nine hundred million euros) or the corresponding value in any other currency or any unit of account on the date the issue is decided. This amount is charged to the overall cap defined in the fourteenth resolution, it being specified that this amount does not include the reimbursement of premium(s) below par, if this was established. Loans that give access to the company's ordinary shares may carry interest at a fixed and/or variable rate, including capitalisation, and may be repaid without or without a premium or depreciated, it being specified that the shares may also be repurchased at the Stock Exchange or in the context of a purchase or exchange offer by the company;
5. resolves to waive shareholders' preferential right of subscription to securities that may be issued under the present delegation, and to grant the Board of Directors the power to grant shareholders an irreducible and/or reducible priority to subscribe for such securities in accordance with the provisions of Article L. 225-135 of the French Commercial Code. If subscriptions, including any subscriptions by existing shareholders, do not absorb the entire capital increase, the Board of Directors may limit the amount of the transaction under the conditions provided by law;
6. notes that the present delegation implies that the shareholders waive their preferential right of subscription to ordinary company shares to which the securities that may be issued under the present delegation may provide entitlement;
7. resolves that the Board of Directors shall determine the characteristics, amount and terms and conditions of any issuance and of the securities issued. In particular, it shall determine the category of shares issued and shall set, bearing in mind the indications contained in its report, their subscription price, with or without premium, their vesting date, retroactively if applicable, as well as the duration or the terms and conditions under which the securities issued on the basis of this resolution will give access to the company's ordinary shares, in accordance with the law, as well as the conditions under which the right to allocate securities granting access to ordinary shares would be temporarily suspended in accordance with current legal provisions. It is specified that, unless the provisions of the eighteenth resolution are applied, the issue price of the ordinary shares and securities shall be such that the sum immediately received by the company, plus any amount to be received subsequently by the company will be, for each share issued, at least equal to the minimum amount stipulated by the regulations in force at the date of the issue, i.e. on this day, according to the provisions of Article R. 225-119 of the French Commercial Code, the weighted average of the prices quoted on the regulated market during the three trading days preceding the determination of the subscription price minus a maximum of 5%;
8. resolves that the Board of Directors will have full powers, with the right to subdelegate in accordance with the applicable law, to implement the present delegation, notably by concluding all agreements for this purpose, in particular with a view to the successful conclusion of any issue, in order to carry out the above issues, on one or more occasions, in the proportions and at the times when it sees fit, in France and/or where necessary, abroad and/or on the international market - as well as, where appropriate, to refrain from doing so - record the completion thereof and amend the Articles of Association accordingly, as well as to carry out any formalities and declarations and apply for any necessary authorisations for the performance and successful conclusion of these issues;
9. sets the period of validity of the present delegation at twenty-six months counting from the date of the present General Meeting, it being specified that this delegation nullifies the effect, to the extent of the unused amounts, of any previous delegation of powers for the same purpose.



SEVENTEENTH RESOLUTION

(DELEGATION OF AUTHORITY GRANTED TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL BY PRIVATE PLACEMENT, WITHOUT SHAREHOLDERS' PREFERENTIAL RIGHT OF SUBSCRIPTION, BY ISSUING SHARES AND ANY SECURITIES GIVING IMMEDIATE OR DEFERRED ACCESS TO THE COMPANY'S SHARES)

The General Meeting, ruling in compliance with the quorum and majority rules required for Extraordinary General Meetings, having taken note of the report of the Board of Directors and of the special report of the Statutory Auditors, and in accordance with the provisions of Article L. 411-2 II of the French Monetary and Financial Code, and Articles L. 225-129, L. 225-129-2, L. 225-135, L. 225-136, L. 228-92 and L. 228-93 of the French Commercial Code:

1. delegates to the Board of Directors, with the power to subdelegate under and in accordance with applicable law, its authority to decide upon, in the proportion and at the time it will deem fit, one or more capital increases, by means of the offer(s) stipulated in II of Article L. 411-2 of the French Monetary and Financial Code, by issuing without shareholders' preferential right of subscription, both in France and abroad, in euros, in foreign currencies or any monetary unit calculated with reference to several currencies, (i) ordinary company shares and (ii) any securities of any kind, giving immediate and/or deferred access by all means, to ordinary shares issued by the company, the subscription of which may be carried out either in cash or through offsetting of receivables;
2. resolves that the total amount of the capital increases likely to be performed immediately and/or at a later date under the present resolution can neither exceed 10% of the share capital over a period of twelve months, nor €4,200,000 (four million two hundred thousand euros); the nominal amount of the capital increases will be charged against the overall ceiling established in the fourteenth resolution. Where appropriate, to this sum will be added the nominal amount of additional shares to be issued, to retain, in accordance with the law, the rights of holders of securities giving access to the company's ordinary shares;
3. resolves that the securities giving access to the company's ordinary shares as issued may also consist of debt securities or be associated with the issue of such securities, or allow the issue thereof as intermediate securities. They may notably take the form of subordinated or non-subordinated securities with a fixed or indefinite duration and be issued in euros or foreign currencies or in any monetary units calculated with reference to several currencies;
4. resolves that the nominal amount of all of the debt securities likely to be issued under the present delegation cannot exceed €900,000,000 (nine hundred million euros) or the corresponding value in any other currency or any unit of account on the date the issue is decided. This amount will be charged against the overall ceiling established in the fourteenth resolution, it being specified that this amount does not include the reimbursement of premium(s) below par, if this was established.

Loans that give access to the company's ordinary shares may carry interest at a fixed and/or variable rate, or include capitalisation, and may be repaid with or without a premium or depreciated, it being specified that the shares may also be repurchased at the Stock Exchange or in the context of a purchase or exchange offer by the company;

5. resolves to waive shareholders' preferential right of subscription to ordinary shares and/or securities that may be issued under the present delegation;
6. notes that the present delegation implies that the shareholders waive their preferential right of subscription to ordinary company shares to which the securities that may be issued on the basis of the present delegation may provide entitlement;
7. resolves that the Board of Directors shall determine the characteristics, amount and terms and conditions of any issuance and of the securities issued. In particular, it shall determine the category of shares issued and shall set, bearing in mind the indications contained in its report, their subscription price, with or without premium, their vesting date, retroactively if applicable, as well as the duration or the terms and conditions under which the securities issued on the basis of this resolution will give access to the company's ordinary shares, in accordance with the law, as well as the conditions under which the right to allocate securities granting access to the company's ordinary shares would be temporarily suspended in accordance with current legal provisions. It is specified that, unless the provisions of the eighteenth resolution are applied, the issue price of the ordinary shares and securities shall be such that the sum immediately received by the company, plus any amount to be received subsequently by the company will be, for each share issued at least equal to the minimum amount stipulated by the regulations in force at the date of the issue, i.e. on this day, according to the provisions of Article R. 225-119 of the French Commercial Code, the weighted average of the prices quoted on the regulated market during the three trading days preceding the determination of the subscription price minus a maximum of 5%;
8. resolves that the Board of Directors will have full powers, with the right to subdelegate in accordance with the applicable law, to implement the present delegation, notably by concluding all agreements for this purpose, in particular with a view to the successful conclusion of any issue, in order to carry out the above issues, on one or more occasions, in the proportions and at the times when it sees fit, in France and/or where necessary, abroad and/or on the international market - as well as, where appropriate, to refrain from doing so - record the completion thereof and amend the Articles of Association accordingly, as well as to carry out any formalities and declarations and apply for any necessary authorisations for the performance and successful conclusion of these issues;
9. sets the period of validity of the present delegation at twenty-six months counting from the date of the present General Meeting, it being specified that this delegation nullifies the effect, to the extent of the unused amounts, of any previous delegation of powers for the same purpose.

EIGHTEENTH RESOLUTION

(AUTHORISATION GRANTED TO THE BOARD OF DIRECTORS TO SET, ACCORDING TO THE TERMS DETERMINED BY THE GENERAL MEETING, THE ISSUE PRICE WITHOUT SHAREHOLDERS' PREFERENTIAL RIGHT OF SUBSCRIPTION, BY PUBLIC OFFER OR PRIVATE PLACEMENT, OF EQUITY SECURITIES FOR IMMEDIATE OR DEFERRED ISSUE)

The General Meeting, ruling in compliance with the quorum and majority rules required for Extraordinary General Meetings, having read the report of the Board of Directors and the Statutory Auditors special report and in accordance with the provisions of Article L. 225-136-1 paragraph 2 of the French Commercial Code, and to the extent that the securities to be issued, immediately or at a future date, are equivalent to company shares admitted for trading on a regulated market:

1. authorises the Board of Directors, with authority to subdelegate under and in accordance with applicable law, for each of the issues decided upon in application of the sixteenth and seventeenth resolutions and within a limit of 10% of the share capital (as it existed on the date of the present General Meeting) over a period of twelve months, to depart from the price setting conditions set out in the regulations in force on the date on which this authorisation is exercised, i.e. on this day, according to the provisions of Article R. 225-119 of the French Commercial Code, and to set the issue price of equity securities to be issued immediately or at a later date, by public offering or an offer specified in II Article L. 411-2 of the French Monetary and Financial Code, according to the following procedures:
 - a. for equity securities to be issued immediately, the Board may choose between the following two procedures:
 - issue price equal to the average price recorded over a maximum period of six months preceding the issue,
 - 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. for equity securities to be issued at a later date, the issue price will be such that the sum immediately received by the company plus that which they are likely to receive subsequently is, for each share, at least equal to the amount specified above;
2. resolves that the Board of Directors will have all powers to implement the present resolution under the conditions set out by the resolution under which the issue is decided;
3. sets the period of validity of the present authorisation at twenty-six months counting from the date of the present General Meeting, it being specified that this delegation nullifies the effect, to the extent of the unused amounts, of any previous authorisation for the same purpose.

NINETEENTH RESOLUTION

(AUTHORISATION GRANTED TO THE BOARD OF DIRECTORS TO INCREASE THE NUMBER OF SHARES TO ISSUE IN THE EVENT OF A CAPITAL INCREASE WITH OR WITHOUT SHAREHOLDERS' PREFERENTIAL RIGHT OF SUBSCRIPTION)

The General Meeting, ruling in compliance with the quorum and majority rules required for Extraordinary General Meetings, having taken note of the report of the Board of Directors and of the special report of the Statutory Auditors, and in accordance with the provisions of Article L. 225-135-1 of the French Commercial Code:

1. authorises the Board of Directors, with the power to subdelegate under and in accordance with applicable law, to decide, in the event of a capital increase with or without preferential right of subscription, to increase the number of shares to be issued, within thirty days of closing the subscription, within a limit of 15% of the initial issue, at the same price as that of the initial issue, subject to compliance with the ceiling(s) set out in the resolution under whose application the issue is decided;
2. sets the period of validity of the present delegation at twenty-six months counting from the date of the present General Meeting, it being specified that this delegation nullifies the effect, to the extent of the unused amounts, of any previous delegation of powers for the same purpose.

TWENTIETH RESOLUTION

(DELEGATION OF AUTHORITY TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL WITHOUT SHAREHOLDERS' PREFERENTIAL RIGHT OF SUBSCRIPTION, WITH A VIEW TO REMUNERATING CONTRIBUTIONS IN KIND GRANTED TO THE COMPANY AND CONSISTING OF EQUITY SECURITIES OR SECURITIES GIVING ACCESS TO THE CAPITAL OF ANOTHER COMPANY, NOT AS PART OF A PUBLIC EXCHANGE OFFER)

The General Meeting, ruling in compliance with the quorum and majority rules for Extraordinary General Meetings, having taken note of the report of the Board of Directors and of the special report of the Statutory Auditors, and in accordance with the provisions of Article L. 225-147 of the French Commercial Code:

1. delegates to the Board of Directors, with the power to subdelegate under and in accordance with applicable law, the powers to issue, based on the report of the contributions auditor mentioned in the 1st and 2nd paragraphs of Article L. 225-147 of the French Commercial Code, ordinary shares or securities giving immediate and/or deferred access by all means, to ordinary shares that may be issued by the company, in order to pay for contributions in kind granted to the company and comprising shares or securities giving access to the capital of another company, when the provisions of Article L. 225-148 of the French Commercial Code do not apply;



2. resolves that the total nominal amount of the capital increases likely to be performed, immediately or in the future, by virtue of the present delegation, is set at 10% of the share capital existing on the date of the present General Meeting. This nominal amount will be charged against the overall ceiling set out in the fourteenth resolution;
3. resolves that the nominal amount of all of the debt securities that will be issued under the present delegation cannot exceed €900,000,000 (nine hundred million euros) or the corresponding value in any other currency or any unit of account on the date the issue is decided, it being specified that this amount does not include the reimbursement of premium(s) below par, if this was established. This nominal amount will be charged against the overall ceiling established in the fourteenth resolution;
4. resolves, insofar as this is necessary, to cancel to the benefit of holders of equity securities or other securities that are the subject of contributions in kind, shareholders' preferential right of subscription to shares and/or securities that may be issued under the present delegation;
5. notes that the present delegation implies that the shareholders waive their preferential right of subscription to ordinary company shares to which the securities that may be issued on the basis of the present delegation may provide entitlement;
6. resolves that the Board of Directors will have all powers, with the power to subdelegate under and in accordance with the law, to implement the present resolution, in particular to approve, on the basis of the contributions auditor(s), the evaluation of contributions and the granting of specific benefits, acknowledge the final completion of the share capital increases performed under the present delegation, amend the Articles of Association accordingly, carry out any formalities and declarations and apply for all the authorisations required to perform the issues, as well as determine the conditions under which the right to allocate securities granting access to ordinary shares would be temporarily suspended, in accordance with the applicable legal provisions;
7. sets the period of validity of the present delegation at twenty-six months counting from the date of the present General Meeting, it being specified that this delegation nullifies the effect, to the extent of the unused amounts, of any previous delegation of powers for the same purpose.

TWENTY-FIRST RESOLUTION

(DELEGATION OF AUTHORITY GRANTED TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL, WITHOUT SHAREHOLDERS' PREFERENTIAL RIGHT OF SUBSCRIPTION, TO REMUNERATE SECURITIES CONTRIBUTED TO THE COMPANY AS PART OF A PUBLIC EXCHANGE INITIATED BY THE COMPANY)

The General Meeting, ruling in compliance with the quorum and majority rules for Extraordinary General Meetings, having taken note of the report of the Board of Directors and of the special report of the Statutory Auditors, and in accordance with the provisions of Articles L. 225-129, L. 225-129-2, L. 225-148 and L. 228-92 of the French Commercial Code:

1. delegates to the Board of Directors, with the power to subdelegate under and in accordance with applicable law, its authority to issue ordinary shares and/or securities to remunerate securities contributed under a public exchange initiated by the company, in France or abroad, according

to local rules, on the securities of a company whose shares are admitted to trading on a regulated market as set out in Article L. 225-148 of the French Commercial Code;

2. resolves that the nominal amount of the total capital increases likely to be performed immediately or in the future under the present resolution cannot exceed a total amount of €4,200,000 (four million two hundred thousand euros). Where appropriate, to this sum will be added the nominal amount of additional shares to be issued, to retain, in accordance with the law, the rights of holders of securities giving access to the company's ordinary shares. This amount will be charged against the overall ceiling established in the fourteenth resolution;
3. resolves that the nominal amount of all of the debt securities that will be issued under the present resolution cannot exceed €900,000,000 (nine hundred million euros) or the corresponding value in any other currency or any unit of account on the date the issue is decided, it being specified that this amount does not include the reimbursement of premium(s) below par, if this was established. This nominal amount will be charged against the overall ceiling established in the fourteenth resolution;
4. resolves to waive shareholders' preferential right of subscription to ordinary shares and/or securities that may be issued under the present delegation;
5. notes that the present delegation implies that the shareholders waive their preferential right of subscription to ordinary company shares to which the securities that may be issued under the present delegation may provide entitlement;
6. resolves that the Board of Directors will have all powers, with the power to subdelegate under and in accordance with the law, to implement the present resolution and in particular:
 - set the exchange ratio and, where appropriate, the amount of the cash bonus to be paid,
 - record the number of securities contributed to the exchange,
 - determine the dates, the conditions governing the issue, in particular the price and the vesting date, of new shares or, where appropriate, securities giving immediate or deferred access to ordinary company shares,
 - establish the conditions under which the right to allocate securities granting access to ordinary shares would be temporarily suspended in accordance with current legal provisions,
 - record among the liabilities under the item "contribution premium", relating to the rights of the shareholders, the difference between the issue price of the new shares and their nominal value,
 - assign all costs and taxes incurred or paid in connection with the authorised transaction to such "contribution premium", where applicable,
 - in general take all useful measures and conclude all agreements to ensure the successful completion of the authorised transaction, record the resulting capital increases and amend the Articles of Association accordingly;
7. sets the period of validity of the present delegation at twenty-six months counting from the date of the present General Meeting, it being specified that the present delegation nullifies the effect, to the extent of the unused amounts, of any previous delegation of powers for the same purpose.

TWENTY-SECOND RESOLUTION

(OVERALL LIMITATION OF FINANCIAL AUTHORISATIONS)

The General Meeting, ruling in compliance with the quorum and majority rules required for Extraordinary General Meetings, having read the report of the Board of Directors, resolves that:

- the total nominal amount of the cash capital increases likely to be performed, immediately or in the future, by virtue of the authorisations granted by the sixteenth, seventeenth, eighteenth, nineteenth, twentieth and twenty-first resolutions of the present General Meeting, which will not include, where appropriate, the nominal amount of additional shares to be issued to retain the rights of holders of securities giving access to ordinary company shares, is set at €4,200,000 (four million two hundred thousand euros) and will be charged to the overall ceiling of €8,400,000 (eight million four hundred thousand euros) set out in the fourteenth resolution of the present General Meeting;
- the total nominal amount of debt securities likely to be issued by virtue of the authorisations granted by the fourteenth, sixteenth, seventeenth, twentieth and twenty-first resolutions of the present General Meeting, it being specified that this amount does not include the reimbursement of premium(s) below par, if this was established, is set at €900,000,000 (nine hundred million euros) or the corresponding value in any other currency or any unit of account on the date the issue is decided.

TWENTY-THIRD RESOLUTION

(DELEGATION OF AUTHORITY GRANTED TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL, WITHOUT SHAREHOLDERS' PREFERENTIAL RIGHT OF SUBSCRIPTION, IN FAVOUR OF EMPLOYEES OR CORPORATE OFFICERS OF THE COMPANY OR AFFILIATED COMPANIES WHO ARE MEMBERS OF A COMPANY SAVINGS PLAN)

The General Meeting, ruling in compliance with the quorum and majority rules for Extraordinary General Meetings, having taken note of the report of the Board of Directors and of the special report of the Statutory Auditors, and in accordance with the provisions of the French Commercial Code, in particular Articles L. 225-129-6 (paragraph 1) and L. 225-138-1, and Articles L. 3332-1 et seq. of the French Labour Code:

1. delegates to the Board of Directors the authority to decide, at its sole discretion, in the proportion and at the time it will deem fit, one or more capital increases, within a maximum limit of 2% of the existing capital on the date the decision is made, by issuing new shares to be paid up in cash and, where necessary, by the capitalisation of reserves, profits or premiums, and the allocation of free shares or other securities giving access to the capital under the conditions established by law; resolves that the ceiling for the present delegation is independent and distinct and that the amount of the resulting capital increases will not be charged against the ceiling established in the twenty-fourth resolution of the present General Meeting, nor to the ceiling established in the seventeenth resolution of the General Meeting of 14 April 2016 relating to performance shares;

2. reserves subscription of all of the shares to be issued to TF1 employees and corporate officers and employees and corporate officers of French or foreign companies which are affiliated to TF1 according to the legislation in force, who belong to a company or Group savings plan or any inter-company savings plan;
3. resolves that the subscription price for new shares as set by the Board of Directors or its delegate, in accordance with the provisions of Article L. 3332-19 of the French Labour Code, upon each issue, may not be more than 20% below the average opening listed price for the share on the Euronext Paris market over the twenty trading days preceding the date on which the decision to establish the opening date of the subscription is made;
4. notes that the present resolution cancels shareholders' preferential right of subscription for the benefit of the employees and corporate officers for whom the capital increase is reserved and waives all rights to other shares and securities giving access to the free shares issued under this resolution;
5. delegates all powers to the Board of Directors to:
 - decide the date and terms of the issues performed under the present resolution; in particular decide whether the shares will be subscribed directly or through the intermediary of a common investment fund or of another entity in accordance with current legislation,
 - decide and set the terms for the allocation of free shares or other securities giving access to the share capital, pursuant to the authorisation granted above; set the issue price of new shares to be issued pursuant to the rules defined above, the opening and closing dates of subscriptions, the vesting dates, the time period for payment, within the limit of a maximum of three years, and set the maximum number of shares that can be subscribed by each employee, per issue,
 - record the completion of capital increases to reflect the amount of shares actually subscribed,
 - complete directly or indirectly all transactions and formalities,
 - amend the Articles of Association accordingly,
 - charge the costs of the capital increases against the amount of the premium relating to each increase and deduct from such amount the necessary amounts so that the legal reserve is equal to one-tenth of the new amount of share capital after each increase,
 - and generally do whatever is necessary;

Within the limits established by law and those that it may have previously set, the Board of Directors may delegate to the Chief Executive Officer or, with the latter's agreement, to one or several Chief Operating Officers, the powers granted to it under the present resolution;
6. sets the period of validity of the present delegation at twenty-six months counting from the date of the present General Meeting, it being specified that this delegation nullifies the effect, to the extent of the unused amounts, of any previous delegation of powers for the same purpose.



TWENTY-FOURTH RESOLUTION

(AUTHORISATION GRANTED TO THE BOARD OF DIRECTORS TO GRANT STOCK SUBSCRIPTION OR PURCHASE OPTIONS, WITHOUT PREFERENTIAL RIGHT OF SUBSCRIPTION WHERE APPROPRIATE, TO EMPLOYEES OR CORPORATE OFFICERS OF THE COMPANY OR AFFILIATED COMPANIES)

The General Meeting, ruling in compliance with the quorum and majority rules for Extraordinary General Meetings, having taken note of the report of the Board of Directors and of the special report of the Statutory Auditors, and in accordance with the provisions of Articles L. 225-177 to L. 225-186-1 of the French Commercial Code:

1. authorises the Board of Directors to grant, on one or more occasions, to the previously indicated beneficiaries, options granting a right, at its option, to subscribe for new company shares to be issued as part of a capital increase, or to purchase existing company shares resulting from a buyback of shares carried out by the company;
2. resolves that the beneficiaries of these options will be employees or certain categories of personnel or corporate officers (or at least some of them) as defined by law, either of the TF1 company or companies or groupings directly or indirectly affiliated to TF1 under the provisions of Article L. 225-180 of the French Commercial Code;
3. resolves that the total number of options that may be granted by virtue of the present authorisation cannot entitle the holders to subscribe or purchase a number of ordinary shares representing, on the allocation date and in light of the options already granted under the present delegation, more than 3% of the share capital on the date of the Board of Directors' decision, it being specified that this ceiling is shared with that set for the bonus performance shares allocated under the seventeenth resolution of the General Meeting of 14 April 2016 or a previous delegation with the same purpose;
4. resolves that the exercise period for the options granted cannot exceed seven years and six months counting from the date of grant;
5. resolves that:
 - the purchase price paid by the beneficiaries will be set by the Board of Directors, without discount, on the day on which the options will be granted; this price cannot be lower than the average share price listed on the Euronext Paris stock exchange - or any other market which may come to replace this - during the twenty trading days preceding the day on which the purchase options will be granted, nor the average purchase price of shares held by the company under Articles L. 225-208 and L. 225-209 of the French Commercial Code,
 - the subscription price paid by the beneficiaries will be set by the Board of Directors, without discount, on the day on which the options will be granted and cannot be lower than the average share price listed on the Euronext Paris stock exchange - or any other market which may come to replace this - during the twenty trading days preceding the day on which the purchase options will be granted;
6. resolves that no stock subscription or stock purchase options can be granted less than twenty trading days after the exercise of shares giving a right to a dividend or a preferential right of subscription to a capital increase, and during the ten trading days preceding and following the date on which the consolidated financial statements, or in the absence of these, the annual financial statements are made public;
7. notes that in accordance with Article L. 225-178 of the French Commercial Code, the present authorisation includes, for the beneficiaries of subscription options, an express waiver of their preferential right of subscription to shares which may be issued as the options are exercised;
8. delegates all powers to the Board of Directors, with the power to subdelegate within the legal limits, to set the other conditions and terms for the allocation of options and their exercise and in particular to:
 - set the conditions under which the options will be granted and exercised and the number of options granted to Executive Directors, which cannot represent more than 5% of the total allocations performed by the Board of Directors over a thirty-eight month period, as well as the applicable performance criteria,
 - draw up the list or categories of other option beneficiaries as provided for above; set the applicable performance criteria,
 - decide the measures required to protect the interests of the option beneficiaries, in accordance with the legal and regulatory provisions in force, and decide on the terms and conditions under which the price and number of shares to be subscribed or purchased shall be adjusted, in particular in the cases provided for in the applicable laws in force,
 - set the conditions and the times when the options will be exercised and, where appropriate, establish clauses prohibiting the immediate resale of all or part of the shares,
 - limit, restrict or prohibit the exercise of options during certain periods or following certain events and its decision may cover all or part of the options and concern all or some of the beneficiaries,
 - set the vesting date, even retroactively, of the new shares resulting from the exercise of the options,
 - for options granted to the company's corporate officers, establish a provision that these cannot be exercised before the termination of their functions or set the quantity of shares which must be held in registered form until the termination of their functions,
 - provide for the right to temporarily suspend the exercise of options in the event of financial transactions or securities transactions,
 - enter into any agreement and take all measures, and complete all formalities to finalise the capital increase(s) that may be performed by virtue of the authorisation granted under the present resolution; amend the Articles of Association accordingly and generally do all that is necessary,
 - at its sole discretion and as it sees fit, charge the costs of the capital increases to the corresponding premiums and deduct from this amount the sums required to bring the legal reserve to one tenth of the new capital following each increase;
9. sets the period of validity of the present delegation at thirty-eight months counting from the date of the present General Meeting, it being specified that this delegation nullifies the effect, to the extent of the unused amounts, of any previous delegation of powers for the same purpose.

TWENTY-FIFTH RESOLUTION

(AUTHORISATION TO CARRY OUT FORMALITIES)

The General Meeting, ruling in compliance with the quorum and majority rules for Extraordinary General Meetings, hereby grants all powers to the bearer of an original, a copy or a transcript of the minutes of this General Meeting to accomplish all the legal or administrative formalities and to make all publications and registrations required by the prevailing legislation.



ADDITIONAL INFORMATION

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ADDITIONAL INFORMATION

PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT AND INFORMATION CONCERNING THE VERIFICATION OF FINANCIAL STATEMENTS

9.1 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT AND INFORMATION CONCERNING THE VERIFICATION OF FINANCIAL STATEMENTS **AFR**

9.1.1 STATEMENT BY THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

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 financial statements have been prepared in compliance with applicable accounting standards and give a true and fair view of the assets, financial position and results of the company and the consolidated companies, and that the management report (the content of which is listed in the cross-reference table in section 9.8 of this document), presents a true and fair view of the development and performance of the business, results and financial position of the company and the consolidated companies, as well as a description of the main risks and uncertainties facing them.

I have received an end-of-assignment letter from the Statutory Auditors, in which they state that they have checked the information relating to the company's financial position and financial statements included in this registration document and that they have read this document in its entirety.

The historical financial information provided in this document or incorporated herein by reference is covered by reports issued by the Statutory Auditors, as presented in chapter 5 of this document or incorporated herein by reference (see section 9.4). The reports issued by the Statutory Auditors for financial years 2015 and 2014 contained no comment.

Boulogne-Billancourt, 8 March 2017

Chairman and CEO

Gilles C. Pélisson

9.1.2 INFORMATION CONCERNING STATUTORY AUDITORS

Permanent	Date of first appointment	Expiry date of present term of office
Ernst & Young Represented by Bruno Perrin and Laurent Vitse Tour First, 1-2 place des Saisons – Paris La Défense 1 -92400 Courbevoie	General Meeting of 14 April 2016	General Meeting approving the 2021 financial statements
KPMG Audit IS SAS Represented by Stéphanie Ortega Tour EQHO – 2, avenue Gambetta – 92066 Paris La Défense Cedex	General Meeting of 14 January 1988	General Meeting approving the 2016 financial statements
Mazars Represented by Guillaume Potel Immeuble Exaltis – 61, rue Henri-Regnault – 92400 Courbevoie	General Meeting of 15 May 2001	General Meeting approving the 2018 financial statements
Alternate auditors	Date of first appointment	Expiry date of present term of office
Auditex (EY Group) Tour First, 1-2 place des Saisons – Paris La Défense 1 -92400 Courbevoie	General Meeting of 14 April 2016	General Meeting approving the 2021 financial statements
KPMG Audit ID Tour EQHO – 2, avenue Gambetta – 92066 Paris La Défense Cedex	General Meeting of 14 April 2011	General Meeting approving the 2016 financial statements
Thierry COLIN (Mazars Group) Immeuble Exaltis – 61, rue Henri-Regnault – 92400 Courbevoie	General Meeting of 15 May 2001	General Meeting approving the 2018 financial statements

The fees paid to the Statutory Auditors by TF1 and its subsidiaries are shown in chapter 4, note 9.3 of this document.

9.1.3 NAME OF THE INDEPENDENT THIRD-PARTY VERIFIER OF SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION

In 2016, in accordance with Decree no. 2012-557 dated 24 April 2012 (Article 225 of the Grenelle 2 Act), the social, environmental and societal information has been verified by an independent firm, Ernst & Young et Associés, sustainable development Department. Ernst & Young et Associés is the independent third-party firm whose certification request has been approved by the French National Accreditation Body (COFRAC) under number 3-1050.



9.2 RELATIONS WITH SHAREHOLDERS

LEGAL INFORMATION AND INVESTOR RELATIONS

TF1 -1, quai du Point-du-Jour 92656 Boulogne-Billancourt Cedex

Tel.: 00 33 1 41 41 12 34

General Counsel: Jean-Michel Counillon

Group Legal and Business Affairs Director and Board Secretary: Sébastien Frapier

Email: relationsactionnaires@tf1.fr

Executive Vice President, Finance and Purchasing: Philippe Denery

Email: comfi@tf1.fr

DOCUMENTS AVAILABLE FOR PUBLIC CONSULTATION

Documents such as the Articles of Association, internal procedures of the Board of Directors and other reports of the Board of Directors to the Combined General Meeting of 13 April 2017 can be found on the company website at www.groupe-tf1.fr/en.

Anybody wishing to obtain additional information about TF1 group may, with no obligation, request documents at the following addresses:

- TF1 – Legal Affairs Department – 1 quai, du Point du Jour – 92656 Boulogne-Billancourt Cedex, Tel.: 00 33 1 41 41 40 75.
- TF1-Investor Relations Department – 1, quai du Point du Jour – 92656 Boulogne-Billancourt Cedex, Tel: 00 33 1 41 41 49 73, or comfi@tf1.fr.

9.3 CALENDAR

13 April 2017: Combined General Meeting of shareholders

28 April 2017: revenue and financial statements for the first quarter

28 April 2017: dividend ex-date

2 May 2017: date of record for dividend

3 May 2017: payment date for dividend

21 July 2017: revenue and financial statements for the first six months of 2017

30 October 2017: revenue and financial statements for the third quarter

These dates may be subject to change.

9.4 INFORMATION INCLUDED BY REFERENCE

The following information is included by reference in this document:

- the consolidated financial statements for the year ended 31 December 2015, the relevant report of the Statutory Auditors and the Group's management report included on pages 113 to 218 of the registration document filed with the AMF on 9 March 2016 under number D. 16-0124;
- the consolidated financial statements for the year ended 31 December 2014, the relevant report of the Statutory Auditors and the Group's management report included on pages 93 to 204 of the registration document filed with the French Financial Markets Authority (AMF) on 10 March 2015 under number D. 15-0115.





9.5 FINANCIAL PRESS RELEASES PUBLISHED IN 2016 **AFR**

Date of release	Subject
1 January 2016	2015 Ratings TF1: TOP 100
14 January 2016	The TF1 group has today acquired media rights from FIFA
15 January 2016	Women in Digital Communication Awards: #results
26 January 2016	TF1 acquires 70% of the Newen group
4 February 2016	TF1 and Technicolor Animation Productions to co-produce the series "Monchhichi"
18 February 2016	TF1 group annual results
19 February 2016	Departure from office of Nonce Paolini
23 February 2016	The TF1 group's new ambition
10 March 2016	2015 registration document
21 March 2016	Launch of the MYFRANCE competition
22 March 2016	e-TF1: acquisition of majority stake in Bonzaï Digital
4 April 2016	Association with France Galop and LeTROT
21 April 2016	Episodes 1 and 2 of series <i>MARSEILLE</i> to be broadcast on TF1
21 April 2016	Change in segmental presentation of Group Financial results
26 April 2016	2016 first-quarter results
9 May 2016	Yann Barthès joins the TF1 group
10 May 2016	Yves Calvi is to join LCI this autumn/Grégoire Margotton joins the TF1 group
24 May 2016	The TF1 group sign a new partnership deal to promote creativity in the French broadcasting industry
30 May 2016	Agreement relates to the negotiation of distribution mandates for audiovisual works
9 June 2016	TF1 owns 100% of TMC and Monaco becomes a shareholder of TF1/TF1 to partner Viva Technology
15 June 2016	TFou announces the development of "Ghost Force" with Zagtoon
21 June 2016	TFou: animation contest
21 July 2016	H1 2016 financial results/Thierry Thuillier appointed CEO of LCI
26 July 2016	Partnership between TF1 group and Wibbitz
30 July 2016	Agreement between TF1 and TDF
14 September 2016	TF1's holding in TEADS
22 September 2016	The TF1 group notes the order issued by the CSA (the French broadcasting regulator) to LCI
30 September 2016	LCI - Eric Monier appointed editor-in-chief
5 October 2016	TF1 wins the Grand Prix de la Transparence for the third consecutive year
26 October 2016	Gilles Pélisson appointed at the ACP's Chairman
27 October 2016	TF1 9m 2016 results
8 November 2016	TF1 <i>group</i> business incubator programme
9 November 2016	LCI sponsors for the Young Environmentalist Awards for the last 12 years
15 November 2016	TF1 group a multiple winner at the Social Media Awards
30 November 2016	TF1, NBCUniversal international Studios and Mediengruppe RTL Deutschland greenlight new drama <i>Gone</i>
1 December 2016	The TF1 group has announced the acquisition of a majority interest in the capital of MinuteBuzz
5 December 2016	TF1 group event "Women experts to the fore"
7 December 2016	The TF1 group announces the acquisition of rights of Handball IHF 2017™ World Championship ^s
21 December 2016	Third annual "Prix Juridique Media & Internet" awards

All the regulated information is available on the website <http://www.groupe-tf1.fr/en/investisseurs/regulated-information>.



9.6 ADDRESSES OF MAIN SUBSIDIARIES AND HOLDINGS

■ **1, quai du Point-du-Jour**
92100 BOULOGNE-BILLANCOURT

e-TF1

GIE TF1 Acquisitions de droits

Histoire

HD1

La Chaîne Info – LCI

Monte-Carlo Participation

NT1

S.T.S Events

TF1 Digital Contents

TF1 Droits Audiovisuels

TF1 DS

TF1 Entertainment

TF1 Events

TF1 Films Production

TF1 One Innovation

TF1 Production

TF1 Publicité

TF1 Vidéo

TV Breizh

Une Musique

Ushuaïa TV

■ **38-48, rue Victor Hugo**
92300 LEVALLOIS-PERRET

Bonzaï Digital

■ **ZA du Pot au Pin - Entrepôt A4**
33612 CESTAS Cedex

Dujardin

■ **89, avenue Charles-de-Gaulle**
92200 NEUILLY-SUR-SEINE

Extension TV – Serie club

■ **132, avenue du Président-Wilson**
93210 LA-PLAINE-SAINT-DENIS

Groupe AB

■ **43, boulevard Barbès**
75018 PARIS

La Place Media

■ **17 avenue George V**
75008 Paris

Newen Studios

■ **246, route de Vannes**
44700 ORVAULT

Optiqua

■ **44, rue de Strasbourg**
44000 NANTES

Ouest Info

■ **8, rue Philippe II L**
2340 LUXEMBOURG

TEADS

■ **6 bis, quai Antoine I^{er}**
MONACO

Télé Monte-Carlo - (TMC)

■ **30-32, rue de Proudhon**
93210 LA PLAINE SAINT-DENIS

Téléshopping

Top Shopping





9.7 CROSS-REFERENCE TABLE WITH THE SUBJECTS OF THE FIRST APPENDIX OF EU REGULATION 809/2004

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21	Additional information	
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9.8 MANAGEMENT REPORT CROSS-REFERENCE TABLE

The 2016 management report that contains the information mentioned below is included in this registration document. It was approved by the Board of Directors of TF1 on 15 February 2017.

Information required by the French Commercial Code, the French Monetary and Financial Code, the French General Tax Code and the French Financial Markets Authority (AMF) General Regulation	Registration document
Activity	
Analysis of developments in the company's business, results and financial position during the past financial year (Articles L. 225-100, L. 225-100-2, L. 232-1, L. 233-6, L. 233-26, and R. 225-102 of the French Commercial Code)	4-37, 111-120
Analysis of developments in the Group's business, results and financial position during the past financial year (Article L. 225-100-2 and L. 233-26 of the French Commercial Code)	4-37, 111-120
Activity and results of the company's subsidiaries (Article L. 233-6 of the French Commercial Code)	111-120
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Information on staff issues and the social impact of the company's business (Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code)	254-271, 279-297, 332-334
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9.9 CROSS-REFERENCE TABLE FOR THE ANNUAL FINANCIAL REPORT **AFR**

Information included in the Annual Financial Report required by Article L. 451-1-2 of the French Monetary and Financial Code and by Article 222-3 of the AMF General Regulation.	Registration document
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Group consolidated financial statements	124-185
Management report of the Board of Directors	See cross-reference table (section 9.8)
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Report by the Chairman of the Board of Directors on the composition, conditions of preparation, and organisation of the Board's work, and on internal control and risk management processes implemented by the company	46-53, 67-91
Statutory Auditors' report on the report prepared by the Chairman of the Board of Directors	219





9.10 CROSS-REFERENCE TABLE FOR DECREE NO. 2012-557 OF 24 APRIL 2012 (ARTICLE 225 OF THE GRENELLE 2 ACT)

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Hires and dismissals		
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9.11 GLOSSARY

ADSL: Asymmetric Digital Subscriber Line, high-speed network connection providing access to the internet, fixed-line telephone, and television services.

Advertising market share: advertising investments made by an advertising sales agency or entity in a media market (television, radio, etc.).

AFEP/MEDEF Corporate Governance Code: A set of recommendations on corporate governance and the remuneration of the Executive Directors of listed companies, published by the *Association Française des Entreprises Privées* (AFEP, the French association of large companies) and the *Mouvement des Entreprises de France* (MEDEF, the French business confederation).

AMF: *Autorité des Marchés Financiers*. Independent public authority which regulates the financial players and products and on the French stock market.

ARPP: *Autorité de Régulation Professionnelle de la Publicité*. ARPP, the French Regulatory Authority for Advertising, strives to foster legal, honest and truthful advertising in the interests of consumers, the public and advertising professionals.

Audience share: percentage of audience of a medium (television, radio, etc.) calculated in relation to the total audience for that medium.

Catch-up TV: Television programming offered by television content providers on the Internet so that viewers can watch programmes at their convenience. A free or pay service, it may also include supplements not shown with the original programme, such as summaries.

CNC: *Centre National du Cinéma et de l'image animée*, a public administrative body that implements the government's policy regarding cinema and other animation arts and industries, notably audiovisual, video and multimedia.

Connected television: refers both to a television set connected directly or indirectly to the Internet and the television offering from internet providers, broadcast via internet protocol television (see entry).

Cost of programmes: the sum of the cost of the programmes broadcast on the Group's freeview channels and the cost of written-off or rights-expiring programmes, provisions made for programming (excluding sports events) and capital gains or losses from intra-group disposals.

CSA: *Conseil Supérieur de l'Audiovisuel*. Independent administrative authority created pursuant the Act of 17 January 1989, whose purpose is to guarantee the freedom of audiovisual communication in France under the conditions defined in the Act 86-1067 of 30 September 1986.

Current operating profit: profit calculated on the basis of revenues and other current operating income minus current operating costs.

Display: includes all marketing methods (programming and non-programming related), all devices (mobile, desktop, IPTV) and is broken down into 3 formats: classic display (banners, recommended content, and content links, video display (instream and outstream formats) and special operations.

DTT: Digital Terrestrial Television. Digital television broadcast via the terrestrial network through a built-in or set-top box which converts images compressed at source.

Global Reporting Initiative (GRI): A global initiative for reporting on economic, environmental and social performance.

Goodwill: difference between the acquisition price of a company and its net book value.

Gross advertising revenues: catalogue prices given by sellers of advertising space in accordance with their general conditions of sale, excluding discounts and reductions, applied to a volume of advertising sold.

Gross Rating Point (GRP): Indicator measuring the advertising pressure of a campaign on a given target. A GRP is equal to the average number of contact opportunities of an advertising campaign with its target, expressed in share points. It is calculated by multiplying coverage of the target by average repetition.

High Definition (HD): Image resolution with definition in excess of 720 lines. A Full HD picture may have up to nearly 2.1 million pixels, almost five times more than a standard image.

Individual viewing times (IVT): a ratings indicator measuring the average television viewing time per day of the individuals of a given population.

Interactivity: TV programme or website that seeks audience participation (voting, taking part in a game, etc.).

International Financial Reporting Standards (IFRS): The accounting standards that must be applied by listed companies in the preparation of their financial statements, in order to harmonise their presentation.

Internet service providers (ISP): company that provides internet access, via ADSL, cable or optical fibre.

M4E: Media for Equity. A business model whereby a start-up is allocated advertising slots in exchange for a share of its capital.

Net advertising revenues: gross advertising revenues minus discounts granted to advertisers.

Net cash: Available cash after the deduction of total debt.

Operating profit: profit calculated on the basis of current operating profit minus other non-current operating income and costs.

Over the top (OTT): Method of distributing content via the internet without the involvement of an internet service provider.

Prime time: Part of the schedule when the audience is largest. In France, television prime time is in the evening, generally from 8.45pm. "Access prime time" is between 6.00pm and 8.00pm.

SACD: *Société des auteurs et compositeurs dramatiques*. The SACD, short for Society of dramatic authors and composers, collectively manages copyright by collecting and distributing the royalties of its members, working in the performing arts and audiovisual sector.

Unique visitors: the total number of individuals who have visited a website or used an application at least once during the period under consideration. Individuals who visit the same website or use the same application several times are counted only once.

VOD: Video On Demand. A pay service whereby viewers can watch the programme of their choice at any time.

WCR: working capital requirement. Current assets minus current liabilities (including current provisions but excluding current financial liabilities and debt hedging instruments).

W<50PDM: advertising target of women aged under 50 purchasing decision-makers.



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